



Keppel Telecommunications  
& Transportation Ltd  
(Co Reg No. 196500115G)  
7 Gul Circle  
Singapore 629563

Tel : (65) 6897 7372  
Fax : (65) 6897 7872

## **PRESS RELEASE**

### **Keppel Telecommunications & Transportation Ltd Unaudited Results for the Third Quarter ended 30 September 2010**

**SINGAPORE, 19 October 2010** – The Directors of Keppel Telecommunications & Transportation Ltd advise the following results of the Company and of the Group for the third quarter ended 30 September 2010.

These figures have not been audited.

#### **For more information, please contact:**

Mr Say Huan Yuan  
Executive  
Group Corporate Communications  
Keppel Corporation Limited  
Tel: (65) 6413 6297  
Email: [huanyuan.say@kepcorp.com](mailto:huanyuan.say@kepcorp.com)

This press release is also available at [www.kepcorp.com](http://www.kepcorp.com) and  
[www.keppeltt.com.sg](http://www.keppeltt.com.sg)

# KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD

(Co Reg No: 196500115G)

(Incorporated in the Republic of Singapore)

## THIRD QUARTER 2010 FINANCIAL STATEMENTS

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## Third Quarter Financial Statements

### 1 UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2010

The Directors of **Keppel Telecommunications & Transportation Ltd** advise the following unaudited results of the Group for the third quarter and nine months ended 30 September 2010.

#### 1(a) GROUP PROFIT AND LOSS ACCOUNT

for the third quarter and nine months ended 30 September 2010

	2010 3Q \$'000	2009 3Q \$'000	+ / (-) %	2010 9 Months \$'000	2009 9 Months \$'000	+ / (-) %
REVENUE	28,180	29,618	(4.9)	80,831	88,665	(8.8)
Less operating expenses	<u>(25,081)</u>	<u>(26,873)</u>	(6.7)	<u>(73,282)</u>	<u>(83,214)</u>	(11.9)
OPERATING PROFIT	3,099	2,745	12.9	7,549	5,451	38.5
Interest income	327	312	4.8	975	1,074	(9.2)
Interest expense	(715)	(695)	2.9	(2,346)	(2,363)	(0.7)
Share of results of associated companies and jointly controlled entities	<u>16,985</u>	<u>14,371</u>	18.2	<u>48,687</u>	<u>40,605</u>	19.9
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	19,696	16,733	17.7	54,865	44,767	22.6
Exceptional items	<u>442</u>	<u>37</u>	>500.0	<u>467</u>	<u>(2,744)</u>	n.m.
PROFIT BEFORE TAXATION	20,138	16,770	20.1	55,332	42,023	31.7
Taxation	<u>(3,693)</u>	<u>(2,555)</u>	44.5	<u>(10,716)</u>	<u>(6,301)</u>	70.1
PROFIT FOR THE PERIOD	<u>16,445</u>	<u>14,215</u>	15.7	<u>44,616</u>	<u>35,722</u>	24.9
Attributable to:						
Shareholders of the Company						
Profit before exceptional items	15,265	13,003	17.4	41,748	35,698	16.9
Exceptional items	<u>442</u>	<u>32</u>	>500.0	<u>467</u>	<u>(2,420)</u>	n.m.
	15,707	13,035	20.5	42,215	33,278	26.9
Non-controlling Interests	<u>738</u>	<u>1,180</u>	(37.5)	<u>2,401</u>	<u>2,444</u>	(1.8)
	<u>16,445</u>	<u>14,215</u>	15.7	<u>44,616</u>	<u>35,722</u>	24.9
Earnings per share						
Before exceptional items						
- basic	2.8 cts	2.4 cts	16.7	7.6 cts	6.5 cts	16.9
- diluted	2.7 cts	2.4 cts	12.5	7.5 cts	6.5 cts	15.4
After exceptional items						
- basic	2.8 cts	2.3 cts	21.7	7.6 cts	6.0 cts	26.7
- diluted	2.8 cts	2.3 cts	21.7	7.6 cts	6.0 cts	26.7

n.m. – not meaningful

Notes to Group Profit and Loss Account

(i) Operating expenses comprise the following:

	2010 3Q \$'000	2009 3Q \$'000	+ /(-) %	2010 9 Months \$'000	2009 9 Months \$'000	+ /(-) %
Purchase of goods and services	8,868	11,140	(20.4)	24,241	33,699	(28.1)
Staff costs	7,620	8,175	(6.8)	23,198	26,990	(14.0)
Share-based payment expenses	382	370	3.2	170	956	(82.2)
Depreciation of fixed assets	1,810	1,575	14.9	5,488	4,843	13.3
Other operating expenses	6,401	5,613	14.0	20,185	16,726	20.7
	<u>25,081</u>	<u>26,873</u>	(6.7)	<u>73,282</u>	<u>83,214</u>	(11.9)

(ii) Operating profit is arrived at after charging/(crediting) the following:

	2010 3Q \$'000	2009 3Q \$'000	+ /(-) %	2010 9 Months \$'000	2009 9 Months \$'000	+ /(-) %
Provision for/(write-back of) doubtful debts	2	(44)	n.m.	3	(161)	n.m.
Provision for obsolete stocks/stocks written-off	205	28	>500.0	233	28	>500.0
Foreign exchange loss/(gain)	162	(23)	n.m.	688	115	498.3
Loss/(profit) on disposal of fixed assets	13	(11)	n.m.	11	(24)	n.m.

n.m. – not meaningful

(iii) Taxation in the third quarter included an over-provision of taxation of \$5,000 in respect of prior years. In the same corresponding quarter of 2009, taxation included an under-provision of taxation of \$29,000 and write-back of provision for deferred taxation of \$71,000 in respect of prior years as well as recognition of tax assets under the Group Relief System of \$239,000.

(iv) Exceptional items consist of:

	2010 3Q \$'000	2009 3Q \$'000	2010 9 Months \$'000	2009 9 Months \$'000
Gain on disposal of other investments	128	-	153	-
Loss on disposal of subsidiaries	-	(16)	-	(505)
Impairment loss in value of investments and write-back of provision for equity advances, net	(986)	(274)	(986)	(1,471)
Write-back of impairment of fixed assets	1,300	-	1,300	-
Write-back of/(provision for) restructuring expenses	-	327	-	(768)
	<u>442</u>	<u>37</u>	<u>467</u>	<u>(2,744)</u>
Share of non-controlling interests	-	(5)	-	324
	<u>442</u>	<u>32</u>	<u>467</u>	<u>(2,420)</u>

(v) There was no extraordinary item during the quarter.

**1(b) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
for the third quarter and nine months ended 30 September 2010**

	2010 3Q \$'000	2009 3Q \$'000	+ /(-) %	2010 9 Months \$'000	2009 9 Months \$'000	+ /(-) %
Profit for the period	<u>16,445</u>	<u>14,215</u>	15.7	<u>44,616</u>	<u>35,722</u>	24.9
Fair value changes on available-for-sale financial assets	(908)	(167)	443.7	(1,076)	(2,232)	(51.8)
Fair value loss on available-for-sale financial assets realised and transferred to profit and loss account	832	294	183.0	807	1,454	(44.5)
Exchange differences arising on consolidation	(4,505)	(4,035)	11.6	5,466	(7,905)	n.m.
Foreign currency translation reserve realised and transferred to profit and loss account	-	(1)	(100.0)	63	1,547	(95.9)
Share of other comprehensive income of associated companies	<u>48</u>	<u>38</u>	26.3	<u>43</u>	<u>216</u>	(80.1)
Other comprehensive income for the period, net of tax	<u>(4,533)</u>	<u>(3,871)</u>	17.1	<u>5,303</u>	<u>(6,920)</u>	n.m.
Total comprehensive income for the period	<u>11,912</u>	<u>10,344</u>	15.2	<u>49,919</u>	<u>28,802</u>	73.3
Attributable to:						
Shareholders of the Company	11,679	9,493	23.0	47,804	25,947	84.2
Non-controlling interests	<u>233</u>	<u>851</u>	(72.6)	<u>2,115</u>	<u>2,855</u>	(25.9)
	<u>11,912</u>	<u>10,344</u>	15.2	<u>49,919</u>	<u>28,802</u>	73.3

n.m. – not meaningful

**1(c)(i) BALANCE SHEETS as at 30 September 2010**

	Group		Company	
	30.9.2010 \$'000	31.12.2009 \$'000	30.9.2010 \$'000	31.12.2009 \$'000
SHARE CAPITAL	73,750	73,673	73,750	73,673
RESERVES	254,123	222,234	65,571	60,757
SHARE CAPITAL AND RESERVES	<u>327,873</u>	<u>295,907</u>	<u>139,321</u>	<u>134,430</u>
NON-CONTROLLING INTERESTS	27,040	26,090	-	-
<b>CAPITAL EMPLOYED</b>	<b><u>354,913</u></b>	<b><u>321,997</u></b>	<b><u>139,321</u></b>	<b><u>134,430</u></b>
Represented by:				
FIXED ASSETS	151,070	146,456	-	-
INVESTMENTS				
Subsidiaries	-	-	79,187	68,677
Associated companies and jointly controlled entities	316,195	303,383	6,621	6,621
Others	10,534	10,327	-	-
	<u>326,729</u>	<u>313,710</u>	<u>85,808</u>	<u>75,298</u>
<b>CURRENT ASSETS</b>				
Stocks and work-in-progress	1,601	2,264	-	-
Debtors	27,217	24,330	332	107
Amounts owing by holding and related companies	747	2,211	47,520	48,257
Amounts owing by associated companies	15,631	13,251	-	-
Fixed deposits	39,882	63,102	6,145	11,287
Bank balances and cash	12,512	7,911	57	21
	<u>97,590</u>	<u>113,069</u>	<u>54,054</u>	<u>59,672</u>
<b>LESS: CURRENT LIABILITIES</b>				
Creditors	43,324	42,455	495	495
Amounts owing to holding and related companies	541	517	38	37
Amounts owing to associated companies	74	188	-	-
Short-term borrowings	44,906	58,399	-	-
Taxation	1,084	822	8	8
	<u>89,929</u>	<u>102,381</u>	<u>541</u>	<u>540</u>
<b>NET CURRENT ASSETS</b>	<b><u>7,661</u></b>	<b><u>10,688</u></b>	<b><u>53,513</u></b>	<b><u>59,132</u></b>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings	129,690	148,000	-	-
Deferred taxation	857	857	-	-
	<u>130,547</u>	<u>148,857</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>	<b><u>354,913</u></b>	<b><u>321,997</u></b>	<b><u>139,321</u></b>	<b><u>134,430</u></b>

## 1(c)(ii) GROUP'S BORROWINGS AND DEBT SECURITIES

### Amount repayable in one year or less, or on demand

As at 30 Sep 2010		As at 31 Dec 2009	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	44,906	-	58,399

### Amount repayable after one year

As at 30 Sep 2010		As at 31 Dec 2009	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	129,690	-	148,000

### Details of any collateral

Not applicable.

## 1(c)(iii) BALANCE SHEET ANALYSIS

Group shareholders' funds increased \$32.0 million to \$327.9 million at 30 September 2010. The increase was mainly attributable to retained profits for the period and foreign currency translation gains.

Group total assets increased \$2.2 million to \$575.4 million. Investments in associated companies and jointly controlled entities were \$12.8 million higher as a result of equity accounting for share of profits in associates, partially offset by dividends received. Other investments increased \$0.2 million to \$10.5 million due mainly to additions partly offset by fair value adjustments. Current assets decreased \$15.5 million to \$97.6 million due largely to reduction in fixed deposits.

Group total liabilities decreased \$30.8 million to \$220.5 million due mainly to repayment of loans. Total borrowings were \$31.8 million lower at \$174.6 million.

**1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the third quarter and nine months ended 30 September 2010**

	2010 3Q \$'000	2009 3Q \$'000	2010 9 Months \$'000	2009 9 Months \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating profit	3,099	2,745	7,549	5,451
Adjustments for non-cash items:				
Depreciation of fixed assets	1,810	1,575	5,488	4,843
Loss/(gain) on disposal of fixed assets	13	(11)	11	(24)
Share-based payment expenses	382	370	170	956
Translation of foreign companies	(785)	(746)	165	(1,004)
Operating cash flows before changes in working capital	4,519	3,933	13,383	10,222
Working capital changes:				
Stocks	459	(26)	663	385
Debtors	(59)	15,426	(93)	16,246
Creditors	2,497	(1,815)	1,476	(9,149)
Cash flows from operations	7,416	17,518	15,429	17,704
Interest received	176	336	878	896
Interest paid	(879)	(864)	(2,558)	(2,617)
Income taxes (paid)/refunded, net	(583)	92	(1,672)	(1,026)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>6,130</b>	<b>17,082</b>	<b>12,077</b>	<b>14,957</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of further shares in a subsidiary	-	-	-	(150)
Purchase of other investments	(2,071)	-	(2,071)	(230)
Investment in associated companies	-	-	(1,710)	(2,646)
Proceeds from capital reduction	1,241	-	1,241	-
Capital distribution from other investment	-	-	419	-
Proceeds from disposal of fixed assets and other investment	69	83	121	113
Acquisition of fixed assets	(4,683)	(18,679)	(9,174)	(20,582)
Dividends received from investments	14,155	11,399	29,914	26,996
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>8,711</b>	<b>(7,197)</b>	<b>18,740</b>	<b>3,501</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net proceeds from share issues	-	8	77	8
(Repayment of)/proceeds from short-term loans	(3,000)	(691)	(13,493)	4,925
(Repayment of)/proceeds from long-term loans	(15,810)	7,250	(18,310)	6,750
Funds from/(to) associated company	-	51	-	(1,352)
Dividends paid to shareholders of the company	-	-	(16,570)	(16,568)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	(1,140)	(3,535)
<b>NET CASH (USED IN)/FROM FINANCING ACTIVITIES</b>	<b>(18,810)</b>	<b>6,618</b>	<b>(49,436)</b>	<b>(9,772)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>				
Cash and cash equivalents at beginning of period	56,363	45,176	71,013	52,993
Cash and cash equivalents at end of period (Note A)	52,394	61,679	52,394	61,679



## Notes to Consolidated Statement of Cash Flows

### A. Cash and Cash Equivalents

Cash and cash equivalents consist of fixed deposits, bank balances and cash. Cash and cash equivalents in the consolidated statement of cash flows comprise the following balance sheet amounts:

	2010 3Q \$'000	2009 3Q \$'000	2010 9 Months \$'000	2009 9 Months \$'000
Fixed deposits	39,882	54,090	39,882	54,090
Bank balances and cash	12,512	7,589	12,512	7,589
	<u>52,394</u>	<u>61,679</u>	<u>52,394</u>	<u>61,679</u>

### 1(d)(ii) CASH FLOW ANALYSIS

#### Third Quarter 2010

Net cash generated from operating activities for the quarter was \$6.1 million. In the corresponding quarter in 2009, net cash generated was \$17.1 million due to a significant improvement in working capital changes as result of payments received from debtors.

Net cash from investing activities was \$8.7 million attributable to dividends received from investments and proceeds from the capital reduction of an associated company, partly offset by cash used for operational capex and purchase of other investments. In the corresponding quarter in 2009, there was net cash used of \$7.2 million due mainly to higher capital expenditure for fit-out of the data centre at Tampines.

Net cash used in financing activities was significantly higher at \$18.8 million due to repayment of loans.

#### Nine Months 2010

Net cash generated from operating activities was \$12.1 million compared to \$15.0 million in the corresponding period of last year. This was due mainly to lower cash flows from operations and higher taxation paid.

Net cash from investing activities was \$18.7 million due to dividends received from investments partly offset by cash used for the acquisition of fixed assets, associated companies and other investments.

Net cash used in financing activities was \$49.4 million mainly for payment of dividends to shareholders of the company, non-controlling shareholders of subsidiaries and repayment of loans.

**1(e)(i) STATEMENTS OF CHANGES IN EQUITY**  
**for the third quarter and nine months ended 30 September 2010**

	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserve \$'000	Foreign Currency Translation Reserve \$'000	Share Capital & Reserves \$'000	Non- Controlling Interests \$'000	Capital Employed \$'000
<u>The Group</u>							
Balance at 1 January 2010	73,673	10,126	225,398	(13,290)	295,907	26,090	321,997
Total comprehensive income for the period	-	(198)	26,508	9,815	36,125	1,882	38,007
Issue of shares	77	-	-	-	77	-	77
Cost of share-based payment	-	273	-	-	273	-	273
Dividends paid to non-controlling shareholders	-	-	-	-	-	(1,140)	(1,140)
Disposal of subsidiary	-	-	-	-	-	(25)	(25)
Dividend paid for 2009	-	-	(16,570)	-	(16,570)	-	(16,570)
Balance at 30 June 2010	73,750	10,201	235,336	(3,475)	315,812	26,807	342,619
Total comprehensive income for the period	-	(28)	15,707	(4,000)	11,679	233	11,912
Cost of share-based payment	-	382	-	-	382	-	382
Transfer from revenue reserve to capital reserves	-	16	(16)	-	-	-	-
Balance at 30 September 2010	73,750	10,571	251,027	(7,475)	327,873	27,040	354,913
Balance at 1 January 2009	73,651	9,375	196,653	(2,963)	276,716	29,357	306,073
Total comprehensive income for the period	-	(727)	20,243	(3,062)	16,454	2,004	18,458
Cost of share-based payment	-	487	-	-	487	-	487
Transfer from capital reserves to revenue reserve	-	(1,299)	1,299	-	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	(3,535)	(3,535)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	(248)	(248)
Disposal of subsidiaries	-	-	-	-	-	(1,357)	(1,357)
Dividend paid for 2008	-	-	(16,568)	-	(16,568)	-	(16,568)
Balance at 30 June 2009	73,651	7,836	201,627	(6,025)	277,089	26,221	303,310
Total comprehensive income for the period	-	165	13,035	(3,707)	9,493	851	10,344
Issue of shares	8	-	-	-	8	-	8
Cost of share-based payment	-	307	-	-	307	-	307
Acquisition of additional interest in a subsidiary	-	-	-	-	-	(14)	(14)
Disposal of subsidiaries	-	-	-	-	-	(13)	(13)
Balance at 30 September 2009	73,659	8,308	214,662	(9,732)	286,897	27,045	313,942

	Share Capital \$'000	Capital Reserve \$'000	Revenue Reserve \$'000	Total \$'000
<b>The Company</b>				
Balance at 1 January 2010	73,673	3,477	57,280	134,430
Profit (comprehensive income) for the period	-	-	14,011	14,011
Issue of shares	77	-	-	77
Cost of share-based payment	-	273	-	273
Dividend paid for 2009	-	-	(16,570)	(16,570)
Balance at 30 June 2010	73,750	3,750	54,721	132,221
Profit (comprehensive income) for the period	-	-	6,718	6,718
Cost of share-based payment	-	382	-	382
Balance at 30 September 2010	<u>73,750</u>	<u>4,132</u>	<u>61,439</u>	<u>139,321</u>
Balance at 1 January 2009	73,651	2,629	65,576	141,856
Profit (comprehensive income) for the period	-	-	2,177	2,177
Cost of share-based payment	-	388	-	388
Dividend paid for 2008	-	-	(16,568)	(16,568)
Balance at 30 June 2009	73,651	3,017	51,185	127,853
Profit (comprehensive income) for the period	-	-	(174)	(174)
Issue of shares	8	-	-	8
Cost of share-based payment	-	248	-	248
Balance at 30 September 2009	<u>73,659</u>	<u>3,265</u>	<u>51,011</u>	<u>127,935</u>

## 1(e)(ii) SHARE CAPITAL

Since the end of the previous period, the Company did not issue any share under the Company's Share Option Scheme. The share capital of the Company as at the end of the period was 552,382,537 (31 December 2009: 552,277,537) shares.

At the Extraordinary General Meeting of the Company held on 21 April 2010, the Company's shareholders approved the adoption of two new share plans, namely, the KTT Restricted Share Plan ("KT&T RSP") and the KTT Performance Share Plan ("KT&T PSP") with effect from the date of termination of the KTT Share Option Scheme. The KTT Share Option Scheme was terminated on 2 July 2010. Options granted and outstanding prior to the termination will continue to be valid and subject to the terms and conditions of the KTT Share Option Scheme.

As at 30 September 2010, there were unexercised options for 2,521,000 (30 September 2009: 2,866,000) of unissued shares under the Company's Share Option Scheme.

As at 30 September 2010, the number of contingent shares granted and not released were 180,000 for KT&T PSP and 553,500 for KT&T RSP. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 270,000 and 553,500 ordinary shares of the Company for KT&T PSP and KT&T RSP respectively.

As at 30 September 2010, the Company is not holding any treasury shares.

## 2. AUDIT

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

## 3. AUDITORS' REPORT

Not applicable

#### 4. ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2009, except as disclosed in paragraph 5 below.

#### 5. CHANGES IN THE ACCOUNTING POLICIES

The Group has adopted all the following new or revised Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2010. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS that are relevant to the Group:

Amendments to FRS 27 – Consolidated and Separate Financial Statements  
Revision to FRS 103 – Business Combinations

The adoption of these new or revised FRS did not have any significant impact on the financial statements of the Group.

#### 6. EARNINGS PER ORDINARY SHARE

	GROUP					
	2010 3Q	2009 3Q	+ / (-)%	2010 9 Months	2009 9 Months	+ / (-)%
Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders:-						
(i) Based on the weighted average number of shares (cents)	2.8	2.3	21.7	7.6	6.0	26.7
- Weighted average number of shares ('000)	552,363	552,252	*	552,363	552,252	*
(ii) On a fully diluted basis (cents)	2.8	2.3	21.7	7.6	6.0	26.7
- Adjusted weighted average number of shares ('000)	553,264	552,323	0.2	553,264	552,323	0.2

\*Denotes less than 0.1%

## 7. NET ASSET VALUE

	GROUP			COMPANY		
	30.9.2010	31.12.2009	+/(-)%	30.9.2010	31.12.2009	+/(-)%
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (\$)	0.59	0.54	9.3	0.25	0.24	4.2

## 8. REVIEW OF GROUP PERFORMANCE

### Third Quarter

Compared to the corresponding period in 2009, the Group recorded 5% lower revenue at \$28.2 million mainly due to the winding down of network engineering business and lower logistics revenue. Operating profit, however, increased 13% due largely to the contribution from the data centre in Singapore which started operations this year.

Profit before tax and exceptional items rose 18% to \$19.7 million due to higher operating profit and contributions from associated companies.

After taking into account taxation and non-controlling interests, the Group's attributable profit after exceptional items improved 21% to \$15.7 million.

### Nine Months

The Group's revenue of \$80.8 million decreased 9% due largely to winding-down of the network engineering business and lower revenue from logistics offset partly by revenue from data centre business.

Operating profit improved 39% due to better operating margins in logistics and additional contribution from the Data Centre division.

Group profit before tax and exceptional items was 23% higher at \$54.9 million due mainly to the improved operating profit and higher contributions from associated companies.

Despite higher taxation expense, the Group's attributable profit after exceptional items improved by 27% to \$42.2 million.

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

## 9. VARIANCE FROM FORECAST STATEMENT

No forecast for the nine months ended 30 September 2010 was previously provided.

## 10. PROSPECTS

In Singapore, the Group experiences stable warehouse occupancy and growing demand for logistics services. The Group will expand its local footprint with the redevelopment and expansion of the warehouse facility at 44 Benoi. The Group's presence in the Pearl River Delta, China, will be enhanced with the completion of the Nanhai Distribution Centre. In addition, the Logistics division will move into new customer segments and continue to explore opportunities for growth.

The data centre in Ireland continues to enjoy full occupancy. In the coming months, the data centre in Singapore will see its current facilities fully committed to customers. The Group will be looking to further expand the facilities, as well as to grow through investments by the Group's data centre fund.

## 11. DIVIDENDS

### (a) Current Financial Period Reported On

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

### (b) Corresponding Period of the Immediately Preceding Financial Year

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

### (c) Date Payable

Not applicable

### (d) Books Closure Date

Not applicable

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

No interim dividend has been declared for the period ended 30 September 2010 (30 September 2009: Nil).

### 13. SEGMENT ANALYSIS

Nine Months ended 30 September 2010

#### Business Segments

	Logistics \$'000	Data Centre & Networks \$'000	Investments \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	64,835	15,996	-	-	80,831
Inter-segment sales	3,155	89	-	(3,244)	-
<b>Total</b>	<b>67,990</b>	<b>16,085</b>	<b>-</b>	<b>(3,244)</b>	<b>80,831</b>
<u>Segment results</u>					
Operating profit/(loss)	10,308	1,733	(4,492)		7,549
Interest income	879	40	56		975
Interest expense	(393)	(359)	(1,594)		(2,346)
Share of results of associated companies and jointly controlled entities	9,383	7,499	31,805		48,687
Profit before tax and exceptional items	20,177	8,913	25,775		54,865
Exceptional items	-	-	467		467
Profit before taxation	20,177	8,913	26,242		55,332
Taxation	(2,882)	(1,708)	(6,126)		(10,716)
<b>Profit for the period</b>	<b>17,295</b>	<b>7,205</b>	<b>20,116</b>		<b>44,616</b>
Attributable to:					
Shareholders of the Company					
Profit before exceptional items	15,436	6,654	19,658		41,748
Exceptional items	-	-	467		467
	15,436	6,654	20,125		42,215
Non-controlling interests	1,859	551	(9)		2,401
	<b>17,295</b>	<b>7,205</b>	<b>20,116</b>		<b>44,616</b>
<u>Other Information</u>					
Segment assets	254,270	160,570	313,936	(153,387)	575,389
Segment liabilities	(114,193)	(101,701)	(157,969)	153,387	(220,476)
<b>Net assets</b>	<b>140,077</b>	<b>58,869</b>	<b>155,967</b>	<b>-</b>	<b>354,913</b>
Investment in associated companies and jointly controlled entities					
	57,637	86,485	172,073		316,195
Additions to non-current assets	8,010	3,534	1,411		12,955
Depreciation	4,283	1,018	187		5,488
<u>Geographical Information</u>					
			Far East and ASEAN other than		Consolidated
	Singapore \$'000	Singapore \$'000	Singapore \$'000	Others \$'000	Total \$'000
External sales	52,030	27,265	1,536		80,831
Non-current assets	283,214	131,510	63,075		477,799

Nine Months ended 30 September 2009  
Business Segments

	Logistics \$'000	Data Centre & Networks \$'000	Investments \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	70,535	18,124	6	-	88,665
Inter-segment sales	2,912	194	-	(3,106)	-
<b>Total</b>	<b>73,447</b>	<b>18,318</b>	<b>6</b>	<b>(3,106)</b>	<b>88,665</b>

Segment results

Operating profit/(loss)	9,126	1,001	(4,676)		5,451
Interest income	958	62	54		1,074
Interest expense	(611)	(57)	(1,695)		(2,363)
Share of results of associated companies and jointly controlled entity	6,147	6,748	27,710		40,605
Profit before tax and exceptional items	15,620	7,754	21,393		44,767
Exceptional items	(1,053)	(193)	(1,498)		(2,744)
Profit before taxation	14,567	7,561	19,895		42,023
Taxation	(1,578)	(1,590)	(3,133)		(6,301)
<b>Profit for the period</b>	<b>12,989</b>	<b>5,971</b>	<b>16,762</b>		<b>35,722</b>

Attributable to:

Shareholders of the Company					
Profit before exceptional items	11,942	5,472	18,284		35,698
Exceptional items	(729)	(193)	(1,498)		(2,420)
	11,213	5,279	16,786		33,278
Non-controlling interests	1,776	692	(24)		2,444
	<b>12,989</b>	<b>5,971</b>	<b>16,762</b>		<b>35,722</b>

Other Information

Segment assets	264,796	114,989	275,896	(99,587)	556,094
Segment liabilities	(128,749)	(46,565)	(166,425)	99,587	(242,152)
<b>Net assets</b>	<b>136,047</b>	<b>68,424</b>	<b>109,471</b>	<b>-</b>	<b>313,942</b>

Investment in associated  
companies and jointly  
controlled entity

	54,635	73,588	162,996		291,219
Additions to non-current assets	5,551	17,677	230		23,458
Depreciation	4,329	301	213		4,843

Geographical Information

	Singapore \$'000	Far East and ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
External sales	54,482	28,151	6,032	88,665
Non-current assets	266,798	120,517	57,171	444,486



Notes:

- (a) The Group is organised into business units based on their products and services, and has three reportable operating segments namely Logistics, Data Centre & Networks and Investments. The Logistics division provides warehousing, distribution, container storage and freight forwarding services. The Data Centre & Networks division provides data centre facilities and co-location services, in-building network designs, network optimisation and geographical information system. The Investments division is the investment holding arm of the other telecommunications entities within the Group.
- (b) Pricing of inter-segment sales is at fair market value.
- (c) Segment assets and liabilities are those used in the operation of each segment.

#### **14. REVIEW OF SEGMENT PERFORMANCE**

Logistics Division's revenue of \$68.0 million declined 7% compared to the corresponding period in 2009 mainly due to lower revenue in Singapore. However, better operational margins, lower interest expense and higher contributions from associated companies led to an improvement of 29% in profit before tax and exceptional items at \$20.2 million. After taking into account lower exceptional loss and a higher taxation charge, the segment's attributable profit increased 38% to \$15.4 million.

Data Centre & Networks Division's revenue of \$16.1 million decreased 12% compared to the corresponding period in 2009 due to the winding down of the network engineering business. Profit before tax and exceptional items went up 15% at \$8.9 million due to operating profit generated by the Data Centre division and higher contributions from associated companies partly offset by higher interest expense. Attributable profit after exceptional items improved 26% to \$6.7 million.

Investments Division's profit before tax and exceptional items rose 20% to \$25.8 million compared to the same period in 2009 due mainly to higher contributions from associated companies, M1 and CGS Inc. Despite higher taxation expense, attributable profit after exceptional items improved 20% to \$20.1 million. Taxation expense in the corresponding period of 2009 had included a deferred tax write-back of \$1.1 million at M1.

**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 shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual	
	2010 9 Months \$'000	2009 9 Months \$'000	2010 9 Months \$'000	2009 9 Months \$'000
<u>General Transactions</u>				
Keppel Corporation Limited	-	-	2,304	11,239
Singapore Telecommunications Limited	-	-	1,820	1,664
<u>Treasury Transactions</u>				
Keppel Corporation Limited	-	-	30,128	33,134
<u>Management Services</u>				
Keppel Corporation Limited	-	-	500	500
	-	-	34,752	46,537

**16. ANNUAL DIVIDEND**

Not applicable

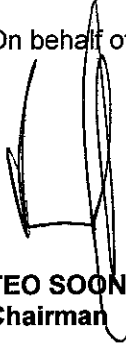
**BY ORDER OF THE BOARD**

CAROLINE CHANG/LAURA LOW  
Company Secretaries  
19 October 2010

**Confirmation by the Board**

We, TEO SOON HOE and TAN TIN WEE being two directors of Keppel Telecommunications & Transportation Ltd (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 2010 financial statements to be false or misleading in any material respect.

On behalf of the board of directors



**TEO SOON HOE**  
Chairman



**TAN TIN WEE**  
Director

Singapore, 19 October 2010