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## **PRESS RELEASE**

### **KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD UNAUDITED RESULTS FOR THIRD QUARTER ENDED 30 SEPTEMBER 2007**

**23 October 2007**

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 2007.

The figures have not been audited.

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# KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD

(Co Reg No: 196500115G)

## Third Quarter Financial Statement

### 1 UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007

The Directors of **Keppel Telecommunications & Transportation Ltd** advise the following unaudited results of the Group for the third quarter ended 30 September 2007.

#### 1(a) GROUP PROFIT AND LOSS ACCOUNTS for the third quarter and nine months ended 30 September 2007

	2007 3Q \$'000	2006 3Q \$'000	+ / (-) %	2007 9 Months \$'000	2006 9 Months \$'000	+ / (-) %
TURNOVER	27,705	22,147	25.1	72,365	69,374	4.3
Less operating expenses	<u>(25,907)</u>	<u>(19,287)</u>	34.3	<u>(65,968)</u>	<u>(60,482)</u>	9.1
OPERATING PROFIT	1,798	2,860	(37.1)	6,397	8,892	(28.1)
Interest income	460	477	(3.6)	1,423	1,992	(28.6)
Interest expense	(1,481)	(1,345)	10.1	(4,521)	(3,978)	13.7
Share of results of associated companies and jointly controlled entity	<u>16,185</u>	<u>11,588</u>	39.7	<u>39,817</u>	<u>32,818</u>	21.3
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	16,962	13,580	24.9	43,116	39,724	8.5
Exceptional items	<u>190</u>	<u>230</u>	(17.4)	<u>(61)</u>	<u>17</u>	n.m.
PROFIT BEFORE TAXATION	17,152	13,810	24.2	43,055	39,741	8.3
Taxation	<u>(3,750)</u>	<u>190</u>	n.m.	<u>(6,065)</u>	<u>(4,498)</u>	34.8
PROFIT FOR THE PERIOD	<u>13,402</u>	<u>14,000</u>	(4.3)	<u>36,990</u>	<u>35,243</u>	5.0
Attributable to:						
Shareholders of the Company						
Profit before exceptional items	12,369	12,763	(3.1)	34,743	31,473	10.4
Exceptional items	<u>190</u>	<u>348</u>	(45.4)	<u>(46)</u>	<u>1,117</u>	n.m.
	12,559	13,111	(4.2)	34,697	32,590	6.5
Minority interests	<u>843</u>	<u>889</u>	(5.2)	<u>2,293</u>	<u>2,653</u>	(13.6)
	<u>13,402</u>	<u>14,000</u>	(4.3)	<u>36,990</u>	<u>35,243</u>	5.0
Earnings per share						
Before exceptional items						
- basic	2.2 cts	2.3 cts	(4.3)	6.3 cts	5.7 cts	10.5
- diluted	2.2 cts	2.3 cts	(4.3)	6.3 cts	5.7 cts	10.5
After exceptional items						
- basic	2.3 cts	2.4 cts	(4.2)	6.3 cts	5.9 cts	6.8
- diluted	2.3 cts	2.4 cts	(4.2)	6.3 cts	5.9 cts	6.8

n.m. – not meaningful

Notes to Group Profit and Loss Accounts

(i) Operating expenses comprise the following:

	2007 3Q \$'000	2006 3Q \$'000	+ /(-) %	2007 9 Months \$'000	2006 9 Months \$'000	+ /(-) %
Purchase of goods and services	8,593	3,419	151.3	21,250	15,365	38.3
Staff costs	9,794	7,831	25.1	26,168	23,371	12.0
Defined contribution pension plans	590	762	(22.6)	1,734	1,863	(6.9)
Depreciation of fixed assets	1,641	1,476	11.2	4,771	5,070	(5.9)
Other operating expenses	5,289	5,799	(8.8)	12,045	14,813	(18.7)
	<u>25,907</u>	<u>19,287</u>	34.3	<u>65,968</u>	<u>60,482</u>	9.1

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

	2007 3Q \$'000	2006 3Q \$'000	+ /(-) %	2007 9 Months \$'000	2006 9 Months \$'000	+ /(-) %
Share-based payment expenses	372	191	94.8	823	643	28.0
(Writeback of)/ provision for doubtful debts and bad debts written off	(13)	480	n.m.	(1,079)	(96)	1024.0
Writeback of provision for stock obsolescence	-	-	-	-	(1)	n.m.
Foreign exchange loss	59	34	73.5	93	685	(86.4)
(Profit)/loss on disposal of fixed assets	(333)	85	n.m.	(560)	119	n.m.
Fair value gain on forward contract	-	(60)	n.m.	-	(676)	n.m.

n.m. – not meaningful

(iii) Taxation in the third quarter included an over-provision of taxation of \$30,000 (2006: under-provision \$5,000) in respect of prior years and recognition of tax assets under the Group Relief System of \$10,000 (2006: \$4,000,000).

(iv) Exceptional items consist of:

	2007 3Q \$'000	2006 3Q \$'000	2007 9 Months \$'000	2006 9 Months \$'000
Gain on disposal of subsidiary and other investments	202	2,096	269	3,337
Provision for impairment in value of other investments and equity advances	-	(353)	-	(1,807)
Staff compensation and restructuring of operations	(12)	(1,513)	(330)	(1,513)
	<u>190</u>	<u>230</u>	<u>(61)</u>	<u>17</u>
Minority share of exceptional items	-	118	15	1,100
	<u>190</u>	<u>348</u>	<u>(46)</u>	<u>1,117</u>

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

**1(b)(i)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	72,010	70,006	72,010	70,006
RESERVES	162,612	157,331	75,412	102,213
SHARE CAPITAL AND RESERVES	<u>234,622</u>	<u>227,337</u>	<u>147,422</u>	<u>172,219</u>
MINORITY INTERESTS	<u>35,160</u>	<u>32,371</u>	-	-
<b>CAPITAL EMPLOYED</b>	<b><u>269,782</u></b>	<b><u>259,708</u></b>	<b><u>147,422</u></b>	<b><u>172,219</u></b>
Represented by:				
FIXED ASSETS	123,522	125,669	-	-
INVESTMENTS				
Subsidiaries	-	-	75,808	78,479
Associated companies and jointly controlled entity	249,062	188,240	6,621	6,673
Others	19,615	19,806	-	-
	<u>268,677</u>	<u>208,046</u>	<u>82,429</u>	<u>85,152</u>
LONG-TERM RECEIVABLES	-	26	-	-
CURRENT ASSETS				
Stocks and work-in-progress	4,973	3,130	-	-
Debtors	47,590	54,086	1,728	1,727
Amounts owing by holding and related companies	1,496	544	62,266	64,520
Amounts owing by associated companies	7,289	2,027	-	-
Fixed deposits	50,618	69,015	2,259	21,955
Bank balances and cash	6,570	7,949	25	68
	<u>118,536</u>	<u>136,751</u>	<u>66,278</u>	<u>88,270</u>
LESS: CURRENT LIABILITIES				
Creditors	45,855	50,510	842	783
Amounts owing to holding and related companies	1,300	529	198	53
Amounts owing to associated companies	307	333	-	82
Short-term borrowings	62,579	55,623	-	-
Taxation	2,015	1,405	245	285
	<u>112,056</u>	<u>108,400</u>	<u>1,285</u>	<u>1,203</u>
<b>NET CURRENT ASSETS</b>	<b><u>6,480</u></b>	<b><u>28,351</u></b>	<b><u>64,993</u></b>	<b><u>87,067</u></b>
NON-CURRENT LIABILITIES				
Long-term borrowings	127,938	101,500	-	-
Deferred taxation	959	884	-	-
	<u>128,897</u>	<u>102,384</u>	-	-
<b>NET ASSETS</b>	<b><u>269,782</u></b>	<b><u>259,708</u></b>	<b><u>147,422</u></b>	<b><u>172,219</u></b>

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

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

As at 30 Sep 2007		As at 31 Dec 2006	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	62,579	-	55,623

### Amount repayable after one year

As at 30 Sep 2007		As at 31 Dec 2006	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	127,938	-	101,500

### Details of any collateral

Not applicable.

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

The Group's investments in associated companies and jointly controlled entity increased to \$249.1 million due mainly to the acquisition of additional shares in MobileOne, 50% equity interest in Premier Data Centres Limited ("PDC") and 30% equity stake in iCELL Network Pte Ltd ("iCELL").

The investments were funded by internal cash and borrowings resulting in a decline in net current assets of \$21.9 million and an increase in long-term borrowings of \$26.4 million. Hence, non-current liabilities of the Group increased by \$26.5 million to \$128.9 million.

**1(c) CONSOLIDATED CASH FLOW STATEMENT**  
**for the third quarter and nine months ended 30 September 2007**

	2007 3Q \$'000	2006 3Q \$'000	2007 9 Months \$'000	2006 9 Months \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating profit	1,798	2,860	6,397	8,892
Adjustments for non-cash items:				
Depreciation of fixed assets	1,641	1,476	4,771	5,070
(Gain)/loss on sale of fixed assets	(333)	85	(560)	119
Share-based payment expense	372	81	823	533
Fair value gain on financial instruments	-	(60)	-	(676)
Gain on dilution of associated company	-	-	(437)	(803)
Translation of foreign companies	(845)	49	637	(1,586)
Operating profit before working capital changes	2,633	4,491	11,631	11,549
Working capital changes:				
Stocks	37	(1,878)	(1,843)	(1,029)
Debtors	(4,203)	(640)	7,938	41,464
Creditors	2,293	943	(4,371)	(15,771)
Cash from operations	760	2,916	13,355	36,213
Interest received	387	472	1,361	2,058
Interest paid	(1,178)	(1,282)	(4,150)	(4,005)
Income taxes (paid)/refunded, net	(346)	907	(1,518)	(1,867)
Proceeds from tax losses transferred under group relief system	-	-	796	625
Staff compensation and restructuring expenses	-	-	(330)	-
<b>NET CASH (USED IN)/FROM OPERATING ACTIVITIES</b>	<b>(377)</b>	<b>3,013</b>	<b>9,514</b>	<b>33,024</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of subsidiaries (Note A)	-	-	20	-
Investment in associated companies	(33,009)	(50,260)	(83,602)	(69,228)
Proceeds from capital reduction of an associated company	-	-	38,544	-
Purchase of other investments	-	-	(1,919)	(403)
Proceeds from disposal of other investments	262	2,361	964	3,572
Return of capital from other investments	-	1,032	334	1,032
Acquisition of fixed assets	(1,841)	(873)	(3,039)	(1,486)
Proceeds from sale of fixed assets	635	1,065	950	1,069
Dividends received from investments	4,445	9,643	19,140	39,758
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(29,508)</b>	<b>(37,032)</b>	<b>(28,608)</b>	<b>(25,686)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net proceeds from share issues	678	208	2,004	1,290
Proceeds from/(repayment of) short-term loans	860	29,996	6,956	(5,109)
Proceeds from/(repayment of) long-term loans	28,813	(938)	26,438	(2,813)
Funds (to)/from holding and related companies	(275)	88	(558)	180
Funds to associated companies	(160)	(828)	(5,149)	(175)
Dividends paid to shareholders of the company	-	-	(30,270)	(21,966)
Dividends paid to minority shareholders of subsidiaries	-	(191)	(103)	(191)
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>29,916</b>	<b>28,335</b>	<b>(682)</b>	<b>(28,784)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
Cash and cash equivalents at beginning of period	57,157	60,248	76,964	76,010
Cash and cash equivalents at end of period (Note B)	57,188	54,564	57,188	54,564

## Notes to Consolidated Cash Flow Statement

### A. Acquisition of Subsidiaries

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

	2007 3Q \$'000	2006 3Q \$'000	2007 9 Months \$'000	2006 9 Months \$'000
Fixed assets	-	-	72	-
Debtors and creditors	-	-	305	-
Bank balances and cash	-	-	1,106	-
Taxation	-	-	(1)	-
Minority interest	-	-	(281)	-
	-	-	1,201	-
Amount previously accounted for as associated companies	-	-	(115)	-
Purchase consideration	-	-	1,086	-
Less: Bank balances and cash acquired	-	-	(1,106)	-
Cash inflow on acquisition, net of cash acquired	-	-	(20)	-

### B. 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:

	2007 3Q \$'000	2006 3Q \$'000	2007 9 Months \$'000	2006 9 Months \$'000
Fixed deposits	50,618	43,302	50,618	43,302
Bank balances and cash	6,570	11,262	6,570	11,262
	57,188	54,564	57,188	54,564

### 1(c)(i) CASH FLOW ANALYSIS

#### Third Quarter 2007

Net cash used in operating activities was \$0.4 million compared to net cash from operating activities of \$3.0 million in the corresponding quarter of 2006 due mainly to lower operating profit and an increase in working capital.

Net cash used in investing activities amounted to \$29.5 million due largely to the acquisition of shares in MobileOne of \$32.8 million and capital expenditure of \$1.8 million.

Net cash from financing activities of \$29.9 million comprised mainly proceeds from drawdown of loans.

## Nine Months 2007

The Group generated net cash flow of \$9.5 million from its operating activities. This was lower than the corresponding period in the previous year which recorded a significant improvement in working capital resulting from payments received from a key customer.

Net cash used in investing activities was \$28.6 million. The Group's purchase of shares in MobileOne, acquisition of equity stake in PDC and iCELL of \$83.6 million was partly funded by proceeds from capital reduction and dividends received.

Net cash used in financing activities was \$0.7 million compared to \$28.8 million for the corresponding period in 2006. The decrease was due mainly to proceeds from long-term loans.

### **1(d)(i) STATEMENTS OF CHANGES IN EQUITY for the third quarter and nine months ended 30 September 2007**

	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Currency Translation Reserves \$'000	Share Capital & Reserves \$'000	Minority Interests \$'000	Capital Employed \$'000
<u>The Group</u>								
Balance at								
1 January 2007	70,006	-	16,662	149,117	(8,448)	227,337	32,371	259,708
Issue of shares	1,326	-	-	-	-	1,326	-	1,326
Cost of share-based payment	-	-	341	-	-	341	-	341
Net fair value changes on available-for-sale financial assets	-	-	(206)	-	-	(206)	-	(206)
Net fair value changes on cash flow hedge	-	-	47	-	-	47	-	47
Transfer to capital reserves	-	-	242	(242)	-	-	-	-
Profit for the period	-	-	-	22,138	-	22,138	1,450	23,588
Dividend paid for 2006	-	-	-	(30,270)	-	(30,270)	-	(30,270)
Exchange differences arising on consolidation	-	-	-	-	4,109	4,109	696	4,805
Dividends paid to minority shareholders	-	-	-	-	-	-	(103)	(103)
Acquisition of subsidiary	-	-	-	-	-	-	281	281
Balance at								
30 June 2007	71,332	-	17,086	140,743	(4,339)	224,822	34,695	259,517
Issue of shares	678	-	-	-	-	678	-	678
Cost of share-based payment	-	-	268	-	-	268	-	268
Net fair value changes on available-for-sale financial assets	-	-	(401)	-	-	(401)	-	(401)
Net fair value changes on cash flow hedge	-	-	20	-	-	20	-	20
Transfer to capital reserves	-	-	50	(50)	-	-	-	-
Transfer to revenue reserves	-	-	(9,025)	9,025	-	-	-	-
Profit for the period	-	-	-	12,559	-	12,559	843	13,402
Exchange differences arising on consolidation	-	-	-	-	(3,324)	(3,324)	(378)	(3,702)
Balance at								
30 September 2007	72,010	-	7,998	162,277	(7,663)	234,622	35,160	269,782



	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Currency Translation Reserves \$'000	Share Capital & Reserves \$'000	Minority Interests \$'000	Capital Employed \$'000
<u>The Group</u>								
Balance at								
1 January 2006	54,822	13,738	15,518	128,158	(2,085)	210,151	32,401	242,552
Issue of shares	970	112	-	-	-	1,082	-	1,082
Transfer of share premium reserve to share capital account (Note 1)	13,850	(13,850)	-	-	-	-	-	-
Cost of share-based payment	-	-	285	-	-	285	-	285
Net fair value changes on available-for-sale financial assets	-	-	(956)	-	-	(956)	-	(956)
Net fair value changes on cash flow hedge	-	-	227	-	-	227	-	227
Transfer to profit and loss account	-	-	(417)	-	-	(417)	-	(417)
Transfer to capital reserves	-	-	65	(65)	-	-	-	-
Profit for the period	-	-	-	19,479	-	19,479	1,764	21,243
Dividend paid for 2005	-	-	-	(21,966)	-	(21,966)	-	(21,966)
Exchange differences arising on consolidation	-	-	-	-	(4,142)	(4,142)	(874)	(5,016)
Balance at								
30 June 2006	69,642	-	14,722	125,606	(6,227)	203,743	33,291	237,034
Issue of shares	208	-	-	-	-	208	-	208
Cost of share-based payment	-	-	188	-	-	188	-	188
Net fair value changes on available-for-sale financial assets	-	-	(172)	-	-	(172)	-	(172)
Net fair value changes on cash flow hedge	-	-	8	-	-	8	-	8
Transfer to profit and loss account	-	-	416	-	(751)	(335)	-	(335)
Transfer to capital reserves	-	-	1	(1)	-	-	-	-
Profit for the period	-	-	-	13,111	-	13,111	889	14,000
Exchange differences arising on consolidation	-	-	-	-	(60)	(60)	(108)	(168)
Dividend paid to minority shareholders	-	-	-	-	-	-	(191)	(191)
Balance at								
30 September 2006	69,850	-	15,163	138,716	(7,038)	216,691	33,881	250,572

	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Total \$'000
<u>The Company</u>					
Balance at 1 January 2007	70,006	-	9,809	92,404	172,219
Issue of shares	1,326	-	-	-	1,326
Cost of share-based payment	-	-	229	-	229
Profit for the period	-	-	-	3,132	3,132
Dividend paid for 2006	-	-	-	(30,270)	(30,270)
Balance at 30 June 2007	71,332	-	10,038	65,266	146,636
Issue of shares	678	-	-	-	678
Cost of share-based payment	-	-	264	-	264
Transfer to revenue reserves	-	-	(9,025)	9,025	-
Profit for the period	-	-	-	(156)	(156)
Balance at 30 September 2007	<u>72,010</u>	<u>-</u>	<u>1,277</u>	<u>74,135</u>	<u>147,422</u>

	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Total \$'000
<u>The Company</u>					
Balance at 1 January 2006	54,822	13,738	9,485	61,503	139,548
Issue of shares	970	112	-	-	1,082
Transfer of share premium reserve to share capital account (Note 1)	13,850	(13,850)	-	-	-
Cost of share-based payment	-	-	176	-	176
Profit for the period	-	-	-	32,127	32,127
Dividend paid for 2005	-	-	-	(21,966)	(21,966)
Balance at 30 June 2006	69,642	-	9,661	71,664	150,967
Issue of shares	208	-	-	-	208
Cost of share-based payment	-	-	81	-	81
Profit for the period	-	-	-	3,990	3,990
Balance at 30 September 2006	<u>69,850</u>	<u>-</u>	<u>9,742</u>	<u>75,654</u>	<u>155,246</u>

Note 1:

With effect from 30 January 2006, the concepts of “par value” and “authorised capital” were abolished under the Companies (Amendment) Act 2005 and the amount standing to the credit of the Company’s share premium account as at 30 January 2006 became part of the Company’s share capital as at that date.

**1(d)(ii) SHARE CAPITAL**

Since the end of the previous period, the Company issued 471,000 shares upon the exercise of options granted under the Company’s Share Option Scheme. The share capital of the Company as at the end of the financial period was 551,238,537 shares.

As at 30 September 2007, there were unexercised options for 2,120,000 (30 September 2006: 2,841,000) unissued shares under the Company’s Share Option Scheme.

## 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 2006, except as describe in paragraph 5.

## 5. CHANGES IN ACCOUNTING POLICIES

The Group has adopted all the new/revised Financial Reporting Standards (FRS) that became effective for accounting periods beginning on or after 1 January 2007. These FRS include FRS 107 Financial Instruments: Disclosures and the Amendments to FRS 1 Presentation of Financial Statements (Capital Disclosures).

## 6. EARNINGS PER ORDINARY SHARE

	<b>GROUP</b>					
	2007 3Q	2006 3Q	+ / (-) %	2007 9 Months	2006 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)	2.3	2.3	-	6.3	5.7	10.5
- Weighted average number of shares ('000)	550,517	549,150	0.2	550,517	549,150	0.2
(ii) On a fully diluted basis (cents)	2.3	2.4	(4.2)	6.3	5.9	6.8
- Adjusted weighted average number of shares ('000)	551,174	549,769	0.3	551,174	549,769	0.3

## 7. NET ASSET VALUE

	GROUP			COMPANY		
	30.9.2007	31.12.2006	+/(-)%	30.9.2007	31.12.2006	+/(-)%
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (\$)	0.43	0.41	4.9	0.27	0.31	(12.9)

## 8. REVIEW OF GROUP PERFORMANCE

### Third Quarter Performance

Group profit before tax and exceptional items improved 25% over the corresponding quarter in 2006 to \$17.0 million. All business divisions had improved results.

Group profit for the quarter of \$13.4 million was 4% lower than the corresponding period in 2006. This was due to the recognition of \$4.0 million in tax assets under the Group Relief System in the third quarter of 2006 that was not available in the current quarter.

### Nine Months Performance

Group profit before tax and exceptional items improved 9% over the same period in 2006 to \$43.1 million. The improvement came from associated companies, which saw contributions rising 21% to \$39.8 million. MobileOne's contribution was \$27.3 million.

Taxation was 35% higher mainly because of the recognition of \$4.0 million in tax assets under the Group Relief System in 2006 that was not available in the current year.

Group attributable profit before exceptional items increased 10% over the corresponding period in 2006 to \$34.7 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 quarter just ended.

## 9. VARIANCE FROM PROSPECTS STATEMENT

There is no variance from the previous statement.

## 10. PROSPECTS

The Group's acquisition of 50% in Premier Data Centres proved timely. Since its acquisition, the data centre in Dublin is reaching full occupancy. Meanwhile, demand for data centres in Europe remains strong and the Group is actively exploring several new opportunities together with its partners.

Market condition for logistics is generally more buoyant on the back of the strong local economy. The warehouses in Singapore are almost fully occupied, and the Division is actively seeking additional warehouse space to meet demand. The Foshan port also enjoyed record throughputs in the past few months, and outlook remains optimistic for the rest of the year. Associated company, Wuhu Annto, is also enjoying good revenue growth and will continue extending its service network and service offerings.

The Group will continue to seek out opportunities for growth.

## 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 2007 (30 September 2006: Nil).

### 13. SEGMENT ANALYSIS

Nine Months ended 30 September 2007

#### Business Segments

	Network Engineering \$'000	Logistics \$'000	Investments \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
Sales to third parties	22,131	49,872	362	-	72,365
Inter-segment sales	3,538	3,922	-	(7,460)	-
Consolidated sales	<u>25,669</u>	<u>53,794</u>	<u>362</u>	<u>(7,460)</u>	<u>72,365</u>
Operating profit/(loss)	1,026	5,992	(621)		6,397
Interest income	458	600	365		1,423
Interest expense	(9)	(824)	(3,688)		(4,521)
Share of results of associated companies and jointly controlled entity	5,513	3,712	30,592		39,817
Profit before tax and exceptional items	6,988	9,480	26,648		43,116
Exceptional items	(330)	-	269		(61)
Profit before taxation	6,658	9,480	26,917		43,055
Taxation	(2,207)	(46)	(3,812)		(6,065)
Profit for the period	<u>4,451</u>	<u>9,434</u>	<u>23,105</u>		<u>36,990</u>
Attributable to:					
Shareholders of the Company					
Profit before exceptional items	3,673	8,194	22,876		34,743
Exceptional items	(315)	-	269		(46)
Minority interests	3,358	8,194	23,145		34,697
	1,093	1,240	(40)		2,293
	<u>4,451</u>	<u>9,434</u>	<u>23,105</u>		<u>36,990</u>
<u>Other Information</u>					
Segment assets	54,496	178,714	128,413	(99,950)	261,673
Investment in associated companies and jointly controlled entity	58,825	35,182	155,055	-	249,062
Total	<u>113,321</u>	<u>213,896</u>	<u>283,468</u>	<u>(99,950)</u>	<u>510,735</u>
Segment liabilities	48,907	107,835	181,187	(99,950)	237,979
Tax provision and deferred taxation	627	904	1,443	-	2,974
Total	<u>49,534</u>	<u>108,739</u>	<u>182,630</u>	<u>(99,950)</u>	<u>240,953</u>
Net assets	<u>63,787</u>	<u>105,157</u>	<u>100,838</u>	<u>-</u>	<u>269,782</u>
Capital expenditure	575	2,425	39		3,039
Depreciation	554	4,005	212		4,771

By Geographical Location

	Singapore \$'000	Far East and ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
Sales to third parties	39,040	26,473	6,852	72,365
Total assets	286,636	181,634	42,465	510,735
Capital expenditure	1,891	590	558	3,039

Nine Months ended 30 September 2006

Business Segments

	Network Engineering \$'000	Logistics \$'000	Investments \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
Sales to third parties	22,248	46,133	993	-	69,374
Inter-segment sales	4,369	3,611	-	(7,980)	-
Consolidated sales	<u>26,617</u>	<u>49,744</u>	<u>993</u>	<u>(7,980)</u>	<u>69,374</u>
Operating profit/(loss)	4,407	6,108	(1,623)		8,892
Interest income	845	274	873		1,992
Interest expense	(222)	(753)	(3,003)		(3,978)
Share of results of associated companies and jointly controlled entity	2,813	4,301	25,704		32,818
Profit before tax and exceptional items	7,843	9,930	21,951		39,724
Exceptional items	(2,487)	-	2,504		17
Profit before taxation	5,356	9,930	24,455		39,741
Taxation	(1,577)	(906)	(2,015)		(4,498)
Profit for the period	<u>3,779</u>	<u>9,024</u>	<u>22,440</u>		<u>35,243</u>
Attributable to:					
Shareholders of the Company					
Profit before exceptional items	3,551	7,957	19,965		31,473
Exceptional items	(1,387)	-	2,504		1,117
Minority interests	2,164	7,957	22,469		32,590
	1,615	1,067	(29)		2,653
	<u>3,779</u>	<u>9,024</u>	<u>22,440</u>		<u>35,243</u>

	Network Engineering \$'000	Logistics \$'000	Investments \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
<u>Other Information</u>					
Segment assets	69,206	163,060	79,999	(49,856)	262,409
Investment in associated companies and jointly controlled entity	28,521	30,753	116,345	-	175,619
Total	97,727	193,813	196,344	(49,856)	438,028
Segment liabilities	60,287	55,316	117,859	(49,856)	183,606
Tax provision and deferred taxation	1,614	751	1,485	-	3,850
Total	61,901	56,067	119,344	(49,856)	187,456
Net assets	35,826	137,746	77,000	-	250,572
Capital expenditure	319	1,138	29		1,486
Depreciation	656	4,211	203		5,070
Impairment losses	109	-	833		942

By Geographical Location

	Singapore \$'000	Far East and ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
Sales to third parties	36,192	29,250	3,932	69,374
Total assets	261,329	166,573	10,126	438,028
Capital expenditure	842	513	131	1,486

Notes:

- (a) Pricing of inter-segment sales is at fair market value.
- (b) Net assets employed by segments are those identifiable assets less liabilities that are used in the operation of each segment as at the end of the financial period.
- (c) Share of associated companies' results and investments in associated companies are included in the results and net assets employed in the appropriate segments.
- (d) Analysis by geographical location is based on the locations in which the Group's activities are carried out.



#### 14. REVIEW OF SEGMENT PERFORMANCE

In Network Engineering division, associated company Premier Data Centres contributed most significantly to nine months profit while Trisilco Folec saw lower profits due to lower volume of work.

In Logistics division, weaker performance from Asia Airfreight Terminal was offset by improved contribution from Wuhu Annto.

Increased contribution from MobileOne due mainly to acquisition of additional stakes in the company as well as improved performance from Computed Generated Solutions accounted for most of the profit improvement in Investments division.

#### 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.	
	2007 9 Months \$'000	2006 9 Months \$'000	2007 9 Months \$'000	2006 9 Months \$'000
<u>General Transactions</u>				
Keppel Corporation Limited	-	-	3,276	-
Singapore Telecommunications Limited	-	-	1,039	1,643
<u>Treasury Transactions</u>				
Keppel Corporation Limited	-	-	40,106	23,308
<u>Management Services</u>				
Keppel Corporation Limited	-	-	500	500
<u>Investment Transactions</u>				
Keppel Corporation Limited	1,085	-	-	-
	1,085	-	44,921	25,451

**16. ANNUAL DIVIDEND**

Not applicable.

**BY ORDER OF THE BOARD**

CAROLINE CHANG/LAURA LOW  
Company Secretaries  
23 October 2007

**Confirmation by the Board**

We, TEO SOON HOE and LAM KWOK CHONG 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 3Q 2007 financial results to be false or misleading.

On behalf of the board of directors



TEO SOON HOE  
Chairman  
Singapore, 23 October 2007



LAM KWOK CHONG  
Managing Director