

KEPPEL CORPORATION LIMITED

Co. Reg. No. 196800351N

(Incorporated in the Republic of Singapore)

THIRD QUARTER 2007 FINANCIAL STATEMENT**TABLE OF CONTENTS**

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KEPPEL CORPORATION LIMITED

Executive Chairman's Remarks

THIRD QUARTER ENDED 30 SEPTEMBER 2007

Financial Performance

I am pleased to report yet another excellent set of results. PATMI for 3Q 2007 was \$248m, an increase of 23% from 3Q 2006. For the nine months this year, PATMI grew 34% year-on-year to \$758m. We are on course to reach another milestone in the Group's earnings history this year. All key business units, Offshore & Marine, Property, Infrastructure and SPC, contributed to this strong performance. I believe this is a reflection of the growing strength and depth of each of our core businesses.

Diversifying earnings base – several milestones achieved

Broadening the earnings base of our key businesses remains our corporate objective. This is clearly demonstrated in the various projects and initiatives we have announced during the third quarter.

In Infrastructure, we are delighted to have been awarded another landmark project valued at \$1.5b in Qatar. Keppel Integrated Engineering will design, build and operate (DBO) the largest wastewater treatment and water re-use facility in the Middle East. This builds upon its successful breakthrough a year ago when it clinched a \$1.7b DBO contract for Qatar's first integrated solid waste management facility. These wins will serve as a launchpad for us to tap other promising prospects in the Middle East and Europe.

Likewise, our Property division has capitalised on our early initiatives to expand its presence in regional growth markets. In Vietnam alone, Keppel Land added 40 million square feet of gross floor area (GFA) year-to-date, increasing its total project GFA in the country by more than five-fold to 49 million square feet. In the Middle East, it recently gained a foothold with a luxury waterfront project in Jeddah. In China, Keppel Land's township launches in Chengdu and Wuxi during 3Q 2007 achieved over 90% sales. The new township project in Shenyang announced recently will raise Keppel Land's projects under planning, design, or construction in China to produce over 100 million square feet GFA (including projects with only MOUs signed). I believe Keppel Land has developed competitive platforms by redefining traditional markets with its urban housing and integrated townships and luxury lifestyle homes.

In Oil & Gas, SPC achieved two significant milestones to expand its upstream earnings. One is its first foray into the upstream market in China through a production sharing contract with CNOOC in the Pearl River Mouth Basin acreage. The other is a US\$223m acquisition of producing oilfields and exploration blocks in Bohai.

In Offshore & Marine, we are continuously enhancing competencies positioning us to tap the growing markets for deepwater and production solutions. Keppel Offshore & Marine's comprehensive solutions range from semisubmersibles, semi drilling tenders, FPSO and FSO conversions, to SPARS, tension leg platforms, as well as drillship equipment installations. Combined with its global network of 20 shipyards, these efforts translate into superior competitive advantages enabling KOM to continue capitalising on growth opportunities in key markets. As announced the new projects secured this year to date amount to S\$4.4b.

Making Green Our Business

As we strive to deliver long term value to all our stakeholders, we remain committed to the preservation and enhancement of the environment. Keppel Land's *Tresor* condominium in Singapore was accorded the Green Mark Gold Award in 2006. *Marina Bay Residences*, another of Keppel Land's premium residential development, also clinched a Green Mark Gold Award in 2007. *Ocean Financial Centre*, Keppel Land's latest prime office building, will showcase state-of-the-art green and environmentally-friendly features. All our SBUs shall continue with their efforts to respect or enhance the environment.

On this note, I now hand you 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 2007 Financial Statement

UNAUDITED RESULTS FOR THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2007

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the third quarter and nine months ended 30 September 2007.

1. GROUP PROFIT AND LOSS ACCOUNT for the third quarter and nine months ended 30 September 2007

	Third Quarter			Nine Months		
	30.9.2007 \$'000	30.9.2006 \$'000	+/(-) %	30.9.2007 \$'000	30.9.2006 \$'000	+/(-) %
Revenue	2,591,422	1,969,378	+31.6	7,073,287	5,159,064	+37.1
Materials & subcontract costs	(1,976,251)	(1,431,049)	+38.1	(5,348,080)	(3,700,022)	+44.5
Staff costs	(276,228)	(249,096)	+10.9	(782,054)	(697,018)	+12.2
Depreciation & amortisation	(32,485)	(32,070)	+1.3	(90,449)	(94,329)	-4.1
Other operating expenses	(16,675)	(39,274)	-57.5	(69,239)	(88,557)	-21.8
Operating profit	289,783	217,889	+33.0	783,465	579,138	+35.3
Investment income	3,839	4,202	-8.6	5,229	7,474	-30.0
Interest income	22,650	21,464	+5.5	67,625	58,175	+16.2
Interest expenses	(14,187)	(31,366)	-54.8	(47,017)	(37,744)	+24.6
Share of results of associated companies	91,443	65,456	+39.7	325,343	257,373	+26.4
Profit before taxation	393,528	277,645	+41.7	1,134,645	864,416	+31.3
Taxation	(80,332)	(45,989)	+74.7	(222,932)	(186,778)	+19.4
Profit for the period	313,196	231,656	+35.2	911,713	677,638	+34.5
Attributable to:						
Shareholders of the Company	247,691	201,271	+23.1	757,703	566,813	+33.7
Minority interests	65,505	30,385	+115.6	154,010	110,825	+39.0
	313,196	231,656	+35.2	911,713	677,638	+34.5
Earnings per ordinary share *						
- basic	15.7 cts	12.8 cts	+22.7	47.9 cts	36.0 cts	+33.1
- diluted	15.4 cts	12.5 cts	+23.2	47.5 cts	35.6 cts	+33.4
Return on equity	n.a.	n.a.	n.a.	21.1%	18.8%	+12.2
Economic value added	222,000	119,000	+86.6	587,000	312,000	+88.1

* Comparative figures for EPS have been adjusted for the sub-division of shares

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

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

	Third Quarter			Nine Months		
	30.9.2007 \$'000	30.9.2006 \$'000	+ /(-) %	30.9.2007 \$'000	30.9.2006 \$'000	+ /(-) %
Share-based payment expenses	5,439	4,146	+31.2	15,784	12,549	+25.8
(Profit)/loss on sale of fixed assets	(2,130)	571	NM	(7,370)	(3,770)	+95.5
Profit on sale of investments	(17,099)	(62,753)	-72.8	(43,863)	(82,607)	-46.9
(Write-back)/provision - stocks & work-in-progress	(43,224)	(14,017)	+208.4	(68,226)	(30,236)	+125.6
- doubtful debts	(2,360)	7,724	NM	(5,377)	16,030	NM
Bad debts (recovered)/written off	(3)	687	NM	(356)	2,904	NM
Stocks written off	8	611	-98.7	25	1,915	-98.7
Fair value (gain)/loss - Assets at fair value through P&L	(2,870)	(5,740)	-50.0	(18,456)	(7,728)	+138.8
- Forward contracts	14,336	12,910	+11.0	18,311	24,041	-23.8
- Financial derivatives	(294)	8,542	NM	5,371	(449)	NM
Foreign exchange loss/(gain)	29,521	(4,174)	NM	19,482	(6,350)	NM

NM - Not Meaningful

1b. The Group's tax charge included a 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		
	30.9.2007	30.9.2006	+ /(-)%	30.9.2007	30.9.2006	+ /(-)%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-						
(i) Based on weighted average number of shares *	15.7 cts	12.8 cts	+22.7	47.9 cts	36.0 cts	+33.1
- Weighted average number of shares ('000)	1,580,694	1,573,254	+0.5	1,580,694	1,573,254	+0.5
(ii) On a fully diluted basis *	15.4 cts	12.5 cts	+23.2	47.5 cts	35.6 cts	+33.4
- Adjusted weighted average number of shares ('000)	1,590,861	1,582,556	+0.5	1,590,861	1,582,556	+0.5

* Comparative figures for EPS have been adjusted for the sub-division of shares

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

2. BALANCE SHEETS as at 30 September 2007

	Group		Company	
	30.9.2007 \$'000	31.12.2006 \$'000	30.9.2007 \$'000	31.12.2006 \$'000
Share capital	784,578	972,926	784,578	972,926
Reserves	3,848,561	3,232,170	2,525,566	2,332,232
Share capital & reserves	4,633,139	4,205,096	3,310,144	3,305,158
Minority interests	1,466,697	1,392,591	-	-
Capital employed	6,099,836	5,597,687	3,310,144	3,305,158
Represented by:				
Fixed assets	1,770,286	1,740,808	5,708	5,680
Investment properties	2,258,769	2,249,216	-	-
Development properties	206,704	197,080	-	-
Subsidiaries	-	-	3,063,208	3,080,896
Associated companies	2,919,107	2,410,716	3,074	3,074
Investments	326,873	275,892	-	-
Long term receivables	133,161	160,720	301,085	300,977
Intangibles	142,187	135,058	-	-
	7,757,087	7,169,490	3,373,075	3,390,627
Current assets				
Stocks & work-in-progress in excess of related billings	2,555,446	2,777,217	-	-
Amounts due from:				
- subsidiaries	-	-	588,877	410,092
- associated companies	326,912	307,968	50	87
Debtors	1,629,206	1,516,259	64,633	82,013
Short term investments	576,979	426,714	-	-
Bank balances, deposits & cash	1,764,513	1,618,558	4,328	520
	6,853,056	6,646,716	657,888	492,712
Current liabilities				
Creditors	3,120,251	2,380,657	89,519	58,885
Billings on work-in-progress in excess of related costs	2,389,094	2,325,319	-	-
Provisions	41,622	29,961	-	-
Amounts due to:				
- subsidiaries	-	-	232,660	194,718
- associated companies	106,733	93,620	2	11
Term loans	393,812	681,635	72,266	-
Taxation	324,471	273,883	12,559	10,182
Bank overdrafts	15,343	3,351	-	-
	6,391,326	5,788,426	407,006	263,796
Net current assets	461,730	858,290	250,882	228,916
Non-current liabilities				
Term loans	1,862,648	2,272,152	300,000	300,000
Deferred taxation	256,333	157,941	13,813	14,385
	2,118,981	2,430,093	313,813	314,385
Net assets	6,099,836	5,597,687	3,310,144	3,305,158
<i>Group net borrowings</i>	507,290	1,338,580	<i>n.a.</i>	<i>n.a.</i>
<i>Group net gearing (times)</i>	0.08 x	0.24x	<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 30.9.2007		As at 31.12.2006	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
3,123	406,032	404,723	280,263

(ii) Amount repayable after one year

As at 30.9.2007		As at 31.12.2006	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
534,725	1,327,923	1,422,696	849,456

(iii) Details of any collateral

Certain subsidiaries of the Company pledged their assets in order to obtain loans from financial institutions. The net book value of properties and other assets pledged/mortgaged to financial institutions amounted to \$1,471,688,000 (31 December 2006: \$1,908,005,000).

2b. Net asset value

	Group			Company		
	30.9.2007	31.12.2006	+ /(-)%	30.9.2007	31.12.2006	+ /(-)%
Net asset value per ordinary share *	\$2.93	\$2.67	+9.7	\$2.09	\$2.10	-0.5
Net tangible asset per ordinary share *	\$2.84	\$2.58	+10.1	\$2.09	\$2.10	-0.5

* Based on share capital of 1,583,966,180 ordinary shares as at the end of the period (31 December 2006: 1,575,985,848 sub-divided ordinary shares). The comparative figures for net asset value per share and net tangible asset per share have been adjusted for the sub-division of shares.

2c. Group shareholders' funds increased from \$4.21 billion at 31 December 2006 to \$4.63 billion at 30 September 2007. The increase was mainly attributable to retained profits for the period and fair value adjustments of financial assets. This was partly offset by total payout of \$463 million comprising final dividend and capital distribution in respect of financial year 2006 and interim dividend in respect of the first half year ended 30 June 2007.

Group total assets of \$14.61 billion at 30 September 2007 were \$794 million or 5.7% higher than the previous year-end. Increase in associated companies was due to equity accounting for share of profits and further investments in Marina Bay Financial Centre, MobileOne and Premier Data Centres. Increase in investments was mainly due to fair value adjustments of financial assets and purchases in the current period. Increase in debtors was mainly due to higher operating activities in Offshore & Marine Division and Infrastructure Division. These were partly offset by decrease in stocks & work-in-progress mainly due to cost of sales charged to profit & loss account on sale of Reflections at Keppel Bay.

Group total liabilities of \$8.51 billion at 30 September 2007 were \$292 million or 3.6% higher than the previous year-end. Increase in creditors was mainly due to higher operating activities in Offshore & Marine Division.

Group net borrowings at \$0.51 billion were a reduction of \$831 million from \$1.34 billion 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 2007

	Third Quarter		Nine Months		
	30.9.2007	30.9.2006	30.9.2007	30.9.2006	
Note	\$'000	\$'000	\$'000	\$'000	
OPERATING ACTIVITIES					
Operating profit	289,783	217,889	783,465	579,138	
Adjustments:					
Depreciation and amortisation	32,485	32,070	90,449	94,329	
Share-based payment expenses	5,439	4,146	15,784	12,549	
Profit on sale of associated company	-	(9,533)	-	(9,533)	
(Profit)/loss on sale of fixed assets	(2,130)	571	(7,370)	(3,770)	
Operational cash flow before changes in working capital	325,577	245,143	882,328	672,713	
Working capital changes:					
Stocks & work-in-progress	210,662	153,731	330,231	601,286	
Debtors	(56,673)	186,745	(71,366)	230,413	
Creditors	404,679	81,232	765,082	220,650	
Investments in bonds and shares	68,506	(9,898)	(23,851)	486	
Advances to associated companies	(241,121)	17,555	(7,779)	(151,359)	
Translation of foreign subsidiaries	8,523	3,367	6,462	16,728	
Interest received	22,650	21,464	67,625	58,175	
Interest paid	(14,187)	(31,366)	(47,017)	(37,744)	
Income taxes paid	(25,963)	(29,070)	(121,017)	(79,417)	
Net cash from operating activities	702,653	638,903	1,780,698	1,531,931	
INVESTING ACTIVITIES					
Acquisition of subsidiaries	3a	-	(1,039)	180	9,801
Acquisition of additional shares in subsidiaries		-	(4,701)	-	(28,285)
Acquisition and further investment in associated companies		(58,005)	(81,952)	(495,799)	(203,480)
Acquisition of fixed assets and investment properties		(82,673)	(117,698)	(215,210)	(377,773)
Expenditure on development properties		(8,069)	(5,327)	(25,924)	(8,340)
Proceeds from disposal of associated companies		-	39,514	14,266	39,514
Proceeds from disposal of fixed assets		4,180	7,075	16,056	36,174
Dividends received from investments and associated companies		59,764	44,559	218,083	161,163
Net cash used in investing activities		(84,803)	(119,569)	(488,348)	(371,226)
FINANCING ACTIVITIES					
Proceeds from share issues		15,569	4,596	32,865	18,015
Proceeds from minority shareholders of subsidiaries		843	2,675	7,704	9,918
Proceeds from term loans		11,827	20,329	286,985	658,905
Capital distribution		-	-	(221,213)	(181,040)
Repayment of term loans		(414,129)	(199,308)	(984,312)	(1,196,972)
Dividend paid to shareholders of the Company		(138,114)	(75,565)	(241,754)	(157,374)
Dividend paid to minority shareholders of subsidiaries		(9,098)	(15,347)	(38,662)	(45,692)
Net cash used in financing activities		(533,102)	(262,620)	(1,158,387)	(894,240)
Net increase in cash and cash equivalents		84,748	256,714	133,963	266,465
Cash and cash equivalents as at beginning of period		1,664,422	1,403,785	1,615,207	1,394,034
Cash and cash equivalents as at end of period	3b	1,749,170	1,660,499	1,749,170	1,660,499
<i>Free cashflow</i>		617,850	519,334	1,292,350	1,160,705

NOTES TO CONSOLIDATED CASHFLOW STATEMENT

	Third Quarter		Nine Months	
	30.9.2007 \$'000	30.9.2006 \$'000	30.9.2007 \$'000	30.9.2006 \$'000
3a. Acquisition of subsidiaries				
The fair values of net assets and liabilities of subsidiaries acquired were as follows:				
Fixed assets	-	303	-	303
Stocks & work-in-progress	-	3,659	-	3,659
Investments	-	-	8,286	16,024
Intangibles	-	1,011	-	1,011
Debtors	-	9,625	3	9,640
Bank balances and cash	-	2,781	941	15,684
Creditors	-	(12,994)	(23)	(13,002)
Loans	-	(450)	-	(450)
Current & deferred tax	-	-	(22)	-
Minority interests	-	(2,076)	(4,490)	(14,905)
	-	1,859	4,695	17,964
Goodwill on consolidation	-	2,677	-	2,677
Amount previously accounted for as associated companies	-	(716)	(3,934)	(14,758)
Purchase consideration	-	3,820	761	5,883
Less: Bank balances and cash acquired	-	(2,781)	(941)	(15,684)
Cash flow on acquisition net of cash acquired	-	1,039	(180)	(9,801)

3b. Cash and cash equivalents

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

Bank balances, deposits and cash	1,764,513	1,697,471	1,764,513	1,697,471
Bank overdrafts	(15,343)	(36,972)	(15,343)	(36,972)
	1,749,170	1,660,499	1,749,170	1,660,499

3c. Cashflow analysis

(i) Third Quarter

Net cash from operating activities was \$703 million compared to \$639 million for the corresponding quarter last year. This was mainly due to increased operating profit, higher progress payments received for contracts and higher payables, partly offset by advances to associated companies. Net cash used in investing activities for the quarter was \$85 million. The Group spent \$149 million on acquisitions and operational capex. Divestment and dividend received amounted to \$64 million. Free cashflow for the quarter of \$618 million was \$99 million higher than that of the corresponding quarter last year.

(ii) Nine Months

Net cash from operating activities was \$1,781 million compared to \$1,532 million for the corresponding period last year. This was mainly due to increased operating profit, higher progress payments received for contracts and higher payables. Net cash used in investing activities for the nine months was \$488 million. The Group spent \$737 million on acquisitions and operational capex. This comprised principally further investments in Marina Bay Financial Centre, capital expenditure on the co-gen plant and other operational capex. Divestment and dividend received amounted to \$248 million. Free cashflow for the nine months of \$1,292 million was \$132 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 2007

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
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	-	170,700	-	-	170,700	2,711	173,411
Fair value changes on cashflow hedges	-	(65,206)	-	-	(65,206)	(222)	(65,428)
Currency translation gain	-	-	-	11,618	11,618	15,438	27,056
Gain not recognised in profit & loss account	-	105,494	-	11,618	117,112	17,927	135,039
Net profit for first half	-	-	510,012	-	510,012	88,505	598,517
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	-	(6,054)	-	-	(6,054)	441	(5,613)
Fair value changes on cashflow hedges	-	47,838	-	-	47,838	(1,293)	46,545
Currency translation loss	-	-	-	(17,340)	(17,340)	(10,858)	(28,198)
Gain/(loss) not recognised in profit & loss account	-	41,784	-	(17,340)	24,444	(11,710)	12,734
Net profit for third quarter	-	-	247,691	-	247,691	65,505	313,196
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

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

	Attributable to equity holders of the Company							Capital Employed \$'000
	Share Capital \$'000	Share Premium Account \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Exchange Translation Account \$'000	Share Capital & Reserves \$'000	Minority Interests \$'000	
2006								
As at 1 January	391,903	720,229	345,761	2,192,117	(3,934)	3,646,076	1,288,566	4,934,642
Fair value changes on available-for-sale assets	-	-	(19,774)	-	-	(19,774)	(5,780)	(25,554)
Fair value changes on cashflow hedges	-	-	88,829	-	-	88,829	63	88,892
Currency translation loss	-	-	-	-	(57,402)	(57,402)	(23,773)	(81,175)
Gain/(loss) not recognised in profit & loss account	-	-	69,055	-	(57,402)	11,653	(29,490)	(17,837)
Net profit for first half	-	-	-	365,542	-	365,542	80,440	445,982
Dividend paid	-	-	-	(81,809)	-	(81,809)	-	(81,809)
Share-based payment	-	-	9,634	-	-	9,634	317	9,951
Equity component of convertible bond issued by a subsidiary	-	-	16,946	-	-	16,946	14,970	31,916
Transfer of statutory, capital and other reserves to revenue reserves	-	-	(13,171)	13,171	-	-	-	-
Revaluation deficit on investment properties	-	-	(1,897)	-	-	(1,897)	(3,038)	(4,935)
Revaluation deficit realised and transferred to profit & loss account on disposal of property	-	-	8,305	-	-	8,305	-	8,305
Currency translation loss realised and transferred to profit & loss account on disposal of subsidiaries	-	-	-	-	6,056	6,056	-	6,056
Share of capital reserves of an associated company	-	-	(849)	-	-	(849)	-	(849)
Dividend paid to minority shareholders	-	-	-	-	-	-	(30,345)	(30,345)
Cash subscribed by minority shareholders	-	-	-	-	-	-	7,243	7,243
Acquisition of subsidiaries	-	-	-	-	-	-	12,829	12,829
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	(25,417)	(25,417)
Set off against advance from minority shareholders	-	-	-	-	-	-	65,498	65,498
Other adjustments	-	-	(4)	-	142	138	(1,020)	(882)
Shares issued	10,655	2,764	-	-	-	13,419	-	13,419
Capital distribution	(181,040)	-	-	-	-	(181,040)	-	(181,040)
Reclassification arising from abolition of par value*	745,757	(722,993)	(22,764)	-	-	-	-	-
As at 30 June	967,275	-	411,016	2,489,021	(55,138)	3,812,174	1,380,553	5,192,727
Fair value changes on available-for-sale assets	-	-	(42,486)	-	-	(42,486)	(1,071)	(43,557)
Fair value changes on cashflow hedges	-	-	2,765	-	-	2,765	9	2,774
Currency translation gain	-	-	-	-	4,672	4,672	4,558	9,230
Gain/(loss) not recognised in profit & loss account	-	-	(39,721)	-	4,672	(35,049)	3,496	(31,553)
Net profit for third quarter	-	-	-	201,271	-	201,271	30,385	231,656
Dividend paid	-	-	-	(75,565)	-	(75,565)	-	(75,565)
Share-based payment	-	-	5,324	-	-	5,324	143	5,467
Transfer of statutory, capital and other reserves to revenue reserves	-	-	754	(754)	-	-	-	-
Dividend paid to minority shareholders	-	-	-	-	-	-	(15,347)	(15,347)
Cash subscribed by minority shareholders	-	-	-	-	-	-	2,675	2,675
Acquisition of subsidiaries	-	-	-	-	-	-	2,096	2,096
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	(4,700)	(4,700)
Other adjustments	-	-	(12)	-	-	(12)	(129)	(141)
Shares issued	4,596	-	-	-	-	4,596	-	4,596
As at 30 September	971,871	-	377,361	2,613,973	(50,466)	3,912,739	1,399,172	5,311,911

4b. Statement of changes in equity of the Company

	Share Capital \$'000	Share Premium Account \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Total \$'000
2007					
As at 1 January	972,926	-	29,577	2,302,655	3,305,158
Net profit for first 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 profit for third 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
2006					
As at 1 January	391,903	720,229	37,057	1,732,855	2,882,044
Net profit for first half	-	-	-	324,204	324,204
Dividend paid	-	-	-	(81,809)	(81,809)
Share-based payment	-	-	9,869	-	9,869
Shares issued	10,655	2,764	-	-	13,419
Capital distribution	(181,040)	-	-	-	(181,040)
Reclassification arising from abolition of par value *	745,757	(722,993)	(22,764)	-	-
As at 30 June	967,275	-	24,162	1,975,250	2,966,687
Net loss for third quarter	-	-	-	(1,214)	(1,214)
Dividend paid	-	-	-	(75,565)	(75,565)
Share-based payment	-	-	3,833	-	3,833
Shares issued	4,596	-	-	-	4,596
As at 30 September	971,871	-	27,995	1,898,471	2,898,337

* Pursuant to The Companies (Amendment) Act 2005 effective 30 January 2006, the concept of authorised share capital and par value has been abolished. Amount standing to the credit of share premium account and capital redemption reserve has been transferred to the share capital account as at that date.

4c. Share capital

On 7 May 2007, each ordinary share of the Company was sub-divided into two ordinary shares. The sub-division of shares was effected pursuant to the approval of shareholders at an Extraordinary General Meeting held on 27 April 2007.

Since 30 June 2007, the Company issued 3,210,666 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 1,583,966,180 ordinary shares.

As at 30 September 2007, there were unexercised options for 39,057,000 of unissued ordinary shares (30 September 2006: sub-divided 32,772,332 ordinary shares) under the KCL Share Options Scheme. The unexercised options have been adjusted for the sub-division of shares.

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 2006.

8. CHANGES IN THE ACCOUNTING POLICIES

With effect from 1 January 2007, the Group has adopted FRS 40 Investment Property.

Prior to the adoption of FRS 40, investment properties are accounted for as long term investments and stated at valuations made each year. Surpluses arising on revaluation are credited directly to capital reserves. Revaluation deficits are taken to the profit & loss account in the absence of or to the extent that they exceed any surpluses held in reserves relating to previous revaluations of the same class of assets. Revaluation of the Group's investment properties will be carried out at the financial year-end.

On adoption of FRS 40, changes in fair values of investment properties are included in the profit & loss account. This change in accounting policy has been accounted for prospectively in accordance with the transitional provisions and has resulted in a decrease in capital reserves of \$11,975,000 with a corresponding increase in revenue reserves as at 1 January 2007.

The Group's share of deferred tax adjustment on the revaluation surplus for the investment properties amounted to \$55,235,000. This has also been adjusted against the revenue reserves as at 1 January 2007.

Apart from FRS 40, the Group has also adopted FRS 107 Financial Instruments: Disclosures and the various new or revised FRS and INT FRS that are applicable from 1 January 2007. These do not have a significant financial impact on the Group.

9. REVIEW OF GROUP PERFORMANCE

Group attributable profit of \$758 million and earnings per share of 47.9 cents for the year-to-date were higher than the \$751 million and 47.7 cents respectively recorded for full financial year 2006. Annualised return on equity of 21.1% was the highest achieved by the Group. Economic Value Added of \$587 million exceeded the half billion mark for the first time and was \$164 million above total year 2006.

Group revenue in the third quarter of \$2,591 million was 32% above that of the corresponding quarter in 2006. Higher revenues were reported by all divisions. Group attributable profit of \$248 million was 23% higher than the same quarter in the previous year. Profit from Offshore & Marine Division of \$126 million grew by 17% and profit from Property Division more than doubled to \$65 million. Infrastructure Division reported the fourth straight quarter of profitability with a modest \$4 million profit for the third quarter. Profit from Investments was lower because the previous year benefited from gains on sale of investments.

For the nine months to-date, Group revenue of \$7,073 million was \$1,914 million or 37% above that of the corresponding period in 2006. Revenue from Offshore & Marine Division of \$5,048 million was 30% higher. The division completed and delivered six jackups, six FPSO conversions and several rig upgrades and repairs. Revenue from Property Division of \$1,350 million was 78% above that of the previous year. The higher revenue was due to sales of Reflections at Keppel Bay, Sixth Avenue Residences and Park Infinia @ Wee Nam in Singapore, Villa Riviera in Shanghai and Elita Promenade in Bangalore. Rental income from investment properties also increased due to higher rental rates and occupancy. Revenue from Infrastructure Division was 51% higher with new source of revenue from the cogen power plant and NEWater plant which were commissioned this year and the power barges in Ecuador, which was commissioned in December last year.

At the pre-tax profit level, Group earnings of \$1,135 million were 31% higher than the first nine months of last year. Earnings from Offshore & Marine Division of \$548 million were 32% above the previous year. Production activities continue to increase at the shipyards. The Property Division posted profit of \$341 million, up 86%. Profit has increased because of the higher revenue recognition for sales of residential properties. Infrastructure Division contributed a modest \$31 million to Group pre-tax profit. Profit from SPC for the nine months was higher with robust refining margins. However, the Group's other investment income were lower as the previous year benefited from the sale of Gasco by k1 Ventures and higher investment gains.

The income tax expenses of the Group included a write-back of \$18 million for deferred tax as a result of the reduction in Singapore corporate tax rate from 20% to 18%. After taking into account minority share of profit, the resultant profit attributable to shareholders of \$758 million was \$191 million or 34% higher than the corresponding period in 2006. Offshore & Marine Division remains the largest contributor to attributable earnings with 54%, followed by Investments with 23%, Property Division with 21% and Infrastructure Division with 2%.

In the opinion of the Directors, no factor has arisen between 30 September 2007 and the date of this report which would materially affect the results of the Group and the Company for the period just ended.

10. VARIANCE FROM PROSPECT STATEMENT

No variance from previous statement.

11. PROSPECTS

The Group performance for the nine months has already exceeded that for the whole year of 2006. With the strong performance to-date, the Group will set new profitability and EVA benchmarks for total year 2007.

Offshore & Marine Division is expected to remain as the main contributor to Group profit. Its net orderbook is sustained above \$11 billion with more orders added for deliveries into 2010. The fundamentals of the industry remain favourable, underpinned by sustained firm oil prices and high exploration and production capital expenditure. The division is expected to benefit from these strong market fundamentals.

The Property Division continues with its regional thrust by further strengthening its presence in Vietnam and China with more new project sites secured. The expansion into The Middle East market establishes a new regional platform for the Group property business. The financial performance of the Property Division will be boosted by the revenue and profit recognition from its pipeline of current and existing trading property projects both in Singapore and the region. The Property Division with its significant portfolio of office buildings in the Central Business District in Singapore is expected to benefit from increasing rental rates and higher occupancy.

The contracts secured for the \$1.5 billion Doha North wastewater treatment facility and the Qatar domestic solid waste management complex have boosted Infrastructure Division track record in environmental engineering. These contracts together with existing infrastructure projects are expected to increase the division's contribution to Group's profitability.

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 2007.

Total cash distribution paid to shareholders in 2007 amounted to 31 cents per share. A final dividend of 8 cents per share less tax in respect of the year ended 31 December 2006 was paid on 15 May 2007, a capital distribution of 14 cents per share was paid on 6 June 2007 and an interim dividend of 9 cents per share comprising 1.5 cents per share less tax and 7.5 cents per share one-tier tax exempt in respect of the first half year ended 30 June 2007 was paid on 22 August 2007.

13. SEGMENT ANALYSIS

Nine months ended 30 September 2007

BUSINESS SEGMENT

	Offshore & Marine \$'000	Property \$'000	Infra- structure \$'000	Invest- ments \$'000	Elimina- tion \$'000	Total \$'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	37,005	48,400	247	-	215,210
Depreciation and amortisation	55,964	10,088	24,051	346	-	90,449

GEOGRAPHICAL SEGMENT

	Singapore \$'000	Far East & Other ASEAN Countries \$'000	America \$'000	Other Countries \$'000	Elimination \$'000	Total \$'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	147,905	38,925	28,380	-	-	215,210

Nine months ended 30 September 2006

BUSINESS SEGMENT

	Offshore & Marine \$'000	Property \$'000	Infra- structure \$'000	Invest- ments \$'000	Elimina- tion \$'000	Total \$'000
Revenue						
External sales	3,871,423	758,447	420,386	108,808	-	5,159,064
Inter-segment sales	-	8,507	63,571	33,456	(105,534)	-
Total	3,871,423	766,954	483,957	142,264	(105,534)	5,159,064
Results						
Operating profit	350,349	191,247	(60,348)	97,890	-	579,138
Net investment income & interest income	55,180	(19,461)	936	(8,750)	-	27,905
Share of results of associated companies	10,820	10,819	27,324	208,410	-	257,373
Profit before taxation	416,349	182,605	(32,088)	297,550	-	864,416
Taxation	(110,849)	(28,984)	(2,234)	(44,711)	-	(186,778)
Profit for the period	305,500	153,621	(34,322)	252,839	-	677,638
Attributable to:						
Shareholders of Company	282,339	78,240	(40,555)	246,789	-	566,813
Minority interests	23,161	75,381	6,233	6,050	-	110,825
	305,500	153,621	(34,322)	252,839	-	677,638
Other information						
Segment assets	4,766,005	6,406,318	894,975	4,130,780	(5,282,139)	10,915,939
Investment in associated companies	51,871	1,110,249	101,450	1,078,309	-	2,341,879
Total	4,817,876	7,516,567	996,425	5,209,089	(5,282,139)	13,257,818
Segment liabilities	3,602,315	5,279,047	850,067	3,083,936	(5,282,139)	7,533,226
Net tax provision & deferred taxation	230,012	148,316	7,273	27,080	-	412,681
Total	3,832,327	5,427,363	857,340	3,111,016	(5,282,139)	7,945,907
Net assets	985,549	2,089,204	139,085	2,098,073	-	5,311,911
Capital expenditure	115,104	28,773	232,660	1,236	-	377,773
Depreciation and amortisation	46,633	11,230	36,184	282	-	94,329

GEOGRAPHICAL SEGMENT

	Singapore \$'000	Far East & Other ASEAN Countries \$'000	America \$'000	Other Countries \$'000	Elimination \$'000	Total \$'000
External sales	3,625,881	640,507	551,074	341,602	-	5,159,064
Segment assets	8,302,809	2,651,332	934,890	294,826	(1,267,918)	10,915,939
Capital expenditure	327,616	27,310	22,847	-	-	377,773

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 33 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 \$7,073 million was \$1,914 million or 37% higher than the corresponding period last year. All divisions reported higher revenue. Revenue from Offshore & Marine Division of \$5,048 million was \$1,177 million or 30% above that of 9M 2006 and accounted for 71% of Group revenue. Higher revenue was due to healthy order book of the division. Revenue from Property Division of \$1,350 million was \$591 million or 78% above that of 9M 2006 and accounted for 19% of Group revenue. Higher revenue was due to new revenue streams came from trading projects in Singapore (Reflections at Keppel Bay and Sixth Avenue Residences) and China (Villa Riviera, Shanghai), as well as higher revenue from current property trading projects. Rental income from investment properties also increased due to higher rental rates and occupancy. Revenue from Infrastructure Division of \$633 million was \$213 million or 51% above that of 9M 2006 and accounted for 9% of Group revenue. Higher revenue was due to new source of revenue from the recently commissioned cogen power plant and NEWater plant as well as the power barges in Ecuador which was commissioned in December last year.

14b. PATMI by Segments

Group PATMI of \$758 million was \$191 million or 34% higher than the corresponding period last year. PATMI from Offshore & Marine Division of \$409 million was \$127 million or 45% above that of 9M 2006. The division remains the largest contributor to Group PATMI with 54% share, an increase from 45% share in the same quarter last year due to higher rate of growth and lower contribution from Investments. PATMI from Property Division of \$159 million was \$81 million or 104% above that of 9M 2006. The division's contribution to Group PATMI increased from 14% to 21% also because of higher rate of growth. Earnings were boosted by Reflections at Keppel Bay, Sixth Avenue Residences, Marina Bay Residences and Villa Riviera, Shanghai. Infrastructure Division reported a profit of \$18 million compared to a loss of \$40 million for 9M 2006. This was largely attributable to contribution from the operation of the power barges, cogen power plant and NEWater plant. PATMI from Investments of \$172 million was \$75 million or 30% below that of 9M 2006. Profit from SPC was higher with strong refining margins. However, the Group's other investment income were lower as the previous year benefited from the sale of Gasco by k1 Ventures and higher investment gains.

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 30.9.2007 \$'000	Nine months 30.9.2006 \$'000	Nine months 30.9.2007 \$'000	Nine months 30.9.2006 \$'000
Transaction for the Sale of Goods and Services				
Keppel Corporation Limited Directors and their associates	17,447	-	-	-
PSA Corporation Group	-	-	5,150	-
SembCorp Marine Group	-	-	2,273	1,928
Singapore Airlines Group	-	-	7,000	4,978
SembCorp Industries Group	-	-	-	463
Singapore Power/PowerSeraya/Senoko Power/Tuas Power Group	-	-	28,000	-
Singapore Telecommunications Group	-	-	4,633	-
Transaction for the Purchase of Goods and Services				
Gas Supply Pte Ltd	-	-	380,000	-
Mapletree Investments Pte Ltd	-	-	297	397
Singapore Power/PowerSeraya/Senoko Power/Tuas Power Group	-	-	-	1,000
Transaction for the Acquisition of Companies				
Havelock Investment Pte Ltd	-	270	-	-
Total Interested Person Transactions	17,447	270	427,353	8,766

BY ORDER OF THE BOARD

CAROLINE CHANG
Company Secretary
25 October 2007

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 2007 financial results to be false or misleading.

On behalf of the board of directors



LIM CHEE ONN
Executive Chairman

Singapore, 25 October 2007



TEO SOON HOE
Group Finance Director