

PRESS RELEASE

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD UNAUDITED RESULTS FOR FIRST QUARTER ENDED 31 MARCH 2011

18 April 2011

The Directors of Keppel Telecommunications & Transportation Ltd advise the following results of the Company and of the Group for the first quarter ended 31 March 2011.

These figures have not been audited.

1Q FY2011 RESULTS HIGHLIGHTS

1. Attributable profit before exceptional items improved 10% to \$13.9 million.
2. Earnings per share for the first quarter of 2011 was 2.5 cents, 9% higher than the corresponding period in 2010.
3. Net asset value per ordinary share as at 31 March 2011 grew 3% to 64.0 cents per share.

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)

FIRST QUARTER 2011 FINANCIAL STATEMENTS

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KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD

(Co Reg No: 196500115G)

First Quarter 2011 Financial Statements

1 UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011

The Directors of **Keppel Telecommunications & Transportation Ltd** advise the following unaudited results of the Group for the first quarter ended 31 March 2011.

1(a) GROUP PROFIT AND LOSS ACCOUNT for the first quarter ended 31 March 2011

	1Q 2011 \$'000	1Q 2010 \$'000	+ / (-) %
REVENUE	30,248	25,443	18.9
Less operating expenses	<u>(25,921)</u>	<u>(23,350)</u>	11.0
OPERATING PROFIT	4,327	2,093	106.7
Interest income	160	338	(52.7)
Interest expense	(731)	(848)	(13.8)
Share of results of associated companies and jointly controlled entities	<u>15,037</u>	<u>15,380</u>	(2.2)
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	18,793	16,963	10.8
Exceptional items	<u>-</u>	<u>25</u>	nm
PROFIT BEFORE TAXATION	18,793	16,988	10.6
Taxation	<u>(3,360)</u>	<u>(3,417)</u>	(1.7)
PROFIT FOR THE PERIOD	<u>15,433</u>	<u>13,571</u>	13.7
Attributable to:			
Shareholders of the Company			
Profit before exceptional items	13,930	12,683	9.8
Exceptional items	<u>-</u>	<u>25</u>	nm
	13,930	12,708	9.6
Non-controlling interests	<u>1,503</u>	<u>863</u>	74.2
	<u>15,433</u>	<u>13,571</u>	13.7
Earnings per share			
Before exceptional items			
- basic	2.5 cts	2.3 cts	8.7
- diluted	2.5 cts	2.3 cts	8.7
After exceptional items			
- basic	2.5 cts	2.3 cts	8.7
- diluted	2.5 cts	2.3 cts	8.7

nm – not meaningful

Notes to Group Profit and Loss Account

(i) Operating expenses comprise the following

	1Q 2011 \$'000	1Q 2010 \$'000	+/(-) %
Purchase of goods and services	7,275	7,474	(2.7)
Staff costs	7,785	7,633	2.0
Share-based payment expenses	241	(225)	nm
Depreciation of fixed assets	2,766	1,990	39.0
Other operating expenses	<u>7,963</u>	<u>6,790</u>	17.3
	26,030	23,662	10.0
Other income	<u>(109)</u>	<u>(312)</u>	(65.1)
	<u><u>25,921</u></u>	<u><u>23,350</u></u>	11.0

nm – not meaningful

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

	1Q 2011 \$'000	1Q 2010 \$'000	+/(-) %
Provision for/(write-back of) doubtful debts	11	(2)	nm
Stocks written off	-	28	nm
Foreign exchange loss	62	186	(66.7)
Loss/(gain) on disposal of fixed assets	13	(1)	nm

nm – not meaningful

(iii) Taxation expense for the current quarter included write-back of over-provision for taxation in respect of prior years amounting to \$16,000 (1Q 2010: Nil).

(iv) Exceptional items consist of:

	1Q 2011 \$'000	1Q 2010 \$'000	+/(-) %
Gain on disposal of other investments	<u>-</u>	<u>25</u>	nm

nm – not meaningful

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

1(b) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the first quarter ended 31 March 2011

	1Q 2011 \$'000	1Q 2010 \$'000	+ / (-) %
Profit for the period	<u>15,433</u>	<u>13,571</u>	13.7
Available-for-sale financial assets			
- Fair value changes	1,531	(43)	nm
- Fair value gain realised and transferred to profit & loss account	-	(25)	nm
Foreign currency translation			
- Exchange differences arising on consolidation	(5,264)	5,885	nm
Share of other comprehensive (expenses)/income of associated companies	<u>(91)</u>	<u>209</u>	nm
Other comprehensive (expense)/income for the period, net of tax	<u>(3,824)</u>	<u>6,026</u>	nm
Total comprehensive income for the period	<u><u>11,609</u></u>	<u><u>19,597</u></u>	(40.8)
Attributable to:			
Shareholders of the Company	10,489	18,460	(43.2)
Non-controlling interests	<u>1,120</u>	<u>1,137</u>	(1.5)
	<u><u>11,609</u></u>	<u><u>19,597</u></u>	(40.8)

nm – not meaningful

1(c)(i) BALANCE SHEETS as at 31 March 2011

	31.3.2011 \$'000	31.12.2010 \$'000	31.3.2011 \$'000	31.12.2010 \$'000
SHARE CAPITAL	74,059	73,750	74,059	73,750
RESERVES	278,489	267,966	56,158	50,874
SHARE CAPITAL AND RESERVES	352,548	341,716	130,217	124,624
NON-CONTROLLING INTERESTS	31,066	26,946	-	-
CAPITAL EMPLOYED	383,614	368,662	130,217	124,624
Represented by:				
FIXED ASSETS	250,560	153,715	-	-
INVESTMENTS				
Subsidiaries	-	-	70,835	73,317
Associated companies and jointly controlled entities	334,764	329,355	6,621	6,621
Others	3,156	4,553	-	-
	337,920	333,908	77,456	79,938
LONG-TERM RECEIVABLE	-	-	43,308	43,274
CURRENT ASSETS				
Stocks and work-in-progress	3,018	2,295	-	-
Debtors	28,975	24,998	353	108
Amounts owing by holding and related companies	556	661	39,751	30,474
Amounts owing by associated companies	5,869	4,575	1,366	-
Fixed deposits	38,879	52,289	4,847	7,594
Bank balances and cash	16,420	9,180	120	36
	93,717	93,998	46,437	38,212
LESS: CURRENT LIABILITIES				
Creditors	42,468	40,095	586	502
Amounts owing to holding and related companies	6,834	320	53	52
Amounts owing to associated companies	85	165	-	-
Short-term borrowings	97,980	22,506	10,128	10,029
Taxation	1,803	1,047	3	3
	149,170	64,133	10,770	10,586
NET CURRENT (LIABILITIES)/ ASSETS	(55,453)	29,865	35,667	27,626
NON-CURRENT LIABILITIES				
Long-term borrowings	146,964	147,214	26,214	26,214
Deferred taxation	2,449	1,612	-	-
	149,413	148,826	26,214	26,214
NET ASSETS	383,614	368,662	130,217	124,624

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

Amount repayable in one year or less, or on demand

As at 31.3.2011		As at 31.12.2010	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	97,980	-	22,506

Amount repayable after one year

As at 31.3.2011		As at 31.12.2010	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	146,964	-	147,214

Details of any collateral

Not applicable.

1(c)(iii) BALANCE SHEET ANALYSIS

Group shareholders' funds increased \$10.8 million to \$352.5 million at 31 March 2011. The increase was attributable to the retained profits for the period, partially offset by foreign currency translation loss.

Group total assets of \$682.2 million were \$100.6 million higher than the previous year end was due mainly to the acquisition of a new subsidiary, Keppel Digihub and capital expenditure for the fit-out of data centres in Singapore and construction of distribution centre in China. Associated companies and jointly controlled entities were \$5.4 million higher at \$334.8 million as a result of equity accounting for share of profits for the period. Current assets decreased \$0.3 million to \$93.7 million due mainly to a reduction in fixed deposits partly offset by increase in debtors and amounts owing by associates.

Group total liabilities of \$298.6 million were \$85.6 million higher than the previous year end due mainly to increase in short-term borrowings and amounts owing to related companies. Increase in short-term borrowings was largely due to the acquisition of a subsidiary. Group total borrowings were \$244.9 million.

**1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS
for the first quarter ended 31 March 2011**

	1Q 2011 \$'000	1Q 2010 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	4,327	2,093
Adjustments for non-cash items:		
Depreciation of fixed assets	2,766	1,990
Loss/(gain) on disposal of fixed assets	13	(1)
Share-based payment expenses	241	(225)
Translation of foreign companies	(501)	712
Operating cash flows before changes in working capital	<u>6,846</u>	<u>4,569</u>
Working capital changes:		
Stocks and work-in-progress	(723)	211
Debtors	942	3,171
Creditors	(3,807)	(4,394)
Cash flows from operations	<u>3,258</u>	<u>3,557</u>
Interest received	127	281
Interest paid	(440)	(887)
Income taxes paid	(552)	(371)
Restructuring expenses	-	(335)
NET CASH FROM OPERATING ACTIVITIES	<u><u>2,393</u></u>	<u><u>2,245</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary (Note A)	(18,149)	-
Capital distribution from other investments	2,890	419
Proceeds from disposal of fixed assets and other investment	-	51
Purchase of fixed assets	(11,240)	(2,938)
Dividends received from investments	1,420	915
NET CASH USED IN INVESTING ACTIVITIES	<u><u>(25,079)</u></u>	<u><u>(1,553)</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from share issues	102	52
Proceeds from/(repayment of) short-term loans	7,664	(2,384)
Repayment of long-term loans	(250)	(250)
Funds from a related company	6,000	-
Proceeds from non-controlling shareholder of subsidiary	3,000	-
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	<u><u>16,516</u></u>	<u><u>(2,582)</u></u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u><u>(6,170)</u></u>	<u><u>(1,890)</u></u>
Cash and cash equivalents as at 1 January	<u>61,469</u>	<u>71,013</u>
Cash and cash equivalents as at 31 March (Note B)	<u><u>55,299</u></u>	<u><u>69,123</u></u>

Notes to Consolidated Statement of Cash Flows

A. Acquisition of a subsidiary

During the financial period, the fair values of net assets and liabilities of the subsidiary acquired were as follows:

	1Q 2011 \$'000	1Q 2010 \$'000
Fixed assets	89,084	-
Debtors	4,871	-
Creditors	(6,323)	-
Bank balances and cash	841	-
Taxation	(1,673)	-
Short-term borrowings	<u>(67,810)</u>	<u>-</u>
Purchase consideration	18,990	-
Less: Bank balances and cash acquired	<u>(841)</u>	<u>-</u>
Cash outflow on acquisition, net of cash acquired	<u><u>18,149</u></u>	<u><u>-</u></u>

B. 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:

	1Q 2011 \$'000	1Q 2010 \$'000
Fixed deposits	38,879	60,942
Bank balances and cash	<u>16,420</u>	<u>8,181</u>
	<u><u>55,299</u></u>	<u><u>69,123</u></u>

1(d)(ii) CASH FLOW ANALYSIS

The Group generated net cash flow of \$2.4 million from its operating activities compared to \$2.2 million in the corresponding quarter of the previous year.

Net cash used in investing activities in the first quarter of 2011 was \$25.1 million mainly for acquisition of a subsidiary and fixed assets, partly offset by capital distribution and dividends received from investments.

Net cash from financing activities during the period was \$16.5 million due to proceeds from loans, funds from a related company and proceeds from non-controlling shareholder.

**1(e)(i) STATEMENTS OF CHANGES IN EQUITY
for the first quarter ended 31 March 2011**

	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserve \$'000	Foreign Currency Translation Account \$'000	Share Capital & Reserves \$'000	Non- controlling Interests \$'000	Capital Employed \$'000
The Group							
Balance at 1 January 2011	73,750	11,491	265,719	(9,244)	341,716	26,946	368,662
Total comprehensive income for the period							
Profit for the period	-	-	13,930	-	13,930	1,503	15,433
Other comprehensive income for the period	-	1,440	-	(4,881)	(3,441)	(383)	(3,824)
Total comprehensive income for the period	-	1,440	13,930	(4,881)	10,489	1,120	11,609
Transactions with equity holders, recorded directly in equity							
Issue of shares	102	-	-	-	102	-	102
Cost of share-based payment	-	241	-	-	241	-	241
Transfer to share capital upon issuance of KT&T RSP shares	207	(207)	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	3,000	3,000
Total transactions with equity holders	309	34	-	-	343	3,000	3,343
Balance at 31 March 2011	<u>74,059</u>	<u>12,965</u>	<u>279,649</u>	<u>(14,125)</u>	<u>352,548</u>	<u>31,066</u>	<u>383,614</u>
Balance at 1 January 2010							
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							
Profit for the period	-	-	12,708	-	12,708	863	13,571
Other comprehensive income for the period	-	141	-	5,611	5,752	274	6,026
Total comprehensive income for the period	-	141	12,708	5,611	18,460	1,137	19,597
Transactions with equity holders, recorded directly in equity							
Issue of shares	52	-	-	-	52	-	52
Cost of share-based payment	-	260	-	-	260	-	260
Total transactions with equity holders	52	260	-	-	312	-	312
Balance at 31 March 2010	<u>73,725</u>	<u>10,527</u>	<u>238,106</u>	<u>(7,679)</u>	<u>314,679</u>	<u>27,227</u>	<u>341,906</u>

	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserve \$'000	Total \$'000
<u>The Company</u>				
Balance at 1 January 2011	73,750	4,350	46,524	124,624
Profit for the period, representing total comprehensive income for the period	-	-	5,250	5,250
<i>Transactions with equity holders, recorded directly in equity</i>				
Issue of shares	102	-	-	102
Cost of share-based payment	-	241	-	241
Transfer to share capital upon issuance of KT&T RSP Shares	207	(207)	-	-
Total transactions with equity holders	309	34	-	343
Balance at 31 March 2011	<u>74,059</u>	<u>4,384</u>	<u>51,774</u>	<u>130,217</u>
Balance at 1 January 2010	73,673	3,477	57,280	134,430
Profit for the period, representing total comprehensive income for the period	-	-	9,332	9,332
<i>Transactions with equity holders, recorded directly in equity</i>				
Issue of shares	52	-	-	52
Cost of share-based payment	-	260	-	260
Total transactions with equity holders	52	260	-	312
Balance at 31 March 2010	<u>73,725</u>	<u>3,737</u>	<u>66,612</u>	<u>144,074</u>

1(e)(ii) SHARE CAPITAL

Since the end of the previous period, the Company issued 140,000 shares upon the exercise of options under the Company's Share Option Scheme and issued 167,000 shares under the KT&T Restricted Share Plan ("KT&T RSP"). The share capital of the Company as at the end of the period was 552,689,537 (31 December 2010: 552,382,537) ordinary shares.

As at 31 March 2011, there were unexercised options for 1,627,000 (31 March 2010: 3,086,000) of unissued ordinary shares under the Company's Share Option Scheme. The number of restricted shares released and not vested were 334,000 (31 March 2010: Nil) for KT&T RSP. The number of contingent shares granted and not released were 180,000 (31 March 2010: Nil) for KT&T Performance Share Plan ("KT&T PSP"). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 270,000 ordinary shares of the Company for KT&T PSP.

As at 31 March 2011, 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 2010, except as disclosed in paragraph 5 below.

5. CHANGES IN ACCOUNTING POLICIES

The Group has adopted all new and 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 2011. The revised FRS that is relevant to the Group includes Revised FRS 24 – Related Party Disclosures. The adoption of this revised FRS did not have any significant impact on the financial performance or position of the Group.

6. EARNINGS PER ORDINARY SHARE

	GROUP		
	1Q 2011	1Q 2010	+/(-)%
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	2.3	8.7
- Weighted average number of shares ('000)	552,582	552,334	*
(ii) On a fully diluted basis (cents)	2.5	2.3	8.7
- Adjusted weighted average number of shares ('000)	553,145	552,514	0.1

* Denotes less than 0.1%

7. NET ASSET VALUE

	GROUP			COMPANY		
	31.3.2011	31.12.2010	+/(-)%	31.3.2011	31.12.2010	+/(-)%
Net asset value per ordinary share based on issued share capital at the end of the financial period/ year (\$)	0.64	0.62	3.2	0.24	0.23	4.3

8. REVIEW OF GROUP PERFORMANCE

Group revenue at \$30.2 million was 19% higher than the corresponding quarter in 2010 due to higher revenue generated by Data Centre Division. Consequently, operating profit improved as a result of additional contribution from the data centre business.

Profit before tax and exceptional items rose 11% to \$18.8 million due mainly to higher operating profit partly offset by lower share of profits from associated companies.

The Group's attributable profit before exceptional items improved 10% to \$13.9 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 first quarter ended 31 March 2011 was previously provided.

10. PROSPECTS

The Group expects to continue to enjoy high warehouse occupancy. Warehousing capacity in China will be boosted in the coming months as the new Nanhai distribution centre comes into operation. The Group is also pursuing growth opportunities both in Singapore and overseas to enhance its logistics footprint.

The Group's data centres in Singapore and Ireland continue to experience full occupancy on its currently fitted facilities. With the consolidation of Keppel's data centres under the Group, and expansion in its current facilities, the Group's data centres will be able to provide greater capacity to meet strong demand. In addition, the Group is looking to grow through acquisition of high-quality data centre assets through 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 quarter ended 31 March 2011 (31 March 2010:Nil)

For the year ended 31 December 2010, Directors have recommended a first and final dividend of 3.5 cents per share tax exempt one-tier for approval by shareholders at the Annual General Meeting to be held on 19 April 2011. If approved, the dividend will be paid on 6 May 2011.

13. SEGMENT ANALYSIS

First Quarter ended 31 March 2011 Business Segments

	Logistics \$'000	Data Centre \$'000	Investments \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	20,788	6,822	2,638	-	30,248
Inter-segment sales	960	-	62	(1,022)	-
Total	21,748	6,822	2,700	(1,022)	30,248
<u>Segment results</u>					
Operating profit/(loss)	3,108	2,705	(1,486)		4,327
Interest income	26	2	132		160
Interest expense	-	(298)	(433)		(731)
Share of results of associated companies and jointly controlled entities	1,965	1,149	11,923		15,037
Profit before tax and exceptional items	5,099	3,558	10,136		18,793
Exceptional items	-	-	-		-
Profit before taxation	5,099	3,558	10,136		18,793
Taxation	(784)	(132)	(2,444)		(3,360)
Profit for the period	4,315	3,426	7,692		15,433
Attributable to:					
Shareholders of the Company					
Profit before exceptional items	3,787	2,655	7,488		13,930
Exceptional items	-	-	-		-
	3,787	2,655	7,488		13,930
Non-controlling interests	528	771	204		1,503
	4,315	3,426	7,692		15,433
<u>Other Information</u>					
Segment assets	244,901	200,249	379,107	(142,060)	682,197
Segment liabilities	(101,480)	(162,088)	(177,075)	142,060	(298,583)
Net assets	143,421	38,161	202,032	-	383,614
Investment in associated companies and jointly controlled entities					
	56,612	51,821	226,331		334,764
Additions to non-current assets	4,014	7,191	59		11,264
Depreciation	1,415	1,304	47		2,766

Geographical Information

	Singapore \$'000	Far East and ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
External sales	21,556	8,692	-	30,248
Non-current assets	397,356	126,202	64,922	588,480

First Quarter ended 31 March 2010

Business Segments

	Logistics \$'000	Data Centre \$'000	Investments \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	20,985	1,120	3,338	-	25,443
Inter-segment sales	1,014	-	89	(1,103)	-
Total	21,999	1,120	3,427	(1,103)	25,443
<u>Segment results</u>					
Operating profit/(loss)	3,342	1	(1,250)		2,093
Interest income	301	-	37		338
Interest expense	(147)	(119)	(582)		(848)
Share of results of associated companies and jointly controlled entity	2,033	1,410	11,937		15,380
Profit before tax and exceptional items	5,529	1,292	10,142		16,963
Exceptional items	-	-	25		25
Profit before taxation	5,529	1,292	10,167		16,988
Taxation	(735)	(151)	(2,531)		(3,417)
Profit for the period	4,794	1,141	7,636		13,571
Attributable to:					
Shareholders of the Company					
Profit before exceptional items	4,229	1,141	7,313		12,683
Exceptional items	-	-	25		25
	4,229	1,141	7,338		12,708
Non-controlling interests	565	-	298		863
	4,794	1,141	7,636		13,571
<u>Other Information</u>					
Segment assets	257,530	72,045	394,151	(138,340)	585,386
Segment liabilities	(119,829)	(51,396)	(210,595)	138,340	(243,480)
Net assets	137,701	20,649	183,556	-	341,906
Investment in associated companies and jointly controlled entity					
	59,200	45,303	215,308		319,811
Additions to non-current assets	1,590	1,229	119		2,938
Depreciation	1,442	426	122		1,990

Geographical Information

	Singapore \$'000	Far East and ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
External sales	16,719	8,310	414	25,443
Non-current assets	289,809	130,460	57,302	477,571

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 and Investments. The Logistics division provides port operations, integrated logistics services, supply chain solutions, warehousing, distribution, container storage and repairs and freight forwarding services. The Data Centre division provides data centre facilities and co-location services including business continuity and disaster recovery services. The Investments division is the investment holding arm for various entities not within the Logistics and Data Centre divisions.
- (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 \$21.7 million was comparable to the corresponding quarter in 2010. Operating profit at \$3.1 million was marginally lower as a result of higher operating costs. The division's profit before tax and exceptional items was \$0.4 million lower due to lower interest income. Attributable profit for the current quarter was \$3.8 million.

Data Centre Division's revenue was higher at \$6.8 million compared to the corresponding quarter in 2010 as a result of higher revenue from its Singapore operations and its newly acquired subsidiary, Keppel Digihub. Profit before tax and exceptional items improved \$2.3 million to \$3.6 million. The division's attributable profit increased \$1.5 million to \$2.7 million.

Investments Division's revenue was 21% lower at \$2.7 million due to the winding down of non-core businesses. Profit before tax and exceptional items remained at the same level compared to the corresponding quarter of 2010. M1 accounted for 54% of the Group's pre-tax profits. Attributable profit for the division improved 2% to \$7.5 million after accounting for taxation expense.

15. INTERESTED PERSON TRANSACTIONS

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual	
	2011 3 Months \$'000	2010 3 Months \$'000	2011 3 Months \$'000	2010 3 Months \$'000
<u>General Transactions</u>				
Keppel Corporation Limited	-	-	449	648
Singapore Telecommunications Limited	-	-	415	296
<u>Treasury Transactions</u>				
Keppel Corporation Limited	-	-	24,850	33,701
<u>Management Services</u>				
Keppel Corporation Limited	-	-	500	500
<u>Investment Transactions</u>				
Keppel Land Limited				
- Capital commitment for the formation of joint venture company, Keppel Data Centres Holding Pte Ltd ("JV Co")	21,000	-	-	-
- Acquisition of Keppel Digihub Limited by the JV Co ⁽¹⁾	13,293	-	-	-
- Disposal of Keppel Datahub Pte Ltd to the JV Co ⁽²⁾	2,689	-	-	-
	36,982	-	26,214	35,145

Notes:

- (1) Based on the purchase consideration of approximately \$19.0 million for the shares of Keppel Digihub Limited and having regard to the Company's 70% interest in the JV Co, the value of the transaction to which the Company is considered to be at risk pursuant to Rule 909 of the Listing Manual is approximately \$13.293 million.
- (2) Pursuant to the sale of shares in Keppel Datahub Pte Ltd to the JV Co for a consideration of approximately \$9.0 million, the Company's effective interest in Keppel Datahub Pte Ltd has decreased by 30% to 70%. Accordingly, the value of the transaction to which the Company is considered to be at risk pursuant to Rule 909 of the Listing Manual is approximately \$2.689 million.

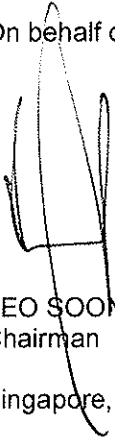
BY ORDER OF THE BOARD

CAROLINE CHANG/LAURA LOW
Company Secretaries
18 April 2011

Confirmation by the Board


We, TEO SOON HOE and REGGIE THEIN 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 first quarter 2011 financial statements to be false or misleading in any material respect.

On behalf of the board of directors



TEO SOON HOE
Chairman

Singapore, 18 April 2011



REGGIE THEIN
Director