



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 SECOND QUARTER ENDED 30 JUNE 2010

21 July 2010

The Directors of Keppel Telecommunications & Transportation Ltd advise the following results of the Company and of the Group for the second quarter ended 30 June 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

This press release is also available at www.kepcorp.com and
www.keppeltt.com.sg

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD

(Co Reg No: 196500115G)

(Incorporated in the Republic of Singapore)

SECOND QUARTER 2010 FINANCIAL STATEMENTS

TABLE OF CONTENTS

<u>Paragraph</u>	<u>Description</u>	<u>Page</u>
1(a)	GROUP PROFIT AND LOSS ACCOUNT	1
1(b)	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	3
1(c)(i)	BALANCE SHEETS	4
1(d)(i)	CONSOLIDATED STATEMENT OF CASH FLOWS	6
1(e)(i)	STATEMENTS OF CHANGES IN EQUITY	8
2	AUDIT	9
3	AUDITORS' REPORT	9
4	ACCOUNTING POLICIES	9
5	CHANGES IN THE ACCOUNTING POLICIES	10
6	EARNINGS PER ORDINARY SHARE	10
7	NET ASSET VALUE	10
8	REVIEW OF GROUP PERFORMANCE	11
9	VARIANCE FROM FORECAST STATEMENT	11
10	PROSPECTS	11
11 & 12	DIVIDENDS	12
13	SEGMENT ANALYSIS	13
14	REVIEW OF SEGMENT PERFORMANCE	15
15	INTERESTED PERSON TRANSACTIONS	16
16	ANNUAL DIVIDEND	16
	CONFIRMATION BY THE BOARD	17

Second Quarter Financial Statements

1 UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2010

The Directors of **Keppel Telecommunications & Transportation Ltd** advise the following unaudited results of the Group for the second quarter ended 30 June 2010.

1(a) GROUP PROFIT AND LOSS ACCOUNT

for the second quarter and half year ended 30 June 2010

	2010 2Q \$'000	2009 2Q \$'000	+ / (-) %	2010 6 Months \$'000	2009 6 Months \$'000	+ / (-) %
REVENUE	27,208	29,172	(6.7)	52,651	59,047	(10.8)
Less operating expenses	<u>(24,851)</u>	<u>(27,070)</u>	(8.2)	<u>(48,201)</u>	<u>(56,341)</u>	(14.4)
OPERATING PROFIT	2,357	2,102	12.1	4,450	2,706	64.4
Interest income	310	384	(19.3)	648	762	(15.0)
Interest expense	(783)	(851)	(8.0)	(1,631)	(1,668)	(2.2)
Share of results of associated companies and jointly controlled entity	<u>16,322</u>	<u>13,620</u>	19.8	<u>31,702</u>	<u>26,234</u>	20.8
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	18,206	15,255	19.3	35,169	28,034	25.5
Exceptional items	<u>-</u>	<u>(2,292)</u>	(100.0)	<u>25</u>	<u>(2,781)</u>	n.m.
PROFIT BEFORE TAXATION	18,206	12,963	40.4	35,194	25,253	39.4
Taxation	<u>(3,606)</u>	<u>(2,257)</u>	59.8	<u>(7,023)</u>	<u>(3,746)</u>	87.5
PROFIT FOR THE PERIOD	<u>14,600</u>	<u>10,706</u>	36.4	<u>28,171</u>	<u>21,507</u>	31.0
Attributable to:						
Shareholders of the Company						
Profit before exceptional items	13,800	11,970	15.3	26,483	22,695	16.7
Exceptional items	<u>-</u>	<u>(1,963)</u>	(100.0)	<u>25</u>	<u>(2,452)</u>	n.m.
	13,800	10,007	37.9	26,508	20,243	30.9
Non-controlling Interests	<u>800</u>	<u>699</u>	14.4	<u>1,663</u>	<u>1,264</u>	31.6
	<u>14,600</u>	<u>10,706</u>	36.4	<u>28,171</u>	<u>21,507</u>	31.0
Earnings per share						
Before exceptional items						
- basic	2.5 cts	2.2 cts	13.6	4.8 cts	4.1 cts	17.1
- diluted	2.5 cts	2.2 cts	13.6	4.8 cts	4.1 cts	17.1
After exceptional items						
- basic	2.5 cts	1.8 cts	38.9	4.8 cts	3.7 cts	29.7
- diluted	2.5 cts	1.8 cts	38.9	4.8 cts	3.7 cts	29.7

n.m. – not meaningful

Notes to Group Profit and Loss Account

(i) Operating expenses comprise the following:

	2010 2Q \$'000	2009 2Q \$'000	+ /(-) %	2010 6 Months \$'000	2009 6 Months \$'000	+ /(-) %
Purchase of goods and services	7,899	10,423	(24.2)	15,373	22,559	(31.9)
Staff costs	7,945	9,271	(14.3)	15,578	18,815	(17.2)
Expense/(adjustment) for share-based payment	13	293	(95.6)	(212)	586	n.m.
Depreciation of fixed assets	1,688	1,618	4.3	3,678	3,268	12.5
Other operating expenses	7,306	5,465	33.7	13,784	11,113	24.0
	<u>24,851</u>	<u>27,070</u>	(8.2)	<u>48,201</u>	<u>56,341</u>	(14.4)

n.m – not meaningful

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

	2010 2Q \$'000	2009 2Q \$'000	+ /(-) %	2010 6 Months \$'000	2009 6 Months \$'000	+ /(-) %
Provision/(write-back) of doubtful debts	3	(117)	n.m.	1	(117)	n.m.
Stocks written-off	28	-	n.m.	28	-	n.m.
Foreign exchange loss	340	358	(5.0)	526	138	281.2
Profit on disposal of fixed assets	(1)	(13)	(92.3)	(2)	(13)	(84.6)

n.m. – not meaningful

(iii) Taxation in the second quarter included write-back of provision for taxation of \$22,000 (2009: \$347,000) in respect of prior years. In the corresponding quarter of 2009, taxation included a write-back of provision for deferred taxation of \$4,000.

(iv) Exceptional items consist of:

	2010 2Q \$'000	2009 2Q \$'000	2010 6 Months \$'000	2009 6 Months \$'000
Gain on disposal of other investment	-	-	25	-
Loss on disposal of subsidiary	-	-	-	(489)
Impairment loss in value of other investments	-	(1,197)	-	(1,197)
Staff compensation and restructuring expenses	-	(1,095)	-	(1,095)
	-	(2,292)	25	(2,781)
Minority share of exceptional items	-	329	-	329
	<u>-</u>	<u>(1,963)</u>	<u>25</u>	<u>(2,452)</u>

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

**1(b) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the first half ended 30 June 2010**

	2010 2Q \$'000	2009 2Q \$'000	2010 6 Months \$'000	2009 6 Months \$'000
Profit for the period	<u>14,600</u>	<u>10,706</u>	<u>28,171</u>	<u>21,507</u>
Net fair value changes on available-for-sale financial assets	(125)	46	(168)	(2,065)
Fair value loss/(gain) on available-for-sale financial assets realised and transferred to profit & loss account	-	1,160	(25)	1,160
Exchange differences arising on consolidation	4,086	(7,976)	9,971	(3,870)
Foreign currency translation reserve realised and transferred to profit & loss account	63	-	63	1,548
Share of other comprehensive income of associated companies	<u>(214)</u>	<u>4</u>	<u>(5)</u>	<u>178</u>
Other comprehensive income for the period, net of tax	<u>3,810</u>	<u>(6,766)</u>	<u>9,836</u>	<u>(3,049)</u>
Total comprehensive income for the period	<u><u>18,410</u></u>	<u><u>3,940</u></u>	<u><u>38,007</u></u>	<u><u>18,458</u></u>
Attributable to:				
Shareholders of the Company	17,665	4,167	36,125	16,454
Non-controlling interests	<u>745</u>	<u>(227)</u>	<u>1,882</u>	<u>2,004</u>
	<u><u>18,410</u></u>	<u><u>3,940</u></u>	<u><u>38,007</u></u>	<u><u>18,458</u></u>

1(c)(i) BALANCE SHEETS as at 30 June 2010

	Group		Company	
	30.6.2010 \$'000	31.12.2009 \$'000	30.6.2010 \$'000	31.12.2009 \$'000
SHARE CAPITAL	73,750	73,673	73,750	73,673
RESERVES	242,062	222,234	58,471	60,757
SHARE CAPITAL AND RESERVES	<u>315,812</u>	<u>295,907</u>	<u>132,221</u>	<u>134,430</u>
NON-CONTROLLING INTERESTS	<u>26,807</u>	<u>26,090</u>	-	-
CAPITAL EMPLOYED	<u>342,619</u>	<u>321,997</u>	<u>132,221</u>	<u>134,430</u>
Represented by:				
FIXED ASSETS	147,614	146,456	-	-
INVESTMENTS				
Subsidiaries	-	-	70,456	68,677
Associated companies and jointly controlled entity	322,657	303,383	6,621	6,621
Others	9,791	10,327	-	-
	<u>332,448</u>	<u>313,710</u>	<u>77,077</u>	<u>75,298</u>
CURRENT ASSETS				
Stocks and work-in-progress	2,060	2,264	-	-
Debtors	26,727	24,330	104	107
Amounts owing by holding and related companies	822	2,211	43,480	48,257
Amounts owing by associated companies	13,402	13,251	1,246	-
Fixed deposits	46,440	63,102	10,903	11,287
Bank balances and cash	9,923	7,911	159	21
	<u>99,374</u>	<u>113,069</u>	<u>55,892</u>	<u>59,672</u>
LESS: CURRENT LIABILITIES				
Creditors	40,816	42,455	622	495
Amounts owing to holding and related companies	709	517	118	37
Amounts owing to associated companies	81	188	-	-
Short-term borrowings	47,906	58,399	-	-
Taxation	947	822	8	8
	<u>90,459</u>	<u>102,381</u>	<u>748</u>	<u>540</u>
NET CURRENT ASSETS	<u>8,915</u>	<u>10,688</u>	<u>55,144</u>	<u>59,132</u>
NON-CURRENT LIABILITIES				
Long-term borrowings	145,500	148,000	-	-
Deferred taxation	858	857	-	-
	<u>146,358</u>	<u>148,857</u>	<u>-</u>	<u>-</u>
NET ASSETS	<u>342,619</u>	<u>321,997</u>	<u>132,221</u>	<u>134,430</u>

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

Amount repayable in one year or less, or on demand

As at 30 Jun 2010		As at 31 Dec 2009	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	47,906	-	58,399

Amount repayable after one year

As at 30 Jun 2010		As at 31 Dec 2009	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	145,500	-	148,000

Details of any collateral

Not applicable.

1(c)(iii) BALANCE SHEET ANALYSIS

Group shareholders' funds increased \$19.9 million to \$315.8 million at 30 June 2010. The increase was mainly attributable to retained profits for the period and foreign currency translation gains.

Group total assets increased \$6.2 million to \$579.4 million. Investments in associated companies and jointly controlled entity were \$19.3 million higher as a result of equity accounting for share of profits in associates, partially set-off by dividends received. Other investments decreased \$0.5 million to \$9.8 million due mainly to fair value adjustments. Current assets decreased \$13.7 million to \$99.4 million due largely to reduction in fixed deposits as a result of the payment of dividend to shareholders.

Group total liabilities decreased \$14.4 million to \$236.8 million due mainly to lower creditors and borrowings. Total borrowings were \$13.0 million lower at \$193.4 million due largely to repayment of short-term borrowings.

1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS
for the second quarter and half year ended 30 June 2010

	2010 2Q \$'000	2009 2Q \$'000	2010 6 Months \$'000	2009 6 Months \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating profit	2,357	2,102	4,450	2,706
Adjustments for non-cash items:				
Depreciation of fixed assets	1,688	1,618	3,678	3,268
Gain on disposal of fixed assets	(1)	(13)	(2)	(13)
Share-based payment expenses	13	293	(212)	586
Translation of foreign companies	238	(1,545)	950	(258)
Operating cash flows before changes in working capital	4,295	2,455	8,864	6,289
Working capital changes:				
Stocks	(7)	199	204	411
Debtors	(3,205)	(6,230)	(34)	820
Creditors	3,708	(1,588)	(1,021)	(7,334)
Cash flows from/(used in) operations	4,791	(5,164)	8,013	186
Interest received	421	266	702	560
Interest paid	(792)	(864)	(1,679)	(1,753)
Income taxes paid	(718)	(405)	(1,089)	(1,118)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	3,702	(6,167)	5,947	(2,125)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiary	-	(150)	-	(150)
Purchase of other investments	-	-	-	(230)
Investment in associated companies	(1,710)	(2,646)	(1,710)	(2,646)
Capital distribution from other investment	-	-	419	-
Proceed from disposal of other investment	-	-	50	-
Acquisition of fixed assets	(1,553)	(596)	(4,491)	(1,903)
Proceeds from disposal of fixed assets	1	30	2	30
Dividends received from investments	14,844	15,597	15,759	15,597
NET CASH FROM INVESTING ACTIVITIES	11,582	12,235	10,029	10,698
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from share issues	25	-	77	-
(Repayment of)/proceeds from short-term loans	(8,109)	5,199	(10,493)	5,616
Repayment of long-term loans	(2,250)	(250)	(2,500)	(500)
Funds to associated companies	-	(1,403)	-	(1,403)
Dividends paid to shareholders of the company	(16,570)	(16,568)	(16,570)	(16,568)
Dividends paid to non-controlling shareholders of subsidiaries	(1,140)	(533)	(1,140)	(3,535)
NET CASH USED IN FINANCING ACTIVITIES	(28,044)	(13,555)	(30,626)	(16,390)
NET DECREASE IN CASH AND CASH EQUIVALENTS				
	(12,760)	(7,487)	(14,650)	(7,817)
Cash and cash equivalents at beginning of period	69,123	52,663	71,013	52,993
Cash and cash equivalents at end of period (Note A)	56,363	45,176	56,363	45,176

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 cash flow statement comprise the following balance sheet amounts:

	2010 2Q \$'000	2009 2Q \$'000	2010 6 Months \$'000	2009 6 Months \$'000
Fixed deposits	46,440	36,404	46,440	36,404
Bank balances and cash	9,923	8,772	9,923	8,772
	<u>56,363</u>	<u>45,176</u>	<u>56,363</u>	<u>45,176</u>

1(d)(ii) CASH FLOW ANALYSIS

Second Quarter 2010

Net cash generated from operating activities for the quarter was \$3.7 million compared to net cash used of \$6.2 million for the corresponding quarter of last year. This was mainly due to reduction in working capital.

Net cash from investing activities was \$11.6 million mainly attributed to dividends received from investments partly offset by cash used for operational capex and investments in associated companies.

Net cash used in financing activities was significantly higher at \$28.0 million compared to the corresponding quarter of 2009 due mainly to repayment of loans.

Half Year 2010

Net cash generated from operating activities for the half year was \$5.9 million compared to \$2.1 million net cash used for first half of last year. This was due mainly to decreased working capital as a result of lower payments made to creditors.

Net cash from investing activities was \$10.0 million mainly attributed to dividends received from investments partly offset by cash used for the acquisitions of fixed assets and associated companies.

Net cash used in financing activities was \$30.6 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 second quarter and half year ended 30 June 2010

	Share Capital \$'000	Capital Reserve \$'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	-	141	12,708	5,611	18,460	1,137	19,597
Issue of shares	52	-	-	-	52	-	52
Cost of share-based payment	-	260	-	-	260	-	260
Balance at 31 March 2010	73,725	10,527	238,106	(7,679)	314,679	27,227	341,906
Total comprehensive income for the period	-	(339)	13,800	4,204	17,665	745	18,410
Issue of shares	25	-	-	-	25	-	25
Cost of share-based payment	-	13	-	-	13	-	13
Dividends paid to non-controlling shareholders	-	-	-	-	-	(1140)	(1140)
Disposal of subsidiary	-	-	-	-	-	(25)	(25)
Dividend paid for 2009	-	-	(16,570)	-	(16,570)	-	(16,570)
Balance at 30 June 2010	<u>73,750</u>	<u>10,201</u>	<u>235,336</u>	<u>(3,475)</u>	<u>315,812</u>	<u>26,807</u>	<u>342,619</u>
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	-	(1,937)	10,236	3,988	12,287	2,231	14,518
Cost of share-based payment	-	224	-	-	224	-	224
Transfer to revenue reserves	-	(1,299)	1,299	-	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	(3,002)	(3,002)
Disposal of subsidiaries	-	-	-	-	-	(1,357)	(1,357)
Balance at 31 March 2009	73,651	6,363	208,188	1,025	289,227	27,229	316,456
Total comprehensive income for the period	-	1,210	10,007	(7,050)	4,167	(227)	3,940
Cost of share-based payment	-	263	-	-	263	-	263
Dividends paid to non-controlling shareholders	-	-	-	-	-	(533)	(533)
Acquisition of subsidiary	-	-	-	-	-	(248)	(248)
Dividend paid for 2008	-	-	(16,568)	-	(16,568)	-	(16,568)
Balance at 30 June 2009	<u>73,651</u>	<u>7,836</u>	<u>201,627</u>	<u>(6,025)</u>	<u>277,089</u>	<u>26,221</u>	<u>303,310</u>

	Share Capital \$'000	Capital Reserve \$'000	Revenue Reserve \$'000	Total \$'000
The Company				
Balance at 1 January 2010	73,673	3,477	57,280	134,430
Profit (comprehensive income) for the period	-	-	9,332	9,332
Issue of shares	52	-	-	52
Cost of share-based payment	-	260	-	260
Balance at 31 March 2010	73,725	3,737	66,612	144,074
Profit (comprehensive income) for the period	-	-	4,679	4,679
Issue of shares	25	-	-	25
Cost of share-based payment	-	13	-	13
Dividend paid for 2009	-	-	(16,570)	(16,570)
Balance at 30 June 2010	<u>73,750</u>	<u>3,750</u>	<u>54,721</u>	<u>132,221</u>
Balance at 1 January 2009	73,651	2,629	65,576	141,856
Profit (comprehensive income) for the period	-	-	(121)	(121)
Cost of share-based payment	-	194	-	194
Balance at 31 March 2009	73,651	2,823	65,455	141,929
Profit (comprehensive income) for the period	-	-	2,298	2,298
Cost of share-based payment	-	194	-	194
Dividend paid for 2008	-	-	(16,568)	(16,568)
Balance at 30 June 2009	<u>73,651</u>	<u>3,017</u>	<u>51,185</u>	<u>127,853</u>

1(e)(ii) SHARE CAPITAL

Since the end of the previous period, the Company issued 35,000 shares upon the exercise of options under the Company's Share Option Scheme. The share capital of the Company as at the end of the financial period was 552,382,537 (31 December 2009: 552,277,537) shares.

As at 30 June 2010, there were unexercised options for 2,521,000 (30 June 2009: 2,513,000) of unissued shares under the Company's Share Option Scheme.

As at 30 June 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 2Q	2009 2Q	+/(-)%	2010 6 Months	2009 6 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)	2.5	1.8	38.9	4.8	3.7	29.7
- Weighted average number of shares ('000)	552,353	552,251	*	552,353	552,251	*
(ii) On a fully diluted basis (cents)	2.5	1.8	38.9	4.8	3.7	29.7
- Adjusted weighted average number of shares ('000)	552,524	552,251	*	552,524	552,251	*

*Denotes less than 0.1%

7. NET ASSET VALUE

	GROUP			COMPANY		
	30.6.2010	31.12.2009	+/(-)%	30.6.2010	31.12.2009	+/(-)%
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (\$)	0.57	0.54	5.6	0.24	0.24	-

8. REVIEW OF GROUP PERFORMANCE

Second Quarter

Group revenue in the second quarter of \$27.2 million was 7% lower compared to the corresponding quarter in 2009 due to the winding down of the Network Engineering business. Operating profit, however, increased 12% due to improved performance from Logistics Division.

Profit before tax and exceptional items rose 19% to \$18.2 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 before exceptional items was \$13.8 million, an increase of 15% compared to the corresponding quarter in 2009.

Half Year

The Group's revenue declined 11% to \$52.7 million due largely to the winding down of the Network Engineering business.

Operating profit improved significantly due to better operating margins.

Group's profit before tax and exceptional items of \$35.2 million improved 26% as a result of improved operating profit and contributions from associated companies.

After taking into account taxation and non-controlling interests, the Group's attributable profit before exceptional items rose 17% to \$26.5 million. Attributable profit to shareholders after exceptional items increased 31% as the corresponding period in 2009 included impairment loss in value of other investments and provision for restructuring cost.

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 half year just ended.

9. VARIANCE FROM FORECAST STATEMENT

No forecast for the half year ended 30 June 2010 was previously provided.

10. PROSPECTS

In China, the Group's port operations in Foshan are expected to continue to operate at maximum capacity. Its footprint in the Pearl River Delta will be extended with the opening of the new distribution centre later in the year. In Vietnam, the Group will leverage its strong branding and work with partners to explore new opportunities.

With the launch of the Group's data centre fund in second quarter of 2010, the Group will look to expand its portfolio of data centre assets through the fund. In addition, the Group will seek expansion opportunities for data centres in Singapore and overseas. The data centre in Ireland continues to enjoy full occupancy.

The Group continues to remain prudent in managing costs and improving operational efficiency, while seeking growth opportunities.

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/recommendeded, a statement to that effect.

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

13. SEGMENT ANALYSIS

Half Year ended 30 June 2010

Business Segments

	Logistics \$'000	Data Centre & Networks \$'000	Investments \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	43,138	9,513	-	-	52,651
Inter-segment sales	2,075	89	-	(2,164)	-
Total	45,213	9,602	-	(2,164)	52,651
<u>Segment results</u>					
Operating profit/(loss)	7,199	358	(3,107)		4,450
Interest income	582	29	37		648
Interest expense	(279)	(263)	(1,089)		(1,631)
Share of results of associated companies and jointly controlled entity	5,595	5,002	21,105		31,702
Profit before tax and exceptional items	13,097	5,126	16,946		35,169
Exceptional items	-	-	25		25
Profit before taxation	13,097	5,126	16,971		35,194
Taxation	(1,756)	(1,205)	(4,062)		(7,023)
Profit for the period	11,341	3,921	12,909		28,171
Attributable to:					
Shareholders of the Company					
Profit before exceptional items	10,076	3,514	12,893		26,483
Exceptional items	-	-	25		25
	10,076	3,514	12,918		26,508
Non-controlling interests	1,265	407	(9)		1,663
	11,341	3,921	12,909		28,171
<u>Other Information</u>					
Segment assets	253,129	156,367	306,593	(136,653)	579,436
Segment liabilities	(115,432)	(100,548)	(157,490)	136,653	(236,817)
Net assets	137,697	55,819	149,103	-	342,619
Investment in associated companies and jointly controlled entity					
	60,094	85,753	176,810		322,657
Additions to non-current assets	3,502	1,390	1,309		6,201
Depreciation	2,869	684	125		3,678
<u>Geographical Information</u>					
			Far East and ASEAN other than		Consolidated
	Singapore \$'000	Singapore \$'000	Singapore \$'000	Others \$'000	Total \$'000
External sales	34,025	17,585	1,041		52,651
Non-current assets	283,895	133,756	62,411		480,062

Half Year ended 30 June 2009
Business Segments

	Logistics \$'000	Data Centre & Networks \$'000	Investments \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	46,913	12,128	6	-	59,047
Inter-segment sales	2,390	170	-	(2,560)	-
Total	49,303	12,298	6	(2,560)	59,047
<u>Segment results</u>					
Operating profit/(loss)	5,245	1,032	(3,571)		2,706
Interest income	683	43	36		762
Interest expense	(430)	(37)	(1,201)		(1,668)
Share of results of associated companies and jointly controlled entity	3,295	4,641	18,298		26,234
Profit before tax and exceptional items	8,793	5,679	13,562		28,034
Exceptional items	(1,095)	(489)	(1,197)		(2,781)
Profit before taxation	7,698	5,190	12,365		25,253
Taxation	(1,046)	(1,294)	(1,406)		(3,746)
Profit for the period	6,652	3,896	10,959		21,507
Attributable to:					
Shareholders of the Company					
Profit before exceptional items	6,594	3,931	12,170		22,695
Exceptional items	(766)	(489)	(1,197)		(2,452)
	5,828	3,442	10,973		20,243
Non-controlling interests	824	454	(14)		1,264
	6,652	3,896	10,959		21,507
<u>Other Information</u>					
Segment assets	259,470	110,095	271,048	(99,619)	540,994
Segment liabilities	(127,876)	(42,138)	(167,289)	99,619	(237,684)
Net assets	131,594	67,957	103,759	-	303,310
Investment in associated companies and jointly controlled entity					
	53,024	73,277	166,996		293,297
Additions to non-current assets	4,496	53	230		4,779
Depreciation	2,919	205	144		3,268
<u>Geographical Information</u>					
			Far East and ASEAN other than Singapore	Others	Consolidated Total
	Singapore \$'000	Singapore \$'000	Singapore \$'000	\$'000	\$'000
External sales	36,872	18,058	4,117		59,047
Non-current assets	254,856	119,110	56,473		430,439

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 \$45.2 million declined 8% compared to first half of 2009 due mainly to lower revenue in Singapore and winding down of businesses. However, better operational margins and higher contributions from its associated companies led to an improvement of 49% in profit before tax and exceptional items at \$13.1 million. After taking into account lower exceptional loss and higher taxation charge, profit after tax increased significantly by 70% to \$11.3 million.

Data Centre & Networks Division's revenue of \$9.6 million decreased 22% compared to first half of 2009 largely due to the winding down of the Network Engineering business. Profit before tax and exceptional items declined 10% to \$5.1 million due to lower operating profits and higher interest expense partly offset by higher contributions from its associated companies. Profit after tax remained constant at \$3.9 million due to lower exceptional loss.

Investments Division's profit before tax and exceptional items rose by 25% to \$16.9 million compared to first half of 2009 due mainly to lower overheads and higher contributions from associated companies, CGS Inc and M1. As a result of higher taxation expense, profit after tax improved 18% to \$12.9 million. Taxation expense in the first half of 2009 had included a deferred tax write-back of \$1.1 million from 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 6 Months \$'000	2009 6 Months \$'000	2010 6 Months \$'000	2009 6 Months \$'000
<u>General Transactions</u>				
Keppel Corporation Limited	-	-	1,936	9,282
Singapore Telecommunications Limited	-	-	476	1,024
<u>Treasury Transactions</u>				
Keppel Corporation Limited	-	-	31,218	17,378
<u>Management Services</u>				
Keppel Corporation Limited	-	-	500	500
	-	-	34,130	28,184

16. ANNUAL DIVIDEND

Not applicable

BY ORDER OF THE BOARD

CAROLINE CHANG/LAURA LOW
Company Secretaries
21 July 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 second quarter 2010 financial statements to be false or misleading in any material respect.

On behalf of the board of directors



TEO SOON HOE
Chairman

Singapore, 21 July 2010



TAN TIN WEE
Director