

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD
(Co Reg No. 196500115G)

First Quarter Financial Statement

1 UNAUDITED RESULTS FOR FIRST QUARTER ENDED 31 MARCH 2008

The Directors of **Keppel Telecommunications & Transportation Ltd** advise the following unaudited results of the Group for the first quarter ended 31 March 2008

**1 (a) GROUP PROFIT AND LOSS ACCOUNT
for the first quarter ended 31 March 2008**

	1Q 2008 \$'000	1Q 2007 \$'000	+/(-)%
TURNOVER	27,419	21,505	27.5
Less operating expenses	<u>(24,125)</u>	<u>(19,055)</u>	26.6
OPERATING PROFIT	3,294	2,450	34.4
Interest income	523	417	25.4
Interest expense	(1,300)	(1,599)	(18.7)
Share of results of associated companies and jointly controlled entity	<u>11,891</u>	<u>10,610</u>	12.1
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	14,408	11,878	21.3
Exceptional items	<u>-</u>	<u>58</u>	(100.0)
PROFIT BEFORE TAXATION	14,408	11,936	20.7
Taxation	<u>(3,655)</u>	<u>295</u>	n.m.
PROFIT FOR THE PERIOD	<u>10,753</u>	<u>12,231</u>	(12.1)
Attributable to:			
Shareholders of the Company			
Profit before exceptional items	10,369	11,820	(12.3)
Exceptional items	<u>-</u>	<u>58</u>	(100.0)
	10,369	11,878	(12.7)
Minority interests	<u>384</u>	<u>353</u>	8.8
	<u>10,753</u>	<u>12,231</u>	(12.1)
Earnings per share			
Before exceptional items			
- basic	1.9 cts	2.1 cts	(9.5)
- diluted	1.9 cts	2.1 cts	(9.5)
After exceptional items			
- basic	1.9 cts	2.2 cts	(13.6)
- diluted	1.9 cts	2.2 cts	(13.6)

n.m. – not meaningful

Notes to Group Profit and Loss Account

(i) Operating expenses comprise the following:

	1Q 2008 \$'000	1Q 2007 \$'000
Purchase of goods and services	10,110	6,060
Staff costs	8,438	7,998
Defined contribution pension plans	808	659
Depreciation of fixed assets	1,611	1,571
Other operating expenses	3,158	2,767
	<u>24,125</u>	<u>19,055</u>

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

	1Q 2008 \$'000	1Q 2007 \$'000	+ / (-) %
Share-based payment expenses	421	208	102.4
Write-back of provision for doubtful debts and bad debts recovered	-	(30)	(100.0)
Foreign exchange loss	178	123	44.7
Profit on disposal of fixed assets	(62)	(68)	(8.8)

(iii) There was no adjustment for taxation expense in respect of prior years. In 2007, taxation included an over-provision in taxation expense of \$35,000, a write-back of deferred taxation of \$2,225,000 and recognition of tax assets under the Group Relief System of \$1,033,000.

(iv) Exceptional items consist of:

	1Q 2008 \$'000	1Q 2007 \$'000
Gain on disposal of properties	<u>-</u>	<u>58</u>

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

1(b)(i) BALANCE SHEETS as at 31 March 2008

	Group		Company	
	31.3.2008	31.12.2007	31.3.2008	31.12.2007
	\$'000	\$'000	\$'000	\$'000
SHARE CAPITAL	72,956	72,112	72,956	72,112
RESERVES	180,490	174,377	96,479	94,697
SHARE CAPITAL AND RESERVES	253,446	246,489	169,435	166,809
MINORITY INTERESTS	28,901	34,498	-	-
CAPITAL EMPLOYED	282,347	280,987	169,435	166,809
Represented by:				
FIXED ASSETS	124,045	122,839	-	-
INVESTMENTS				
Subsidiaries	-	-	73,933	75,963
Associated companies and jointly controlled entity	243,132	250,884	6,621	6,621
Others	16,330	17,842	-	-
	259,462	268,726	80,554	82,584
CURRENT ASSETS				
Stocks and work-in-progress	3,879	2,344	-	-
Debtors	37,685	47,480	1,967	1,727
Amounts owing by holding and related companies	4,464	2,780	69,909	69,006
Amounts owing by associated companies	25,668	12,241	319	-
Fixed deposits	53,770	60,188	17,744	14,529
Bank balances and cash	8,087	7,161	99	61
	133,553	132,194	90,038	85,323
LESS: CURRENT LIABILITIES				
Creditors	42,396	42,918	858	800
Amounts owing to holding and related companies	955	789	93	92
Amounts owing to associated companies	410	421	-	-
Short-term borrowings	61,648	69,498	-	-
Taxation	2,996	1,675	206	206
	108,405	115,301	1,157	1,098
NET CURRENT ASSETS	25,148	16,893	88,881	84,225
NON-CURRENT LIABILITIES				
Long-term borrowings	125,563	126,750	-	-
Deferred taxation	745	721	-	-
	126,308	127,471	-	-
NET ASSETS	282,347	280,987	169,435	166,809

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

Amount repayable in one year or less, or on demand

As at 31 Mar 2008		As at 31 Dec 2007	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	61,648	-	69,498

Amount repayable after one year

As at 31 Mar 2008		As at 31 Dec 2007	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	125,563	-	126,750

Details of any collateral

Not applicable

1(b)(iii) BALANCE SHEET ANALYSIS

Investment in associated companies and jointly controlled entity declined \$7.8 million to \$243.1 million mainly due to declaration of dividends by associated companies MobileOne ("M1") and Asia Airfreight Terminal ("AAT").

The Group's current assets increased by \$1.4 million to \$133.6 million. Amounts owing by associated companies rose mainly due to recognition of dividends receivable from M1 and AAT, while debtors reduced as a result of repayment.

Arising from repayment of short-term borrowings, the Group's current liabilities of the Group decreased from \$115.3 million to \$108.4 million.

**1(c) CONSOLIDATED CASH FLOW STATEMENT
for the first quarter ended 31 March 2008**

	1Q 2008 \$'000	1Q 2007 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	3,294	2,450
Adjustments for non-cash items:		
Depreciation of fixed assets	1,611	1,571
Gain on disposal of fixed assets	(62)	(68)
Share-based payment expense	363	208
Gain on dilution of associated company	-	(182)
Translation of foreign companies	(473)	712
Operating cash flows before changes in working capital	4,733	4,691
Working capital changes:		
Stocks	(1,535)	(2,071)
Debtors	9,177	15,583
Creditors	(522)	(7,026)
Cash flows from operations	11,853	11,177
Interest received	493	477
Interest paid	(1,221)	(1,258)
Income taxes paid	(271)	(426)
NET CASH FROM OPERATING ACTIVITIES	10,854	9,970
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries (Note A)	-	(49)
Investment in associated companies	-	(27,406)
Purchase of other investments	-	(1,919)
Proceeds from disposal of other investments	-	702
Return of capital from other investments	-	334
Acquisition of fixed assets	(3,012)	(202)
Proceeds from disposal of fixed assets	631	71
NET CASH USED IN INVESTING ACTIVITIES	(2,381)	(28,469)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from share issues	844	710
(Repayment of)/proceeds from short-term loans	(7,850)	3,093
Repayment of long-term loans	(1,187)	(1,187)
Funds (to)/from holding and related companies	(1,651)	207
Funds from/(to) associated companies	1,698	(3,431)
Dividends paid to minority shareholders of subsidiary	(5,819)	-
NET CASH USED IN FINANCING ACTIVITIES	(13,965)	(608)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,492)	(19,107)
Cash and cash equivalents as at 1 January	67,349	76,964
Cash and cash equivalents as at 31 March (Note B)	61,857	57,857

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:

	1Q 2008 \$'000	1Q 2007 \$'000
Fixed assets	-	4
Debtors and creditors	-	161
Bank balances and cash	-	112
Taxation	-	(1)
	<u>-</u>	<u>(1)</u>
	-	276
Amount previously accounted for as associated companies	<u>-</u>	<u>(115)</u>
	-	161
Purchase consideration	-	161
Less: Bank balances and cash acquired	<u>-</u>	<u>(112)</u>
	-	49
Cash outflow on acquisition, net of cash acquired	<u>-</u>	<u>49</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 cash flow statement comprise the following balance sheet amounts:

	1Q 2008 \$'000	1Q 2007 \$'000
Fixed deposits	53,770	51,587
Bank balances and cash	<u>8,087</u>	<u>6,270</u>
	<u>61,857</u>	<u>57,857</u>

1(c)(i) CASH FLOW ANALYSIS

The Group generated net cash flow of \$10.9 million from its operating activities. This was higher than the corresponding period of last year due to an improvement in the working capital changes and lower taxation paid during the quarter.

Net cash used in investing activities in the first quarter of 2008 of \$2.4 million was mainly used for replacement of fixed assets as well as capex for a new distribution centre at Nanhai in China. In the corresponding period of 2007, net cash of \$28.5 million was mainly used for acquisitions of equity interests in Citadel 100 (previously Premier Data Centres), MobileOne and iCELL.

Net cash used in financing activities in the first quarter of 2008 of \$14.0 million was largely due to settlement of short-term and long-term loans and dividends paid to minority shareholders of a subsidiary.

1(d)(i) STATEMENTS OF CHANGES IN EQUITY
for the first quarter ended 31 March 2008

	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Currency Translation Reserves \$'000	Share Capital & Reserves \$'000	Minority Interests \$'000	Capital Employed \$'000
The Group							
Balance at							
1 January 2008	72,112	8,094	178,456	(12,173)	246,489	34,498	280,987
Issue of shares	844	-	-	-	844	-	844
Cost of share-based payment	-	363	-	-	363	-	363
Net fair value changes							
on available-for-sale							
financial assets	-	(759)	-	-	(759)	-	(759)
Net fair value changes							
on cash flow hedge	-	(478)	-	-	(478)	-	(478)
Profit for the year	-	-	10,369	-	10,369	384	10,753
Exchange differences on							
arising on consolidation	-	-	-	(3,382)	(3,382)	(162)	(3,544)
Dividend paid to							
minority shareholders	-	-	-	-	-	(5,819)	(5,819)
Balance at							
31 March 2008	<u>72,956</u>	<u>7,220</u>	<u>188,825</u>	<u>(15,555)</u>	<u>253,446</u>	<u>28,901</u>	<u>282,347</u>
Balance at							
1 January 2007	70,006	16,662	149,117	(8,448)	227,337	32,371	259,708
Issue of shares	710	-	-	-	710	-	710
Cost of share-based payment	-	175	-	-	175	-	175
Net fair value changes							
on available-for-sale							
financial assets	-	(144)	-	-	(144)	-	(144)
Net fair value changes							
on cash flow hedge	-	9	-	-	9	-	9
Transfer to capital reserves	-	117	(117)	-	-	-	-
Profit for the period	-	-	11,878	-	11,878	353	12,231
Exchange differences on							
arising on consolidation	-	-	-	1,952	1,952	238	2,190
Balance at							
31 March 2007	<u>70,716</u>	<u>16,819</u>	<u>160,878</u>	<u>(6,496)</u>	<u>241,917</u>	<u>32,962</u>	<u>274,879</u>

	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Capital Employed \$'000
<u>The Company</u>				
Balance at 1 January 2008	72,112	1,442	93,255	166,809
Issue of shares	844	-	-	844
Cost of share-based payment	-	288	-	288
Profit for the period	-	-	1,494	1,494
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2008	<u>72,956</u>	<u>1,730</u>	<u>94,749</u>	<u>169,435</u>
Balance at 1 January 2007	70,006	9,809	92,404	172,219
Issue of shares	710	-	-	710
Cost of share-based payment	-	105	-	105
Profit for the period	-	-	3,294	3,294
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2007	<u>70,716</u>	<u>9,914</u>	<u>95,698</u>	<u>176,328</u>

1(d)(ii) SHARE CAPITAL

Since the end of the previous period, the Company issued 504,000 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 551,811,537 shares.

As at 31 March 2008, there were unexercised options for 2,132,000 (31 March 2007: 2,481,000) unissued shares under the Company's Share Option Scheme.

2. AUDIT

The figures have not been audited or reviewed.

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 2007.

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 2008. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

6. EARNINGS PER ORDINARY SHARE

	GROUP		
	1Q 2008	1Q 2007	+/(-)%
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)	1.9	2.2	(13.6)
- Weighted average number of shares ('000)	551,701	549,909	0.3
(ii) On a fully diluted basis (cents)	1.9	2.2	(13.6)
- Adjusted weighted average number of shares ('000)	552,426	550,413	0.4

7. NET ASSET VALUE

	GROUP			COMPANY		
	31.3.2008	31.12.2007	+/(-)%	31.3.2008	31.12.2007	+/(-)%
Net asset value per ordinary share based on issued share capital at the end of the financial period/ year (\$)	0.46	0.45	2.2	0.31	0.30	3.3

8. REVIEW OF GROUP PERFORMANCE

The Group's first quarter turnover improved 28% over the corresponding quarter in 2007 mainly due to higher revenue from the Logistics Division.

Profit before tax and exceptional items improved 21% to \$14.4 million. The improvement came from higher operating profit, lower interest expenses and improved contributions from associated companies.

Despite better pre-tax profit, the Group's profit after tax declined by 12% to \$10.8 million due to higher taxation expense. In the corresponding quarter in 2007, the Group benefited from the writing back of deferred taxation due to reduction in corporate tax rate and tax assets arising from group relief.

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 PROSPECTS STATEMENT

No variance from previous statement.

10. PROSPECTS

Demand for warehouse space remains stable. There is continuing need for tight cost management to contain rising operational cost as a result of rising material and energy cost. Prospects in China remain good for logistics operations.

The Group continues to seek out opportunities in Europe for data centres as part of its value chain improvement efforts.

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 2008 (31 March 2007:Nil).

For the year ended 31 December 2007, Directors have recommended a first and final dividend of 6.0 cents per share tax exempt one-tier for approval by shareholders at the Annual General Meeting to be held on 22 April 2008. If approved, the dividend will be paid on 12 May 2008.

13. SEGMENT ANALYSIS

First Quarter ended 31 March 2008
Business Segments

	Logistics \$'000	Network Engineering \$'000	Investments \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
Sales to third parties	20,618	6,502	299	-	27,419
Inter-segment sales	1,364	403	-	(1,767)	-
Consolidated sales	<u>21,982</u>	<u>6,905</u>	<u>299</u>	<u>(1,767)</u>	<u>27,419</u>
Operating profit/(loss)	1,585	(584)	2,293		3,294
Interest income	314	122	87		523
Interest expense	(228)	(1)	(1,071)		(1,300)
Share of results of associated companies and jointly controlled entity	629	1,386	9,876		11,891
Profit before tax and exceptional items	2,300	923	11,185		14,408
Exceptional items	-	-	-		-
Profit before taxation	2,300	923	11,185		14,408
Taxation	(314)	(587)	(2,754)		(3,655)
Profit for the period	<u>1,986</u>	<u>336</u>	<u>8,431</u>		<u>10,753</u>
Attributable to:					
Shareholders of the Company					
Profit before exceptional items	1,762	178	8,429		10,369
Exceptional items	-	-	-		-
	1,762	178	8,429		10,369
Minority interests	224	158	2		384
	<u>1,986</u>	<u>336</u>	<u>8,431</u>		<u>10,753</u>
<u>Other Information</u>					
Segment assets	185,870	41,023	139,717	(92,682)	273,928
Investment in associated companies and jointly controlled entity	35,431	60,204	147,497	-	243,132
Total	<u>221,301</u>	<u>101,227</u>	<u>287,214</u>	<u>(92,682)</u>	<u>517,060</u>
Segment liabilities	114,773	34,110	174,771	(92,682)	230,972
Tax provision and deferred taxation	815	1,811	1,115	-	3,741
Total	<u>115,588</u>	<u>35,921</u>	<u>175,886</u>	<u>(92,682)</u>	<u>234,713</u>
Net assets	<u>105,713</u>	<u>65,306</u>	<u>111,328</u>	<u>-</u>	<u>282,347</u>
Capital expenditure	2,912	88	12		3,012
Depreciation	1,353	186	72		1,611

By Geographical Location

	Singapore \$'000	Far East and ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
Sales to third parties	16,964	8,290	2,165	27,419
Total assets	318,804	156,073	42,183	517,060
Capital expenditure	682	2,244	86	3,012

First Quarter ended 31 March 2007

Business Segments

	Logistics \$'000	Network Engineering \$'000	Investments \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
Sales to third parties	14,701	6,727	77	-	21,505
Inter-segment sales	1,067	1,318	-	(2,385)	-
Consolidated sales	<u>15,768</u>	<u>8,045</u>	<u>77</u>	<u>(2,385)</u>	<u>21,505</u>
Operating profit/(loss)	1,461	(762)	1,751		2,450
Interest income	100	148	169		417
Interest expense	(310)	(1)	(1,288)		(1,599)
Share of results of associated companies and jointly controlled entity	364	1,011	9,235		10,610
Profit before tax and exceptional items	1,615	396	9,867		11,878
Exceptional items	-	-	58		58
Profit before taxation	1,615	396	9,925		11,936
Taxation	926	(442)	(189)		295
Profit/(loss) for the period	<u>2,541</u>	<u>(46)</u>	<u>9,736</u>		<u>12,231</u>
Attributable to:					
Shareholders of the Company					
Profit/(loss) before exceptional items	2,346	(218)	9,692		11,820
Exceptional items	-	-	58		58
	<u>2,346</u>	<u>(218)</u>	<u>9,750</u>		<u>11,878</u>
Minority interests	195	172	(14)		353
	<u>2,541</u>	<u>(46)</u>	<u>9,736</u>		<u>12,231</u>

	Logistics \$'000	Network Engineering \$'000	Investments \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
<u>Other Information</u>					
Segment assets	166,330	31,963	162,552	(94,180)	266,665
Investment in associated companies and jointly controlled entity	<u>32,257</u>	<u>56,977</u>	<u>129,148</u>	<u>-</u>	<u>218,382</u>
Total	<u>198,587</u>	<u>88,940</u>	<u>291,700</u>	<u>(94,180)</u>	<u>485,047</u>
Segment liabilities	100,405	49,178	152,444	(94,180)	207,847
Tax provision and deferred taxation	<u>649</u>	<u>279</u>	<u>1,393</u>	<u>-</u>	<u>2,321</u>
Total	<u>101,054</u>	<u>49,457</u>	<u>153,837</u>	<u>(94,180)</u>	<u>210,168</u>
Net assets	<u>97,533</u>	<u>39,483</u>	<u>137,863</u>	<u>-</u>	<u>274,879</u>
Capital expenditure	189	9	4		202
Depreciation	1,335	167	69		1,571

By Geographical Location

	Singapore \$'000	Far East and ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
Sales to third parties	11,631	8,228	1,646	21,505
Total assets	307,799	166,250	10,998	485,047
Capital expenditure	129	71	2	202

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

Logistics Division's turnover was higher by 40% compared to corresponding quarter in 2007 mainly due to good domestic demand as well as contribution from TradeOneAsia. Pre-tax profit increased due to higher operating profit and contributions from associated companies, Asia Airfreight Terminal and Wuhu Annto. Profit after tax for the quarter was lower as the division had the benefit of tax asset arising from group relief in the corresponding period of 2007.

Network Engineering Division's profit before tax and exceptional items was higher at \$0.9 million in the first quarter 2008 largely because of the higher contributions by Citadel 100 (previously Premier Data Centres).

Investments Division recorded higher profit before tax and exceptional items due mainly to increase in operating profit as a result of sundry income and higher contribution from MobileOne as a result of higher equity stake. Profit after tax for the division was lower as the first quarter of 2007 included deferred taxation written back due to a cut in corporate tax rate from 20% to 18%.

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.	
	1Q 2008 \$'000	1Q 2007 \$'000	1Q 2008 \$'000	1Q 2007 \$'000
<u>General Transactions</u>				
Keppel Corporation Limited	-	-	269	-
Singapore Telecommunications Limited	-	-	79	294
<u>Treasury Transactions</u>				
Keppel Corporation Limited	-	-	22,882	35,251
<u>Management Services</u>				
Keppel Corporation Limited	-	-	500	500
	-	-	23,730	36,045

16. ANNUAL DIVIDEND

Not applicable

BY ORDER OF THE BOARD

CAROLINE CHANG/LAURA LOW
Company Secretaries
21 April 2008

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 1Q 2008 financial statements to be false or misleading in any material respect.

On behalf of the board of directors



TEO SOON HOE
Chairman

Singapore, 21 April 2008



LAM KWOK CHONG
Managing Director