

SECOND QUARTER 2008 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT**TABLE OF CONTENTS**

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KEPPEL CORPORATION LIMITED

Executive Chairman's Remarks

SECOND QUARTER ENDED 30 JUNE 2008

Positioned For Global Uncertainties

PATMI for 2Q 08 grew by 14% over 1Q 08 to \$299m. This brings 1H 08 PATMI to \$561m, an increase of 10% on a year-on-year comparison. Earnings per share grew by 9% over the same period.

During the first half of the year businesses faced a slowdown in global economic growth. Even as the impact of the subprime crisis has yet to run its course, inflation flared and hardly anyone was spared its impact. Oil prices reached new highs before moderating. Consumption is getting crimped and asset prices are cooling off. Despite such conditions, Asian economies by and large appear relatively healthy. Whilst inflationary pressure is a cause for concern, Asia's growth is expected to be still respectable – China and India above 8%, Vietnam 6-8% and Singapore 4-6% for 2008. However the going will not be easy in the near term.

Owing to prudent measures taken over the past few years, I believe Keppel is well placed to ride out this turbulence. Our cashflow and balance sheet are strong with virtually no gearing. This will allow us to continue building upon our growth platforms and seize opportunities as they arise. We still see many good projects to secure and add value to our business in various parts of the world we operate in.

The macro-environment for our Offshore & Marine and Infrastructure business continues to be relatively favourable. In the last quarter up to 30 June, our Offshore & Marine division achieved sturdy orders amounting to \$2.9bn. Our net orderbook of \$13bn at end of the First Half 2008 is another new record. Deliveries will extend into 2012. Prospects remain reasonable and will enable us to pursue further orders and build earnings visibility. Operationally, our pipeline includes 16 semisubmersibles and 25 jackups, many of which are based on our proprietary designs. This provides us with greater flexibility to meet customers' requirements thereby enabling us to optimize on our yards' facility and manage tight supply chains. Notably, Keppel Offshore & Marine's operating margins improved further to 10% in 2Q 08, despite the unfortunate turn of events for two of our customers recently.

Meanwhile, environmental issues are grabbing the attention of governments, businesses and communities globally and they are increasing their response to the challenges at a palpable pace. Climate change arising from greenhouse gas emissions is now a global exigency. Environment impact arising from leachate seepage and methane emissions has become a grave concern. With up to 75% of the world's population potentially facing freshwater scarcity by 2050 if firm actions are not taken, water sustainability has also become a serious global concern. Against this backdrop, our infrastructure division is pursuing opportunities to offer WTE and water reuse technologies and solutions as well as consider utility privatization programmes.

In Oil & Gas, efforts to grow our upstream presence to diversify earnings from oil refining are bearing results. Full six-month contributions from the Oyong and Bohai Bay acreages have boosted Singapore Petroleum Company's upstream operating earnings to \$99m in 1H 2008, surpassing the \$52m contribution for the whole of last year.

In property, residential sales have slowed in Singapore. Fortunately we have been selective in expanding our local portfolio. Keppel Bay remains our major residential project in the pipeline. Poised to be a key beneficiary of the nearby Sentosa Integrated Resort, it is the only truly integrated waterfront development in Singapore. We shall continue to add value to increase Keppel Bay's premium to home owners. Keppel Bay residents are making good use of the distinctive cable-stayed bridge linking the mainland to Keppel Island and the *Marina at Keppel Bay*. The latter has been certified as a Clean Marina and voted the Best New Asian Marina / Yacht Club by Christofle Asia Boating Awards 2008 and has attracted quite a fair number of yacht owners. In the office sector, we expect to achieve positive rental reversions for our office portfolio. We have already secured about 60% pre-commitments for the *Marina Bay Financial Centre* (MBFC), two years ahead of its completion, with a substantial portion of the pre-commitments being long-term leases of 10 years or more. All factors considered, we feel that it is a healthy state of affair for the local property market to cool off somewhat given its rapid capital appreciation during the recent past.

Regionally, we shall continue to grow our key businesses in township and integrated lifestyle residential development. Our Eco-City project in Tianjin will take up a large part of our residential development plan over the next few years. Generally, our townships are targeted at the upper and mid segment market which is underpinned by a large and growing pool of young urbanized population in Asia aspiring to own their homes. At the same time, our integrated developments which embed lifestyle concepts such as marinas and golf courses offer a differentiated product catering to the affluent and luxury end of the market. During the quarter, Keppel Land acquired another site in Shenyang which, together with another adjacent site, will be developed into a 5,600-unit township. We also acquired a site in Zhongshan, China to develop our first regional residential-cum-marina project eventually covering 82 ha.

We shall launch the Sustainable Development & Living Division on 1 Aug '08. It will be headed by Ko Kheng Hwa, the current MD of EDB. This will enable us to focus on opportunities arising from the increasing global interest in the environment. It will also allow Keppel to integrate more effectively the services of our present divisions when putting together projects and proposals to meet global residential, industrial and environmental requirements. It will build on the existing and tested platforms of our current businesses and core competencies

Though global economic conditions will be challenging, we shall continue to strive to deliver profitable growth with our three main business platforms and strong financial base. On this note, I shall pass over to Soon Hoe, the Group Finance Director, for a review of the group's 1H 08 financial performance.

KEPPEL CORPORATION LIMITED

Second Quarter 2008 Financial Statements and Dividend Announcement

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2008

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the second quarter and half year ended 30 June 2008.

1. GROUP PROFIT AND LOSS ACCOUNT for the second quarter and half year ended 30 June 2008

	Second Quarter			Half Year		
	30.6.2008 \$'000	30.6.2007 \$'000	+ / (-) %	30.6.2008 \$'000	30.6.2007 \$'000	+ / (-) %
Revenue	2,642,575	2,453,648	+7.7	4,853,944	4,481,865	+8.3
Materials & subcontract costs	(1,964,045)	(1,913,028)	+2.7	(3,563,224)	(3,403,329)	+4.7
Staff costs [Note (i)]	(286,901)	(272,319)	+5.4	(593,505)	(505,826)	+17.3
Depreciation & amortisation [Note (ii)]	(34,083)	(31,106)	+9.6	(66,461)	(57,964)	+14.7
Other operating (expenses)/ income [Note (iii)]	(96,988)	14,955	NM	(107,942)	(21,064)	+412.4
Operating profit	260,558	252,150	+3.3	522,812	493,682	+5.9
Investment income	1,114	1,388	-19.7	1,468	1,390	+5.6
Interest income [Note (iv)]	17,390	24,086	-27.8	36,281	44,975	-19.3
Interest expenses	(15,793)	(17,138)	-7.8	(32,783)	(32,830)	-0.1
Share of results of associated companies [Note (v)]	171,039	120,949	+41.4	272,662	233,900	+16.6
Profit before taxation	434,308	381,435	+13.9	800,440	741,117	+8.0
Taxation	(89,003)	(77,342)	+15.1	(144,782)	(142,600)	+1.5
Profit for the period	345,305	304,093	+13.6	655,658	598,517	+9.5
Attributable to:						
Shareholders of the Company	299,296	258,393	+15.8	561,020	510,012	+10.0
Minority interests	46,009	45,700	+0.7	94,638	88,505	+6.9
	345,305	304,093	+13.6	655,658	598,517	+9.5
Earnings per ordinary share						
- basic	18.8 cts	16.4 cts	+14.6	35.3 cts	32.3 cts	+9.3
- diluted	18.7 cts	16.3 cts	+14.7	35.1 cts	32.1 cts	+9.3
Return on equity	n.a.	n.a.	n.a.	21.4%	20.5%	+4.4
Economic value added	219,000	205,000	+6.8	396,000	365,000	+8.5

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	Second Quarter			Half Year		
		30.6.2008 \$'000	30.6.2007 \$'000	+ /(-) %	30.6.2008 \$'000	30.6.2007 \$'000	+ /(-) %
Share-based payment expenses		6,719	5,649	+18.9	13,148	10,345	+27.1
Profit on sale of fixed assets		(718)	(3,925)	-81.7	(1,133)	(5,240)	-78.4
Profit on sale of investments (Write-back)/provision	(vi)	(8,176)	(8,253)	-0.9	(19,398)	(26,764)	-27.5
- stocks & work-in-progress		(839)	(15,970)	-94.7	(24,135)	(25,002)	-3.5
- doubtful debts		268	(2,329)	NM	(3,852)	(3,017)	+27.7
Bad debts written off/(recovered)		283	(153)	NM	283	(353)	NM
Stocks (recovered)/written off		-	(5)	NM	(4)	17	NM
Fair value loss/(gain)							
- Assets at fair value through P&L	(vii)	4,659	(6,426)	NM	16,120	(15,586)	NM
- Forward contracts	(viii)	19,774	(6,054)	NM	33,433	3,975	>500.0
- Financial derivatives		(1,181)	2,259	NM	(1,199)	5,665	NM
Foreign exchange loss/(gain)	(ix)	18,080	(14,853)	NM	27,978	(10,039)	NM

NM - Not Meaningful

Note:

- (i) Staff costs increased mainly due to rise in manpower cost and headcount in the Offshore & Marine division.
- (ii) Higher depreciation charges mainly arose from Offshore & Marine division and the cogen power plant.
- (iii) Increased other operating expenses was mainly due to higher overheads e.g. yard rentals and maintenance, fair value loss on investments and foreign exchange loss.
- (iv) Fall in interest income was a result of lower interest rates in 1H 2008.
- (v) Higher share of results of associated companies was attributed to greater contributions from k1 Ventures and associated companies in the Offshore & Marine division.
- (vi) Decrease in profit on sale of investments was mainly due to lower investment trading activities.
- (vii) Fair value loss was recorded during the current period because of the fall in stocks prices of our equity portfolio as a result of the weaker stock market. In the previous year gains were recorded.
- (viii) Higher hedging cost on forward contracts was mainly due to increase in the amount of contracts and fluctuations in interest rate differentials.
- (ix) The foreign exchange loss for the current period was mainly due to revaluation of United States dollars cash balance at mid-year rate which was lower than project rates. The cash balance 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 half year ended 30 June 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

	Second Quarter			Half Year		
	30.6.2008	30.6.2007	+/(-)%	30.6.2008	30.6.2007	+/(-)%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-						
(i) Based on weighted average number of shares	18.8 cts	16.4 cts	+14.6	35.3 cts	32.3 cts	+9.3
- Weighted average number of shares ('000)	1,589,727	1,579,596	+0.6	1,589,727	1,579,596	+0.6
(ii) On a fully diluted basis	18.7 cts	16.3 cts	+14.7	35.1 cts	32.1 cts	+9.3
- Adjusted weighted average number of shares ('000)	1,599,356	1,588,486	+0.7	1,599,356	1,588,486	+0.7

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

2. BALANCE SHEETS as at 30 June 2008

	Group		Company	
	30.6.2008 \$'000	31.12.2007 \$'000	30.6.2008 \$'000	31.12.2007 \$'000
Share capital	815,115	790,407	815,115	790,407
Reserves	3,935,809	4,414,326	2,359,276	2,557,968
Share capital & reserves	4,750,924	5,204,733	3,174,391	3,348,375
Minority interests	1,939,899	1,830,459	-	-
Capital employed	6,690,823	7,035,192	3,174,391	3,348,375
Represented by:				
Fixed assets	1,759,418	1,698,231	5,728	5,668
Investment properties	2,956,534	2,960,347	-	-
Development properties	169,413	172,758	-	-
Subsidiaries	-	-	2,884,962	2,876,962
Associated companies	3,200,653	3,140,594	3,074	3,074
Investments	312,391	335,849	-	-
Long term receivables	163,087	134,857	301,153	301,099
Intangibles	77,342	67,823	-	-
	8,638,838	8,510,459	3,194,917	3,186,803
Current assets				
Stocks & work-in-progress in excess of related billings	2,788,562	2,790,649	-	-
Amounts due from:				
- subsidiaries	-	-	676,038	958,507
- associated companies	487,834	594,353	66	284
Debtors	2,199,631	1,753,434	200,965	157,054
Short term investments	375,661	547,437	-	-
Bank balances, deposits & cash	1,671,509	1,600,850	7,387	3,884
	7,523,197	7,286,723	884,456	1,119,729
Current liabilities				
Creditors	3,559,499	3,072,012	91,140	75,657
Billings on work-in-progress in excess of related costs	2,949,333	2,542,517	-	-
Provisions	36,504	37,900	-	-
Amounts due to:				
- subsidiaries	-	-	482,604	418,887
- associated companies	263,892	134,331	-	2
Term loans	162,666	499,104	7,431	134,820
Taxation	328,607	351,864	10,279	15,305
Bank overdrafts	38,486	3,767	-	-
	7,338,987	6,641,495	591,454	644,671
Net current assets	184,210	645,228	293,002	475,058
Non-current liabilities				
Term loans	1,761,285	1,731,526	300,000	300,000
Deferred taxation	370,940	388,969	13,528	13,486
	2,132,225	2,120,495	313,528	313,486
Net assets	6,690,823	7,035,192	3,174,391	3,348,375
<i>Group net borrowings</i>	290,928	633,547	<i>n.a.</i>	<i>n.a.</i>
<i>Group net gearing (times)</i>	0.04x	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 30.6.2008		As at 31.12.2007	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
13,343	187,809	14,112	488,759

(ii) Amount repayable after one year

As at 30.6.2008		As at 31.12.2007	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
543,569	1,217,716	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 \$2,661,823,000 (31 December 2007: \$1,834,575,000).

2b. Net asset value

	Group			Company		
	30.6.2008	31.12.2007	+ / (-)%	30.6.2008	31.12.2007	+ / (-)%
Net asset value per ordinary share *	\$2.99	\$3.28	-8.8	\$2.00	\$2.11	-5.2
Net tangible asset per ordinary share *	\$2.94	\$3.24	-9.3	\$2.00	\$2.11	-5.2

* Based on share capital of 1,591,099,180 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 \$4.75 billion at 30 June 2008. The decrease was mainly attributable to payment of final dividend of \$0.10 per share and special dividend of \$0.45 per share amounting to \$875 million in respect of financial year 2007 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.

Group total assets of \$16.16 billion at 30 June 2008 were \$365 million or 2.3% higher than the previous year-end. Increase in debtors was due to higher billings in Offshore & Marine Division and Property Division. Fixed assets rose as a result of capital expenditure. The increase in associated companies was attributable to equity accounting for share of profits and further investment in Marina Bay Financial Centre. These were partly offset by decrease in investments due to fair value adjustments of financial assets and sale of investments during the period. Amount due from associates was lower arising from reduced advances to SPC.

Group total liabilities of \$9.47 billion at 30 June 2008 were \$709 million or 8.1% 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 attributable to deposits received for new jobs and milestone billings for contracts in Offshore & Marine Division. Amounts due to associated companies were higher because of increased advances.

Group net borrowings at \$291 million were a reduction of \$343 million from \$634 million at the previous year-end because of strong operational cash flow.

**3. CONSOLIDATED CASHFLOW STATEMENT
for the second quarter and half year ended 30 June 2008**

	Second Quarter		Half Year	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007
Note	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES				
Operating profit	260,558	252,150	522,812	493,682
Adjustments:				
Depreciation and amortisation	34,083	31,106	66,461	57,964
Share-based payment expenses	6,719	5,649	13,148	10,345
Profit on sale of fixed assets	(718)	(3,925)	(1,133)	(5,240)
Others	(56)	-	324	-
Operational cash flow before changes in working capital	300,586	284,980	601,612	556,751
Working capital changes:				
Stocks & work-in-progress	341,841	285,179	421,608	119,569
Debtors	21,038	(42,833)	(446,785)	(14,693)
Creditors	275,423	389,103	475,035	360,403
Investments in bonds and shares	(21,811)	(19,652)	60,788	(92,357)
Advances to associated companies	487,010	(315,100)	236,080	233,342
Translation of foreign subsidiaries	(412)	(2,251)	(26,288)	(2,061)
	1,403,675	579,426	1,322,050	1,160,954
Interest received	17,390	24,086	36,281	44,975
Interest paid	(15,793)	(17,138)	(32,783)	(32,830)
Income taxes paid	(79,212)	(51,177)	(128,993)	(95,054)
Net cash from operating activities	1,326,060	535,197	1,196,555	1,078,045
INVESTING ACTIVITIES				
Acquisition of subsidiaries	3a	-	-	180
Acquisition of further shares in subsidiaries		-	(22,157)	-
Acquisition and further investment in associated companies		(60,327)	(72,192)	(437,794)
Acquisition of fixed assets and investment properties		(68,456)	(172,250)	(110,614)
Expenditure on development properties		(5,031)	(6,821)	(17,855)
Proceeds from disposal of associated companies		-	-	14,266
Proceeds from disposal of fixed assets		5,737	6,429	11,876
Dividends received from investments and associated companies		140,689	208,252	158,319
Net cash (used in)/from investing activities	(45,223)	12,612	(58,739)	(381,622)
FINANCING ACTIVITIES				
Proceeds from share issues		5,040	24,708	17,296
Proceeds from minority shareholders of subsidiaries		1,360	151,467	6,861
Proceeds from term loans		102,120	61,838	275,158
Capital distribution		(221,213)	-	(221,213)
Repayment of term loans		(254,256)	(241,128)	(570,183)
Net repayment of short-term loans		-	(127,389)	-
Dividend paid to shareholders of the Company		(103,640)	(874,859)	(103,640)
Dividend paid to minority shareholders of subsidiaries		(27,214)	(96,513)	(29,564)
Net cash used in financing activities	(1,253,824)	(497,803)	(1,101,876)	(625,285)
Net increase in cash and cash equivalents	27,013	50,006	35,940	71,138
Cash and cash equivalents as at beginning of period	1,606,010	1,636,339	1,597,083	1,615,207
Cash and cash equivalents as at end of period	3b	1,686,345	1,633,023	1,686,345
<i>Free cashflow</i>		<i>547,809</i>	<i>1,137,816</i>	<i>696,423</i>

NOTES TO CONSOLIDATED CASHFLOW STATEMENT

	Second Quarter		Half Year	
	30.6.2008 \$'000	30.6.2007 \$'000	30.6.2008 \$'000	30.6.2007 \$'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	1,671,509	1,686,426	1,671,509	1,686,426
Bank overdrafts	(38,486)	(81)	(38,486)	(81)
	1,633,023	1,686,345	1,633,023	1,686,345

3c. Cashflow analysis

(i) Second Quarter

Net cash from operating activities of \$1,326 million was higher than that of the corresponding quarter in the previous year. This was due to increased operating profit in the current quarter and advances from associated companies. Net cash used in investing activities for the quarter was \$45 million. The Group spent \$165 million on acquisitions and operational capex. Dividend received and disposals amounted to \$120 million. Free cashflow for the quarter of \$1,281 million was \$733 million higher than that of the corresponding quarter last year.

(ii) Half Year

Net cash from operating activities for the half year was \$1,197 million compared to \$1,078 million for the corresponding period last year. This was because of increased operating profit in the current first half, higher payments received for contracts and higher payables. Net cash used in investing activities for the half year was \$59 million. The Group spent \$273 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 \$214 million. Free cashflow for the half year was \$1,138 million compared to \$696 million for the first half last year.

**4. STATEMENTS OF CHANGES IN EQUITY
for the second quarter and half year ended 30 June 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 transferred to profit & loss account	-	-	-	(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 1 st quarter	-	-	261,724	-	261,724	48,629	310,353
Total income/(expense) recognised for the 1 st 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
Fair value changes on available-for-sale assets	-	(35,578)	-	-	(35,578)	281	(35,297)
Fair value loss on available-for-sale assets realised and transferred to profit & loss account	-	10,383	-	-	10,383	300	10,683
Fair value changes on cashflow hedges	-	(82,668)	-	-	(82,668)	(163)	(82,831)
Fair value loss on cashflow hedges realised and transferred to profit & loss account	-	45	-	-	45	-	45
Currency translation (loss)/gain	-	-	-	(14,845)	(14,845)	7,891	(6,954)
Currency translation loss transferred to profit & loss account	-	-	-	1,564	1,564	1,415	2,979
Net (expense)/income recognised directly in equity	-	(107,818)	-	(13,281)	(121,099)	9,724	(111,375)
Net profit for the 2 nd quarter	-	-	299,296	-	299,296	46,009	345,305
Total (expense)/income recognised for the 2 nd quarter	-	(107,818)	299,296	(13,281)	178,197	55,733	233,930
Dividend paid	-	-	(874,859)	-	(874,859)	-	(874,859)
Share-based payment	-	8,101	-	-	8,101	458	8,559
Transfer of statutory, capital and other reserves to revenue reserves	-	(301)	(465)	766	-	-	-
Dividend paid to minority shareholders	-	-	-	-	-	(87,234)	(87,234)
Cash subscribed by minority shareholders	-	-	-	-	-	149,450	149,450
Acquisition of additional interest in subsidiaries	-	-	-	-	-	(16,638)	(16,638)
Other adjustments	-	-	2,189	-	2,189	-	2,189
Shares issued	13,233	-	-	-	13,233	-	13,233
As at 30 June	815,115	740,526	3,331,853	(136,570)	4,750,924	1,939,899	6,690,823

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	-	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 changes on cashflow hedges realised and transferred to profit & loss account	-	(1,250)	-	-	(1,250)	-	(1,250)
Currency translation (loss)/gain	-	-	-	(3,440)	(3,440)	3,234	(206)
Currency translation loss transferred to profit & loss account	-	-	-	728	728	-	728
Net income/(expense) recognised directly in equity	-	38,209	-	(2,712)	35,497	4,337	39,834
Net profit for the 1 st quarter	-	-	251,619	-	251,619	42,805	294,424
Total income/(expense) recognised for the 1 st 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	3,005,820	(61,327)	4,451,672	1,387,045	5,838,717
Fair value changes on available-for-sale assets	-	120,035	-	-	120,035	1,279	121,314
Fair value gain on available-for-sale assets realised and transferred to profit & loss account	-	(869)	-	-	(869)	-	(869)
Fair value changes on cashflow hedges	-	(51,909)	-	-	(51,909)	107	(51,802)
Fair value loss on cashflow hedges realised and transferred to profit & loss account	-	28	-	-	28	-	28
Currency translation gain	-	-	-	14,330	14,330	12,204	26,534
Net income/(expense) recognised directly in equity	-	67,285	-	14,330	81,615	13,590	95,205
Net profit for the 2 nd quarter	-	-	258,393	-	258,393	45,700	304,093
Total income recognised for the 2 nd quarter	-	67,285	258,393	14,330	340,008	59,290	399,298
Dividend paid	-	-	(103,640)	-	(103,640)	-	(103,640)
Share-based payment	-	5,429	-	-	5,429	410	5,839
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	-	220	(220)	-	-	-	-
Dividend paid to minority shareholders	-	-	-	-	-	(27,214)	(27,214)
Cash subscribed by minority shareholders	-	-	-	-	-	1,360	1,360
Other adjustments	-	-	248	-	248	-	248
Shares issued	5,040	-	-	-	5,040	-	5,040
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

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 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
Net profit for the 2 nd quarter	-	-	635,441	635,441
Dividend paid	-	-	(874,859)	(874,859)
Share-based payment	-	5,535	-	5,535
Shares issued	13,233	-	-	13,233
As at 30 June	815,115	58,526	2,300,750	3,174,391
2007				
As at 1 January	972,926	29,577	2,302,655	3,305,158
Net profit for the 1 st 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
Net profit for the 2 nd quarter	-	-	246,340	246,340
Dividend paid	-	-	(103,640)	(103,640)
Share-based payment	-	4,725	-	4,725
Shares issued	5,040	-	-	5,040
Capital distribution	(221,213)	-	-	(221,213)
As at 30 June	769,009	38,462	2,451,027	3,258,498

4c. Share capital

Since 31 March 2008, the Company issued 2,822,000 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 1,591,099,180 ordinary shares.

As at 30 June 2008, there were unexercised options for 39,592,000 of unissued ordinary shares (30 June 2007: 34,416,666 ordinary shares) under the KCL Share Options Scheme.

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

4d. Capital reserves

	Group		Company	
	30.6.2008 \$'000	30.6.2007 \$'000	30.6.2008 \$'000	30.6.2007 \$'000
Share option reserve	70,485	46,234	58,526	38,462
Fair value reserve	312,621	395,664	-	-
Hedging reserve	283,347	75,471	-	-
Bonus issue by subsidiaries	40,000	40,000	-	-
Others	34,073	37,956	-	-
	740,526	595,325	58,526	38,462

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 continued with its earnings growth with another record first half attributable profit of \$561 million and earnings per share of 35.3 cents. Annualised return on equity remained above 20% at 21.4%. Economic Value Added of \$396 million was \$31 million higher than that of first half 2007.

Group revenue in the second quarter of \$2,643 million was 8% above that of the corresponding quarter in 2007. Higher revenues were reported by all divisions except for Property Division which was affected by the dampened market condition. Group attributable profit of \$299 million was the highest achieved in a quarter and 16% above the same quarter in the previous year.

For the half year, Group revenue of \$4,854 million was \$372 million or 8% above that of the corresponding period in 2007. Revenue from Offshore & Marine Division of \$3,219 million was at about the previous year's level. In the first half, the division completed and delivered 19 major contracts. Revenue from Property Division of \$511 million was 40% 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 more than two-fold to \$1,103 million. Revenue generated from the cogen power plant in Singapore contributed to the significant increase in revenue.

At the pre-tax level, Group profit of \$800 million was 8% higher than the first half last year with increased contribution from Offshore & Marine, Infrastructure and Investments partially offset by lower contribution from Property. Offshore & Marine Division continued to deliver earnings growth with higher profit of \$382 million, 5% above the previous year. Operating profit and contribution from associated companies were higher. Contribution from Property Division of \$181 million was \$22 million lower because of the lower sales of residential properties and share of profit from associated companies. In the first half of 2007, maiden contributions from Reflections at Keppel Bay and Marina Bay Residences were reported. Infrastructure Division continued to make encouraging progress, contributing \$31 million to Group pre-tax profit. Profit from Investments was higher because of lower interest cost and higher investment gains.

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 minority share of profit, the attributable profit to shareholders of \$561 million was \$51 million or 10% higher than the corresponding period in 2007. Offshore & Marine Division remains the largest contributor to attributable earnings with 51%, followed by Investments with 30%, Property Division with 14% and Infrastructure Division with 5%.

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

The fundamentals of the Offshore & Marine industry remain robust with buoyant demand for offshore rigs and production system solutions. This is supported by higher exploration and production budgets of oil companies to meet global energy demand and replenish depleting hydrocarbons reserves. The healthy order flow for both jackups and semisubmersibles in the second quarter brought our total orders secured for the first half to \$3.6 billion. The net order book of \$13.0 billion will keep our yards busy for several years with deliveries into 2012. Offshore & Marine Division will continue to be the largest contributor to the profit of the Group.

Market sentiments for property had been affected by the global market uncertainties, slower growth and high inflation sparked by higher oil and commodity prices. Sales of Singapore private residential properties in the first half of this year have been subdued. The Group will monitor the market closely and launch the second phase of Reflections at Keppel Bay and Marina Bay Suites when market sentiments improve. Office rental and occupancies are expected to be supported by good demand for prime office spaces as Singapore transforms itself into a global city and the two integrated resorts generate spin-off businesses. Despite the global financial turmoil, Asia is expected to continue to grow, led by China and India with their large domestic markets supporting the region. Housing demand in Asia is expected to grow, supported by rising affluence, rapid urbanisation and favourable demographics. The Group will continue to selectively launch more projects in the region. The Group has entered into a joint venture agreement to jointly develop the Tianjin Eco-City project into a socially harmonious, environmentally friendly and resource-efficient place that can serve as a practical model for sustainable development.

In the Infrastructure Division, the Keppel Merlimau cogen power plant, the NEWater plant and Keppel Gas are expected to contribute more meaningfully. The two EPC contracts in Qatar, the waste-to-energy plant in Singapore and other projects in Europe are proceeding on schedule and are expected to increase Infrastructure Division's contribution to the Group. The Group will tap on its intellectual property in waste-to-energy and water technology to offer sustainable eco-friendly solutions to its customers.

Our multi-business strategy is expected to drive earnings growth and continue to enhance shareholders' value.

12. DIVIDEND

12a. Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend type	Cash
Dividend per share	14.0 cents
Tax rate	Tax exempt

The Directors are pleased to declare a higher tax exempt one-tier interim dividend of 14.0 cents per share (2007: 9.0 cents per share comprising 1.5 cents per share less tax and 7.5 cents per share tax exempt one-tier). The dividend will be payable to shareholders on 26 August 2008.

12b. Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
Yes

Name of Dividend	Interim (Franked)	Interim (One-tier)	Total
Dividend type	Cash	Cash	Cash
Dividend per share	1.5 cents	7.5 cents	9.0 cents
Tax rate	18%	Tax exempt	(Franked and one-tier)

12c. Date Payable

26 August 2008

12d. Books Closure Date

Notice is hereby given that, the Share Transfer Books and Register of Members of the Company will be closed on 16 August 2008 to determine shareholders' entitlement to the interim dividend. Duly completed transfer received by the Company's Registrar, B.A.C.S. Private Limited, at 63 Cantonment Road, Singapore 089758 up to 5.00 p.m. on 15 August 2008 will be registered to determine shareholders' entitlement to the interim dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Ltd (CDP), the interim dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to shareholders.

13. SEGMENT ANALYSIS

Half year ended 30 June 2008

BUSINESS SEGMENT

	Offshore & Marine \$'000	Property \$'000	Infra- structure \$'000	Invest- ments \$'000	Elimina- tion \$'000	Total \$'000
Revenue						
External sales	3,219,134	511,031	1,102,808	20,971	-	4,853,944
Inter-segment sales	-	15,082	86,293	36,845	(138,220)	-
Total	3,219,134	526,113	1,189,101	57,816	(138,220)	4,853,944
Results						
Operating profit	321,582	173,826	14,718	12,686	-	522,812
Net investment income & interest income	32,642	(19,031)	(614)	(8,031)	-	4,966
Share of results of associated companies	27,878	26,637	17,054	201,093	-	272,662
Profit before taxation	382,102	181,432	31,158	205,748	-	800,440
Taxation	(78,584)	(30,735)	(2,865)	(32,598)	-	(144,782)
Profit for the period	303,518	150,697	28,293	173,150	-	655,658
Attributable to:						
Shareholders of Company	287,108	78,927	25,700	169,285	-	561,020
Minority interests	16,410	71,770	2,593	3,865	-	94,638
	303,518	150,697	28,293	173,150	-	655,658
Other information						
Segment assets	6,328,716	6,952,102	1,883,598	4,734,237	(6,937,271)	12,961,382
Investment in associated companies	93,511	1,784,041	155,610	1,167,491	-	3,200,653
Total	6,422,227	8,736,143	2,039,208	5,901,728	(6,937,271)	16,162,035
Segment liabilities	4,977,481	5,176,022	1,605,835	3,949,598	(6,937,271)	8,771,665
Net tax provision & deferred taxation	251,889	376,243	43,955	27,460	-	699,547
Total	5,229,370	5,552,265	1,649,790	3,977,058	(6,937,271)	9,471,212
Net assets	1,192,857	3,183,878	389,418	1,924,670	-	6,690,823
Capital expenditure	124,499	26,280	21,254	217	-	172,250
Depreciation and amortisation	45,109	5,118	16,031	203	-	66,461

GEOGRAPHICAL SEGMENT

	Singapore \$'000	Far East & Other ASEAN Countries \$'000	America \$'000	Other Countries \$'000	Elimination \$'000	Total \$'000
External sales	3,598,461	509,167	400,336	345,980	-	4,853,944
Segment assets	9,096,863	3,006,068	1,017,816	550,381	(709,746)	12,961,382
Capital expenditure	138,458	20,110	13,682	-	-	172,250

Half year ended 30 June 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	3,259,185	846,315	347,164	29,201	-	4,481,865
Inter-segment sales	-	12,180	45,674	27,649	(85,503)	-
Total	3,259,185	858,495	392,838	56,850	(85,503)	4,481,865
Results						
Operating profit	309,253	172,452	2,444	9,533	-	493,682
Net investment income & interest income	46,812	(16,916)	(1,180)	(15,181)	-	13,535
Share of results of associated companies	7,164	47,474	21,412	157,850	-	233,900
Profit before taxation	363,229	203,010	22,676	152,202	-	741,117
Taxation	(73,482)	(33,054)	(5,917)	(30,147)	-	(142,600)
Profit for the period	289,747	169,956	16,759	122,055	-	598,517
Attributable to:						
Shareholders of Company	282,493	94,199	14,121	119,199	-	510,012
Minority interests	7,254	75,757	2,638	2,856	-	88,505
	289,747	169,956	16,759	122,055	-	598,517
Other information						
Segment assets	5,480,095	6,348,845	1,411,274	4,644,911	(6,201,678)	11,683,447
Investment in associated companies	70,974	1,533,522	186,249	1,049,417	-	2,840,162
Total	5,551,069	7,882,367	1,597,523	5,694,328	(6,201,678)	14,523,609
Segment liabilities	3,991,882	5,438,739	1,007,993	3,849,470	(6,201,678)	8,086,406
Net tax provision & deferred taxation	264,943	227,230	3,027	42,823	-	538,023
Total	4,256,825	5,665,969	1,011,020	3,892,293	(6,201,678)	8,624,429
Net assets	1,294,244	2,216,398	586,503	1,802,035	-	5,899,180
Capital expenditure	78,072	7,583	24,856	103	-	110,614
Depreciation and amortisation	36,855	6,894	13,974	241	-	57,964

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	3,158,909	432,080	644,019	246,857	-	4,481,865
Segment assets	8,058,890	2,808,122	1,006,786	426,802	(617,153)	11,683,447
Capital expenditure	81,254	18,184	11,176	-	-	110,614

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 \$4,854 million was \$372 million or 8.3% above that of 1H 2007. Revenue from Offshore & Marine Division of \$3,219 million was \$40 million or 1% lower than 1H 2007 because of timing differences in recognition of revenue from the outstanding order book. Revenue from Property Division was \$336 million or 40% 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 \$1,103 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 \$561 million was \$51 million or 10% above that of the previous year. PATMI from Offshore & Marine Division was \$4 million or 1% higher because of higher contributions from associated companies. The division remains the largest contributor to Group PATMI with 51% share. Profit from Property Division was \$15 million or 16% lower due to lower profit recognition from Reflections at Keppel Bay, lower profit from Keppel Land due to the completion of several projects in Singapore and China in 2007 and lower contributions from associated companies. Profit from Infrastructure Division was \$12 million or 86% higher due to contributions from KIE and Keppel Energy. PATMI from Investments was \$169 million, an increase of \$50 million from 1H 2007. This was mainly due to higher investment gains and lower interest and taxation expenses.

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.	
	Half Year 30.6.2008 \$'000	Half Year 30.6.2007 \$'000	Half Year 30.6.2008 \$'000	Half Year 30.6.2007 \$'000
Transaction for the Sale of Goods and Services				
Keppel Corporation Limited Directors and their associates	-	17,447	-	-
Gas Supply Pte Ltd	-	-	14,650	-
PSA Corporation Group	-	-	4,379	2,360
SembCorp Marine Group	-	-	-	2,273
Singapore Airlines Group	-	-	15,900	7,000
Singapore Power/PowerSeraya/Senoko Power/Tuas Power Group	-	-	25,000	28,000
Singapore Telecommunications Group	-	-	-	4,633
Transaction for the Purchase of Goods and Services				
Gas Supply Pte Ltd	-	-	90,000	180,000
Mapletree Investments Pte Ltd	-	-	378	220
Total Interested Person Transactions	-	17,447	150,307	224,486

BY ORDER OF THE BOARD

CAROLINE CHANG
Company Secretary

31 July 2008

CONFIRMATION BY THE BOARD

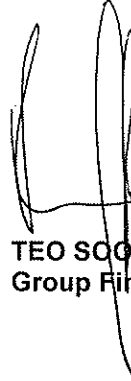
We, LIM CHEE ONN and TEO SOON HOE, being two directors of Keppel Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the second 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, 31 July 2008



TEO SOON HOE
Group Finance Director