

# KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD

(Co Reg No: 196500115G)

## Second Quarter Financial Statements

### 1 UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2008

The Directors of **Keppel Telecommunications & Transportation Ltd** advise the following unaudited results of the Group for the second quarter ended 30 June 2008

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

for the second quarter and half year ended 30 June 2008

	2008 2Q \$'000	2007 2Q \$'000	+ / (-) %	2008 6 Months \$'000	2007 6 Months \$'000	+ / (-) %
TURNOVER	34,399	23,155	48.6	61,818	44,660	38.4
Less operating expenses	<u>(32,856)</u>	<u>(21,006)</u>	56.4	<u>(56,981)</u>	<u>(40,061)</u>	42.2
OPERATING PROFIT	1,543	2,149	(28.2)	4,837	4,599	5.2
Interest income	483	546	(11.5)	1,006	963	4.5
Interest expense	(977)	(1,441)	(32.2)	(2,277)	(3,040)	(25.1)
Share of results of associated companies and jointly controlled entity	<u>15,365</u>	<u>13,022</u>	18.0	<u>27,256</u>	<u>23,632</u>	15.3
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	16,414	14,276	15.0	30,822	26,154	17.8
Exceptional items	<u>(1,565)</u>	<u>(309)</u>	406.5	<u>(1,565)</u>	<u>(251)</u>	523.5
PROFIT BEFORE TAXATION	14,849	13,967	6.3	29,257	25,903	12.9
Taxation	<u>(3,275)</u>	<u>(2,610)</u>	25.5	<u>(6,930)</u>	<u>(2,315)</u>	199.4
PROFIT FOR THE PERIOD	<u>11,574</u>	<u>11,357</u>	1.9	<u>22,327</u>	<u>23,588</u>	(5.3)
Attributable to:						
Shareholders of the Company						
Profit before exceptional items	12,259	10,554	16.2	22,628	22,374	1.1
Exceptional items	<u>(1,557)</u>	<u>(294)</u>	429.6	<u>(1,557)</u>	<u>(236)</u>	559.7
	10,702	10,260	4.3	21,071	22,138	(4.8)
Minority interests	<u>872</u>	<u>1,097</u>	(20.5)	<u>1,256</u>	<u>1,450</u>	(13.4)
	<u>11,574</u>	<u>11,357</u>	1.9	<u>22,327</u>	<u>23,588</u>	(5.3)
Earnings per share						
Before exceptional items						
- basic	2.2 cts	2.0 cts	10.0	4.1 cts	4.1 cts	-
- diluted	2.2 cts	2.0 cts	10.0	4.1 cts	4.1 cts	-
After exceptional items						
- basic	1.9 cts	1.8 cts	5.6	3.8 cts	4.0 cts	(5.0)
- diluted	1.9 cts	1.8 cts	5.6	3.8 cts	4.0 cts	(5.0)

Notes to Group Profit and Loss Accounts

(i) Operating expenses comprise the following:

	2008 2Q \$'000	2007 2Q \$'000	+ /(-) %	2008 6 Months \$'000	2007 6 Months \$'000	+ /(-) %
Purchase of goods and services	14,165	6,597	114.7	24,275	12,657	91.8
Staff costs	9,051	8,376	8.1	17,489	16,374	6.8
Defined contribution pension plans	776	485	60.0	1,584	1,144	38.5
Depreciation of fixed assets	1,617	1,559	3.7	3,228	3,130	3.1
Other operating expenses	7,247	3,989	81.7	10,405	6,756	54.0
	<u>32,856</u>	<u>21,006</u>	56.4	<u>56,981</u>	<u>40,061</u>	42.2

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

	2008 2Q \$'000	2007 2Q \$'000	+ /(-) %	2008 6 Months \$'000	2007 6 Months \$'000	+ /(-) %
Share-based payment expenses	506	243	108.2	927	451	105.5
Writeback of provision for doubtful debts and bad debts written off	-	(1,036)	(100.0)	-	(1,066)	(100.0)
Foreign exchange loss/(gain)	167	(89)	n.m.	345	34	914.7
Profit on disposal of fixed assets	(73)	(159)	(54.1)	(135)	(227)	(40.5)

(iii) Taxation in the second quarter included a write-back of provision for deferred taxation of \$267,000 (2007: Nil). In the corresponding quarter of 2007, taxation included an over-provision of \$395,000 in respect of prior years and recognition of tax assets under the Group Relief System of \$1,141,000.

(iv) Exceptional items consist of:

	2008 2Q \$'000	2007 2Q \$'000	2008 6 Months \$'000	2007 6 Months \$'000
Gain on disposal of other investments	-	9	-	67
Impairment loss in value of other investments	(1,538)	-	(1,538)	-
Staff compensation and restructuring expenses	(27)	(318)	(27)	(318)
	<u>(1,565)</u>	<u>(309)</u>	<u>(1,565)</u>	<u>(251)</u>
Minority share of exceptional items	8	15	8	15
	<u>(1,557)</u>	<u>(294)</u>	<u>(1,557)</u>	<u>(236)</u>

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

n.m. – not meaningful

**1(b)(i) BALANCE SHEETS as at 30 June 2008**

	Group		Company	
	30.6.2008 \$'000	31.12.2007 \$'000	30.6.2008 \$'000	31.12.2007 \$'000
SHARE CAPITAL	72,995	72,112	72,995	72,112
RESERVES	161,142	174,377	63,894	94,697
SHARE CAPITAL AND RESERVES	<u>234,137</u>	<u>246,489</u>	<u>136,889</u>	<u>166,809</u>
MINORITY INTERESTS	<u>29,843</u>	<u>34,498</u>	-	-
<b>CAPITAL EMPLOYED</b>	<u><b>263,980</b></u>	<u><b>280,987</b></u>	<u><b>136,889</b></u>	<u><b>166,809</b></u>
Represented by:				
FIXED ASSETS	124,454	122,839	-	-
INVESTMENTS				
Subsidiaries	-	-	72,463	75,963
Associated companies and jointly controlled entity	258,628	250,884	6,621	6,621
Others	15,459	17,842	-	-
	<u>274,087</u>	<u>268,726</u>	<u>79,084</u>	<u>82,584</u>
<b>CURRENT ASSETS</b>				
Stocks and work-in-progress	3,697	2,344	-	-
Debtors	42,994	47,480	110	1,727
Amounts owing by holding and related companies	7,327	2,780	55,690	69,006
Amounts owing by associated companies	10,560	12,241	-	-
Fixed deposits	36,677	60,188	3,606	14,529
Bank balances and cash	7,037	7,161	74	61
	<u>108,292</u>	<u>132,194</u>	<u>59,480</u>	<u>85,323</u>
<b>LESS: CURRENT LIABILITIES</b>				
Creditors	48,856	42,918	1,385	800
Amounts owing to holding and related companies	929	789	84	92
Amounts owing to associated companies	364	421	-	-
Short-term borrowings	44,468	69,498	-	-
Taxation	3,119	1,675	206	206
	<u>97,736</u>	<u>115,301</u>	<u>1,675</u>	<u>1,098</u>
<b>NET CURRENT ASSETS</b>	<u><b>10,556</b></u>	<u><b>16,893</b></u>	<u><b>57,805</b></u>	<u><b>84,225</b></u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings	144,375	126,750	-	-
Deferred taxation	742	721	-	-
	<u>145,117</u>	<u>127,471</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>	<u><b>263,980</b></u>	<u><b>280,987</b></u>	<u><b>136,889</b></u>	<u><b>166,809</b></u>

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

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

As at 30 Jun 2008		As at 31 Dec 2007	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	44,468	-	69,498

### Amount repayable after one year

As at 30 Jun 2008		As at 31 Dec 2007	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	144,375	-	126,750

### Details of any collateral

Not applicable.

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

Group shareholders' fund decreased from \$246.5 million at 31 December 2007 to \$234.1 million at 30 June 2008. The decrease was mainly attributable to payment of final dividend of \$0.06 per share in May amounting to \$33.1 million in respect of financial year 2007.

Group total assets of \$506.8 million at 30 June 2008 was \$17.0 million lower than the previous year-end. Investments in associated companies and jointly controlled entity increased \$7.7 million to \$258.6 million mainly due to equity accounting for share of profits and additional purchase of shares in MobileOne partly set-off by dividends received. Other investments decreased by \$2.3 million to \$15.5 million as a result of fair value adjustments of the financial assets in the current period. Current assets decreased \$23.9 million to \$108.3 million due to reduction in fixed deposits as a result of dividend paid to shareholders.

Group total liabilities increased by \$0.1 million to \$242.9 million mainly due to increase in creditors and taxation as a result of higher operating activities offset by decrease in total borrowings.

**1(c) CONSOLIDATED CASH FLOW STATEMENT  
for the second quarter and half year ended 30 June 2008**

	2008 2Q \$'000	2007 2Q \$'000	2008 6 Months \$'000	2007 6 Months \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating profit	1,543	2,149	4,837	4,599
Adjustments for non-cash items:				
Depreciation of fixed assets	1,617	1,559	3,228	3,130
Gain on disposal of fixed assets	(73)	(159)	(135)	(227)
Share-based payment expense	564	243	927	451
Gain on dilution of associated company	(181)	(255)	(181)	(437)
Translation of foreign companies	233	769	(240)	1,482
Operating cash flows before changes in working capital	3,703	4,306	8,436	8,998
Working capital changes:				
Stocks	182	191	(1,353)	(1,880)
Debtors	(6,978)	(3,442)	2,199	12,141
Creditors	6,460	360	5,938	(6,666)
Cash flows from operations	3,367	1,415	15,220	12,593
Interest received	548	497	1,041	974
Interest paid	(958)	(1,714)	(2,179)	(2,972)
Income taxes refunded/(paid), net	1,047	(745)	776	(1,172)
Proceeds from tax losses transferred under group relief system	-	796	-	796
Staff compensation and restructuring expenses	(27)	(328)	(27)	(328)
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>3,977</b>	<b>(79)</b>	<b>14,831</b>	<b>9,891</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of subsidiaries (Note A)	-	69	-	20
Investment in associated companies	(2,006)	(23,187)	(2,006)	(50,593)
Proceeds from capital reduction of an associated company	-	38,544	-	38,544
Purchase of other investments	-	-	-	(1,919)
Proceeds from disposal of other investments	-	-	-	702
Return of capital from other investments	-	-	-	334
Acquisition of fixed assets	(1,554)	(996)	(4,566)	(1,198)
Proceeds from disposal of fixed assets	100	244	731	315
Dividends received from investments	16,092	14,695	16,092	14,695
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>12,632</b>	<b>29,369</b>	<b>10,251</b>	<b>900</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net proceeds from share issues	39	616	883	1,326
(Repayment of)/proceeds from short-term loans	(17,180)	3,003	(25,030)	6,096
Proceeds from/(repayment of) long-term loans	18,812	(1,188)	17,625	(2,375)
Funds to holding and related companies	(3,110)	(490)	(4,761)	(283)
Funds (to)/from associated companies	(41)	(1,558)	1,657	(4,989)
Dividends paid to shareholders of the company	(33,109)	(30,270)	(33,109)	(30,270)
Dividends paid to minority shareholders of subsidiaries	(163)	(103)	(5,982)	(103)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(34,752)</b>	<b>(29,990)</b>	<b>(48,717)</b>	<b>(30,598)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>				
	(18,143)	(700)	(23,635)	(19,807)
Cash and cash equivalents at beginning of period	61,857	57,857	67,349	76,964
Cash and cash equivalents at end of period (Note B)	43,714	57,157	43,714	57,157

## 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:

	2008 2Q \$'000	2007 2Q \$'000	2008 6 Months \$'000	2007 6 Months \$'000
Fixed assets	-	68	-	72
Debtors and creditors	-	144	-	305
Bank balances and cash	-	994	-	1,106
Taxation	-	-	-	(1)
Minority interests	-	(281)	-	(281)
	-	925	-	1,201
Amount previously accounted for as associated companies	-	-	-	(115)
Purchase consideration	-	925	-	1,086
Less: Bank balances and cash acquired	-	(994)	-	(1,106)
Cash inflow on acquisition, net of cash acquired	-	(69)	-	(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:

	2008 2Q \$'000	2007 2Q \$'000	2008 6 Months \$'000	2007 6 Months \$'000
Fixed deposits	36,677	50,368	36,677	50,368
Bank balances and cash	7,037	6,789	7,037	6,789
	<u>43,714</u>	<u>57,157</u>	<u>43,714</u>	<u>57,157</u>

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

### Second Quarter 2008

Net cash from operating activities of \$4.0 million was higher than that of the corresponding quarter in 2007 due mainly to improvement in the working capital changes and taxation refund received during the quarter.

Net cash from investing activities in the current quarter of \$12.6 million was mainly attributed to dividends received from investments partly offset by cash used for acquisition of fixed assets and purchase of shares in MobileOne.

Net cash used in financing activities in the current quarter was \$34.8 million compared to \$30.0 million in the corresponding quarter of 2007 largely due to higher dividends paid to shareholders of the company and funds to related companies.

## Half Year 2008

Net cash from operating activities for the half year was \$14.8 million compared to \$9.9 million for the corresponding period last year. This was mainly due to improvement in working capital changes, lower net interest payment and taxation refund received.

Net cash from investing activities for the half year was \$10.3 million mainly from dividends received from investments and proceeds from sale of fixed assets was partly used in acquisitions of fixed assets and purchase of MobileOne shares.

Net cash used in financing activities for the half year was \$48.7 million largely due to payment of dividends to shareholders of the company and minority shareholders of subsidiaries, higher net repayment of term loans and funds to related companies.

### 1(d)(i) STATEMENTS OF CHANGES IN EQUITY for the second quarter and half year ended 30 June 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
<u>The Group</u>							
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 period	-	-	10,369	-	10,369	384	10,753
Exchange differences arising on consolidation	-	-	-	(3,382)	(3,382)	(162)	(3,544)
Dividends paid to minority shareholders	-	-	-	-	-	(5,819)	(5,819)
Balance at 31 March 2008	72,956	7,220	188,825	(15,555)	253,446	28,901	282,347
Issue of shares	39	-	-	-	39	-	39
Cost of share-based payment	-	461	-	-	461	-	461
Net fair value changes on available-for-sale financial assets	-	(894)	-	-	(894)	-	(894)
Net fair value changes on cash flow hedge	-	280	-	-	280	-	280
Transfer to profit and loss account	-	1,528	-	-	1,528	-	1,528
Profit for the period	-	-	10,702	-	10,702	872	11,574
Dividend paid for 2007	-	-	(33,109)	-	(33,109)	-	(33,109)
Exchange differences arising on consolidation	-	-	-	1,684	1,684	233	1,917
Dividends paid to minority shareholders	-	-	-	-	-	(163)	(163)
Balance at 30 June 2008	72,995	8,595	166,418	(13,871)	234,137	29,843	263,980

	Share Capital \$'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	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 arising on consolidation	-	-	-	1,952	1,952	238	2,190
Balance at 31 March 2007	70,716	16,819	160,878	(6,496)	241,917	32,962	274,879
Issue of shares	616	-	-	-	616	-	616
Cost of share-based payment	-	166	-	-	166	-	166
Net fair value changes on available-for-sale financial assets	-	(62)	-	-	(62)	-	(62)
Net fair value changes on cash flow hedge	-	38	-	-	38	-	38
Transfer to capital reserves	-	125	(125)	-	-	-	-
Profit for the period	-	-	10,260	-	10,260	1,097	11,357
Dividend paid for 2006	-	-	(30,270)	-	(30,270)	-	(30,270)
Exchange differences arising on consolidation	-	-	-	2,157	2,157	458	2,615
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



	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Total \$'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
Balance at 31 March 2008	72,956	1,730	94,749	169,435
Issue of shares	39	-	-	39
Cost of share-based payment	-	398	-	398
Profit for the period	-	-	126	126
Dividend paid for 2007	-	-	(33,109)	(33,109)
Balance at 30 June 2008	<u>72,995</u>	<u>2,128</u>	<u>61,766</u>	<u>136,889</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
Balance at 31 March 2007	70,716	9,914	95,698	176,328
Issue of shares	616	-	-	616
Cost of share-based payment	-	124	-	124
Profit for the period	-	-	(162)	(162)
Dividend paid for 2006	-	-	(30,270)	(30,270)
Balance at 30 June 2007	<u>71,332</u>	<u>10,038</u>	<u>65,266</u>	<u>146,636</u>

#### 1(d)(ii) SHARE CAPITAL

Since the end of the previous period, the Company issued 21,000 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 551,832,537 shares.

As at 30 June 2008, there were unexercised options for 2,111,000 (30 June 2007: 2,049,000) of unissued shares under the Company's Share Option Scheme.

#### 2. AUDIT

The figures have not been audited nor reviewed by 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 2007.

## 5. CHANGES IN ACCOUNTING POLICIES

The Group has adopted all the 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					
	2008	2007		2008	2007	
	2Q	2Q	+/(-)%	6 Months	6 Months	+/(-)%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-						
(i) Based on the weighted average number of shares (cents)	1.9	1.8	5.6	3.8	4.0	(5.0)
- Weighted average number of shares ('000)	551,763	550,233	0.28	551,763	550,233	0.28
(ii) On a fully diluted basis (cents)	1.9	1.8	5.6	3.8	4.0	(5.0)
- Adjusted weighted average number of shares ('000)	552,559	550,905	0.3	552,559	550,905	0.3

## 7. NET ASSET VALUE

	GROUP			COMPANY		
	30.6.2008	31.12.2007	+/(-)%	30.6.2008	31.12.2007	+/(-)%
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (\$)	0.42	0.45	(6.7)	0.25	0.30	(16.7)

## **8. REVIEW OF GROUP PERFORMANCE**

### Second Quarter

Group turnover for second quarter 2008 improved by 48.6% to \$34.4 million as compared to \$23.2 million in the corresponding quarter of 2007 due mainly to higher turnover from Logistics Division and inclusion of TradeOneAsia which was acquired in June 2007. Operating profit margin for second quarter 2008 was lower at 4.5% mainly due to increase in operation costs and overheads.

Group profit before tax and exceptional items improved by 15% to \$16.4 million as compared to \$14.3 million in the corresponding quarter of 2007 led by better performance from the Logistics Division. This was partially offset by lower contribution from Network Engineering and data centres.

Profit after tax improved marginally to \$11.6 million due to higher taxation for 2008.

### Half Year

Group turnover for the first half improved by 38.4% to \$61.8 million as compared to \$44.7 million in first half of 2007. Group operating profit improved by only 5.2% due to weaker performance from Network Engineering and higher operating costs for Logistics Division.

Group profit before tax and exceptional items improved by 17.8% to \$30.8 million from \$26.2 million mainly due to increase in share of profits from associated companies.

Profit after tax in first half of 2008 declined by 5.3% to \$22.3 million. During the first half of 2007, the Group benefited from write-back of deferred taxation and tax assets recognised under the group relief system of \$4.3 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 half year just ended.

## **9. VARIANCE FROM PROSPECTS STATEMENT**

No variance from previous statement.

## **10. PROSPECTS**

The Logistics Division will continue to leverage on its core competency and branding in Singapore and focus on growing its logistics markets in China, Vietnam, Indonesia and Malaysia. Logistics' activities in China are expected to continue to grow, although in the short term, continuing credit tightening and higher fuel costs will be some of the challenges to overcome. Outlook for logistics in Vietnam is encouraging with the relocation of manufacturing base to Vietnam and increasing consumption patterns.

Demand for good quality top-tier data centres in Europe remains good with active enquiries.

The Group will focus on logistics and data warehousing as its main strategic thrust to capitalise on the opportunities in both Asia and Europe.

**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 2008 (30 June 2007: Nil).

### 13. SEGMENT ANALYSIS

Half Year ended 30 June 2008

#### Business Segments

	Logistics \$'000	Network Engineering \$'000	Investments \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
Sales to third parties	47,798	13,645	375	-	61,818
Inter-segment sales	3,245	799	-	(4,044)	-
Consolidated sales	<u>51,043</u>	<u>14,444</u>	<u>375</u>	<u>(4,044)</u>	<u>61,818</u>
Operating profit/(loss)	5,055	(779)	561		4,837
Interest income	660	213	133		1,006
Interest expense	(427)	(3)	(1,847)		(2,277)
Share of results of associated companies and jointly controlled entity	2,641	3,712	20,903		27,256
Profit before tax and exceptional items	7,929	3,143	19,750		30,822
Exceptional items	(27)	-	(1,538)		(1,565)
Profit before taxation	7,902	3,143	18,212		29,257
Taxation	(662)	(1,235)	(5,033)		(6,930)
Profit for the period	<u>7,240</u>	<u>1,908</u>	<u>13,179</u>		<u>22,327</u>
Attributable to:					
Shareholders of the Company					
Profit before exceptional items	6,267	1,639	14,722		22,628
Exceptional items	(19)	-	(1,538)		(1,557)
	6,248	1,639	13,184		21,071
Minority interests	992	269	(5)		1,256
	<u>7,240</u>	<u>1,908</u>	<u>13,179</u>		<u>22,327</u>
<u>Other Information</u>					
Segment assets	196,409	34,485	104,838	(87,527)	248,205
Investment in associated companies and jointly controlled entity	37,502	62,674	158,452	-	258,628
Total	<u>233,911</u>	<u>97,159</u>	<u>263,290</u>	<u>(87,527)</u>	<u>506,833</u>
Segment liabilities	120,687	28,733	177,099	(87,527)	238,992
Tax provision and deferred taxation	1,088	1,670	1,103	-	3,861
Total	<u>121,775</u>	<u>30,403</u>	<u>178,202</u>	<u>(87,527)</u>	<u>242,853</u>
Net assets	<u>112,136</u>	<u>66,756</u>	<u>85,088</u>	<u>-</u>	<u>263,980</u>
Capital expenditure	4,427	117	22		4,566
Depreciation	2,752	330	146		3,228

By Geographical Location

	Singapore \$'000	Far East and ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
Sales to third parties	38,746	18,909	4,163	61,818
Total assets	302,779	159,031	45,023	506,833
Capital expenditure	1,369	3,095	102	4,566

Half Year ended 30 June 2007

Business Segments

	Logistics \$'000	Network Engineering \$'000	Investments \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
Sales to third parties	30,567	13,824	269	-	44,660
Inter-segment sales	2,336	2,561	-	(4,897)	-
Consolidated sales	<u>32,903</u>	<u>16,385</u>	<u>269</u>	<u>(4,897)</u>	<u>44,660</u>
Operating profit/(loss)	3,677	(67)	989		4,599
Interest income	399	290	274		963
Interest expense	(584)	(5)	(2,451)		(3,040)
Share of results of associated companies and jointly controlled entity	1,512	2,992	19,128		23,632
Profit before tax and exceptional items	5,004	3,210	17,940		26,154
Exceptional items	-	(318)	67		(251)
Profit before taxation	5,004	2,892	18,007		25,903
Taxation	505	(1,441)	(1,379)		(2,315)
Profit for the period	<u>5,509</u>	<u>1,451</u>	<u>16,628</u>		<u>23,588</u>
Attributable to:					
Shareholders of the Company					
Profit before exceptional items	4,748	1,033	16,593		22,374
Exceptional items	-	(303)	67		(236)
Minority interests	4,748	730	16,660		22,138
	761	721	(32)		1,450
	<u>5,509</u>	<u>1,451</u>	<u>16,628</u>		<u>23,588</u>

	Logistics \$'000	Network Engineering \$'000	Investments \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
<u>Other Information</u>					
Segment assets	172,604	54,487	125,232	(93,808)	258,515
Investment in associated companies and jointly controlled entity	33,603	57,914	118,067	-	209,584
<b>Total</b>	<b>206,207</b>	<b>112,401</b>	<b>243,299</b>	<b>(93,808)</b>	<b>468,099</b>
Segment liabilities	103,526	49,242	146,848	(93,808)	205,808
Tax provision and deferred taxation	840	474	1,460	-	2,774
<b>Total</b>	<b>104,366</b>	<b>49,716</b>	<b>148,308</b>	<b>(93,808)</b>	<b>208,582</b>
<b>Net assets</b>	<b>101,841</b>	<b>62,685</b>	<b>94,991</b>	<b>-</b>	<b>259,517</b>
Capital expenditure	602	565	31		1,198
Depreciation	2,637	355	138		3,130

#### By Geographical Location

	Singapore \$'000	Far East and ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
Sales to third parties	23,766	17,286	3,608	44,660
Total assets	283,644	171,336	13,119	468,099
Capital expenditure	246	397	555	1,198

#### Notes:

- Pricing of inter-segment sales is at fair market value.
- 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.
- Share of associated companies' results and investments in associated companies are included in the results and net assets employed in the appropriate segments.
- 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 turnover was higher by 55% compared to first half of 2007 largely due to an increase in warehousing and distribution services in Singapore and contribution from TradeOneAsia which was acquired in June 2007. Profit before tax and exceptional items of the division improved by 58% due mainly to higher profit at operating level from Singapore and Foshan as well as improved profit contribution from Annto. Profit after tax of \$7.2 million improved by 31% despite the absence of tax asset of \$1.0 million recognised in 2007.

Network Engineering Division's profit before tax and exceptional items was slightly lower at \$3.1 million in the first half of 2008 because of weaker performance from its Malaysian operations offset by higher contributions from its associated companies.

Investments Division's profit before tax and exceptional items was higher at \$19.8 million compared to first half of 2007 on the back of higher equity stake in MobileOne. Profit after tax in the first half of 2008 decreased compared to last year because of higher taxation charge. During the first half of 2007, the division's profit after tax was boosted by deferred tax adjustment arising from a reduction in Singapore's corporate tax rate and the recognition of tax asset.

**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.	
	2008 6 Months \$'000	2007 6 Months \$'000	2008 6 Months \$'000	2007 6 Months \$'000
<u>General Transactions</u>				
Keppel Corporation Limited	-	-	269	-
Singapore Telecommunications Limited	-	-	3,525	731
<u>Treasury Transactions</u>				
Keppel Corporation Limited	-	-	10,902	37,893
<u>Management Services</u>				
Keppel Corporation Limited	-	-	500	500
<u>Investment Transactions</u>				
Keppel Corporation Limited	-	1,085	-	-
	-	1,085	15,196	39,124

**16. ANNUAL DIVIDEND**

Not applicable

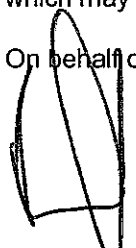
**BY ORDER OF THE BOARD**

CAROLINE CHANG/LAURA LOW  
Company Secretaries  
28 July 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 2Q 2008 financial statements to be false or misleading in any material respect.

On behalf of the board of directors

  
**TEO SOON HOE**  
Chairman  
Singapore, 28 July 2008

  
**LAM KWOK CHONG**  
Managing Director