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## **PRESS RELEASE**

### **Keppel Telecommunications & Transportation Ltd Unaudited Results for Third Quarter Ended 30 September 2008**

**21 October 2008**

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 2008.

These 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 2008

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

#### 1(a) GROUP PROFIT AND LOSS ACCOUNTS for the third quarter and nine months ended 30 September 2008

	2008 3Q \$'000	2007 3Q \$'000	+ / (-) %	2008 9 Months \$'000	2007 9 Months \$'000	+ / (-) %
TURNOVER	32,327	27,705	16.7	94,145	72,365	30.1
Less operating expenses	<u>(29,756)</u>	<u>(25,907)</u>	14.9	<u>(86,737)</u>	<u>(65,968)</u>	31.5
OPERATING PROFIT	2,571	1,798	43.0	7,408	6,397	15.8
Interest income	419	460	(8.9)	1,425	1,423	0.1
Interest expense	(961)	(1,481)	(35.1)	(3,238)	(4,521)	(28.4)
Share of results of associated companies and jointly controlled entity	<u>14,348</u>	<u>16,185</u>	(11.4)	<u>41,604</u>	<u>39,817</u>	4.5
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	16,377	16,962	(3.4)	47,199	43,116	9.5
Exceptional items	<u>(602)</u>	<u>190</u>	n.m.	<u>(2,167)</u>	<u>(61)</u>	n.m.
PROFIT BEFORE TAXATION	15,775	17,152	(8.0)	45,032	43,055	4.6
Taxation	<u>(3,059)</u>	<u>(3,750)</u>	(18.4)	<u>(9,989)</u>	<u>(6,065)</u>	64.7
PROFIT FOR THE PERIOD	<u>12,716</u>	<u>13,402</u>	(5.1)	<u>35,043</u>	<u>36,990</u>	(5.3)
Attributable to:						
Shareholders of the Company						
Profit before exceptional items	12,403	12,369	0.3	35,031	34,743	0.8
Exceptional items	<u>(589)</u>	<u>190</u>	n.m.	<u>(2,146)</u>	<u>(46)</u>	n.m.
	11,814	12,559	(5.9)	32,885	34,697	(5.2)
Minority interests	<u>902</u>	<u>843</u>	7.0	<u>2,158</u>	<u>2,293</u>	(5.9)
	<u>12,716</u>	<u>13,402</u>	(5.1)	<u>35,043</u>	<u>36,990</u>	(5.3)
Earnings per share						
Before exceptional items						
- basic	2.2 cts	2.2 cts	-	6.3 cts	6.3 cts	-
- diluted	2.2 cts	2.2 cts	-	6.3 cts	6.3 cts	-
After exceptional items						
- basic	2.1 cts	2.3 cts	(8.7)	6.0 cts	6.3 cts	(4.8)
- diluted	2.1 cts	2.3 cts	(8.7)	5.9 cts	6.3 cts	(6.3)

n.m. – not meaningful

Notes to Group Profit and Loss Accounts

(i) Operating expenses comprise the following:

	2008 3Q \$'000	2007 3Q \$'000	+ / (-) %	2008 9 Months \$'000	2007 9 Months \$'000	+ / (-) %
Purchase of goods and services	11,781	8,593	37.1	36,056	21,250	69.7
Staff costs	9,326	9,794	(4.8)	26,815	26,168	2.5
Defined contribution pension plans	657	590	11.4	2,241	1,734	29.2
Depreciation of fixed assets	1,658	1,641	1.0	4,886	4,771	2.4
Other operating expenses	6,334	5,289	19.8	16,739	12,045	39.0
	<u>29,756</u>	<u>25,907</u>	14.9	<u>86,737</u>	<u>65,968</u>	31.5

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

	2008 3Q \$'000	2007 3Q \$'000	+ / (-) %	2008 9 Months \$'000	2007 9 Months \$'000	+ / (-) %
Share-based payment expenses	328	372	(11.8)	1,255	823	52.5
Provision/(write-back of provision) for doubtful debts and bad debts written off	15	(13)	n.m.	15	(1,079)	n.m.
Foreign exchange (gain)/loss	(84)	59	n.m.	261	93	180.6
Profit on disposal of fixed assets	(1)	(333)	(99.7)	(136)	(560)	(75.7)

n.m. – not meaningful

(iii) Taxation in the third quarter included an under-provision of taxation of \$28,000 and write-back of provision for deferred taxation of \$88,000 in respect of prior years. In the corresponding quarter of 2007, taxation included an over-provision of taxation of \$30,000 in respect of prior years and recognition of tax assets under the Group Relief System of \$10,000.

(iv) Exceptional items consist of:

	2008 3Q \$'000	2007 3Q \$'000	2008 9 Months \$'000	2007 9 Months \$'000
Gain on disposal of subsidiary and other investments	202	202	202	269
Loss on capital reduction of a subsidiary	(769)	-	(769)	-
Impairment loss in value of other investments	1	-	(1,537)	-
Staff compensation and restructuring expenses	(36)	(12)	(63)	(330)
	<u>(602)</u>	<u>190</u>	<u>(2,167)</u>	<u>(61)</u>
Minority share of exceptional items	13	-	21	15
	<u>(589)</u>	<u>190</u>	<u>(2,146)</u>	<u>(46)</u>

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

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

	Group		Company	
	30.9.2008 \$'000	31.12.2007 \$'000	30.9.2008 \$'000	31.12.2007 \$'000
SHARE CAPITAL	73,651	72,112	73,651	72,112
RESERVES	178,736	174,377	63,984	94,697
SHARE CAPITAL AND RESERVES	252,387	246,489	137,635	166,809
MINORITY INTERESTS	31,277	34,498	-	-
<b>CAPITAL EMPLOYED</b>	<b>283,664</b>	<b>280,987</b>	<b>137,635</b>	<b>166,809</b>
Represented by:				
FIXED ASSETS	125,674	122,839	-	-
INVESTMENTS				
Subsidiaries	-	-	72,125	75,963
Associated companies and jointly controlled entity	261,081	250,884	6,621	6,621
Others	16,082	17,842	-	-
	277,163	268,726	78,746	82,584
<b>CURRENT ASSETS</b>				
Stocks and work-in-progress	3,696	2,344	-	-
Debtors	43,316	47,480	132	1,727
Amounts owing by holding and related companies	8,541	2,780	55,380	69,006
Amounts owing by associated companies	10,706	12,241	-	-
Fixed deposits	42,794	60,188	4,789	14,529
Bank balances and cash	6,228	7,161	89	61
	115,281	132,194	60,390	85,323
<b>LESS: CURRENT LIABILITIES</b>				
Creditors	49,749	42,918	1,213	800
Amounts owing to holding and related companies	858	789	82	92
Amounts owing to associated companies	244	421	-	-
Short-term borrowings	44,601	69,498	-	-
Taxation	3,159	1,675	206	206
	98,611	115,301	1,501	1,098
<b>NET CURRENT ASSETS</b>	<b>16,670</b>	<b>16,893</b>	<b>58,889</b>	<b>84,225</b>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings	135,188	126,750	-	-
Deferred taxation	655	721	-	-
	135,843	127,471	-	-
<b>NET ASSETS</b>	<b>283,664</b>	<b>280,987</b>	<b>137,635</b>	<b>166,809</b>

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

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

As at 30 Sep 2008		As at 31 Dec 2007	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	44,601	-	69,498

### Amount repayable after one year

As at 30 Sep 2008		As at 31 Dec 2007	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	135,188	-	126,750

### Details of any collateral

Not applicable.

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

Group total assets was \$5.6 million lower at \$518.1 million as at 30 September 2008 while share capital and reserves increased \$5.9 million to \$252.4 million. Investments in associated companies and jointly controlled entity increased \$10.2 million to \$261.1 million due mainly to equity accounting for share of profits during the nine months and acquisition of MobileOne shares partially offset by dividends received. Other investments decreased \$1.7 million to \$16.1 million as a result of fair value adjustments of the financial asset. Current assets decreased \$16.9 million to \$115.3 million at 30 September 2008 mainly due to reduction in fixed deposits as a result of dividend paid to shareholders.

Group total liabilities reduced \$8.3 million to \$234.5 million mainly due to lower borrowings.

**1(c) CONSOLIDATED CASH FLOW STATEMENT**  
**for the third quarter and nine months ended 30 September 2008**

	2008 3Q \$'000	2007 3Q \$'000	2008 9 Months \$'000	2007 9 Months \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating profit	2,571	1,798	7,408	6,397
Adjustments for non-cash items:				
Depreciation of fixed assets	1,658	1,641	4,886	4,771
Gain on disposal of fixed assets	(1)	(333)	(136)	(560)
Share-based payment expense	328	372	1,255	823
Gain on dilution of associated company	-	-	(181)	(437)
Translation of foreign companies	1,140	(845)	900	637
Operating profit before working capital changes	5,696	2,633	14,132	11,631
Working capital changes:				
Stocks	1	37	(1,352)	(1,843)
Debtors	(338)	(4,203)	1,861	7,938
Creditors	872	2,293	6,810	(4,371)
Cash flows from operations	6,231	760	21,451	13,355
Interest received	585	387	1,626	1,361
Interest paid	(1,281)	(1,178)	(3,460)	(4,150)
Income taxes (paid)/refunded, net	(595)	(346)	181	(1,518)
Proceeds from tax losses transferred under group relief system	-	-	-	796
Staff compensation and restructuring expenses	(15)	-	(42)	(330)
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>4,925</b>	<b>(377)</b>	<b>19,756</b>	<b>9,514</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of subsidiaries (Note A)	-	-	-	20
Investment in associated companies	-	(33,009)	(2,006)	(83,602)
Proceeds from capital reduction of an associated company	-	-	-	38,544
Purchase of other investments	(138)	-	(138)	(1,919)
Proceeds from disposal of other investments	-	262	-	964
Return of capital from other investments	529	-	529	334
Acquisition of fixed assets	(2,000)	(1,841)	(6,566)	(3,039)
Proceeds from disposal of fixed assets	3	635	734	950
Dividends received from investments	11,910	4,445	28,002	19,140
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>10,304</b>	<b>(29,508)</b>	<b>20,555</b>	<b>(28,608)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net proceeds from share issues	656	678	1,539	2,004
Proceeds from/(repayment of) short-term loans	133	860	(24,897)	6,956
(Repayment of)/proceeds from long-term loans	(9,187)	28,813	8,438	26,438
Funds to holding and related companies	(1,090)	(275)	(5,851)	(558)
Funds (to)/from associated companies	(433)	(160)	1,224	(5,149)
Dividends paid to shareholders of the company	-	-	(33,109)	(30,270)
Dividends paid to minority shareholders of subsidiaries	-	-	(5,982)	(103)
<b>NET CASH (USED IN)/FROM FINANCING ACTIVITIES</b>	<b>(9,921)</b>	<b>29,916</b>	<b>(58,638)</b>	<b>(682)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
Cash and cash equivalents at beginning of period	43,714	57,157	67,349	76,964
Cash and cash equivalents at end of period (Note B)	49,022	57,188	49,022	57,188

## 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 3Q \$'000	2007 3Q \$'000	2008 9 Months \$'000	2007 9 Months \$'000
Fixed assets	-	-	-	72
Debtors and creditors	-	-	-	305
Bank balances and cash	-	-	-	1,106
Taxation	-	-	-	(1)
Minority interests	-	-	-	(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:

	2008 3Q \$'000	2007 3Q \$'000	2008 9 Months \$'000	2007 9 Months \$'000
Fixed deposits	42,794	50,618	42,794	50,618
Bank balances and cash	6,228	6,570	6,228	6,570
	49,022	57,188	49,022	57,188

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

#### Third Quarter

Net cash from operating activities of \$4.9 million improved compared to the corresponding quarter in 2007. There was an improvement in operating profit after adjustments for non-cash items as well as lower working capital.

Net cash received from investing activities for the quarter was \$10.3 million, attributed mainly to dividends and capital distributions received from investments and partially offset by cash used for acquisition of fixed assets and other investments. In the corresponding quarter in 2007, there was net cash used in investing activities, mainly for acquisition of shares in MobileOne.

Net cash used in financing activities of \$9.9 million was mainly due to repayment of long-term loans and funds to related companies. In the corresponding quarter of last year, the net cash from financing activities of \$29.9 million comprised mainly of proceeds from drawdown of loans.

## Nine Months

The Group generated net cash flow from operating activities of \$19.7 million compared to \$9.5 million in the corresponding period of last year. The improvement was mainly due to improvement in working capital changes, lower net interest expense and tax refund received.

Net cash received from investing activities was \$20.6 million, mainly from dividends received from investments set-off partially by cash used in acquisitions of fixed assets and purchase of additional shares in MobileOne.

Net cash used in financing activities was \$58.6 million largely due to payment of dividends to shareholders of the company and minority shareholders of subsidiaries as well as higher repayment of term loans and funds to related companies.

### **1(d)(i) STATEMENTS OF CHANGES IN EQUITY for the third quarter and nine months ended 30 September 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	883	-	-	-	883	-	883
Cost of share-based payment	-	824	-	-	824	-	824
Net fair value changes on available-for-sale financial assets	-	(1,653)	-	-	(1,653)	-	(1,653)
Net fair value changes on cash flow hedge	-	(198)	-	-	(198)	-	(198)
Transfer to profit and loss account	-	1,528	-	-	1,528	-	1,528
Profit for the period	-	-	21,071	-	21,071	1,256	22,327
Dividend paid for 2007	-	-	(33,109)	-	(33,109)	-	(33,109)
Exchange differences arising on consolidation	-	-	-	(1,698)	(1,698)	71	(1,627)
Dividends paid to minority shareholders	-	-	-	-	-	(5,982)	(5,982)
Balance at							
30 June 2008	72,995	8,595	166,418	(13,871)	234,137	29,843	263,980
Issue of shares	656	-	-	-	656	-	656
Cost of share-based payment	-	258	-	-	258	-	258
Net fair value changes on available-for-sale financial assets	-	453	-	-	453	-	453
Net fair value changes on cash flow hedge	-	(79)	-	-	(79)	-	(79)
Transfer to profit and loss account	-	58	-	183	241	-	241
Profit for the period	-	-	11,814	-	11,814	902	12,716
Exchange differences arising on consolidation	-	-	-	4,907	4,907	512	5,419
Disposal of subsidiary	-	-	-	-	-	20	20
Balance at							
30 September 2008	<u>73,651</u>	<u>9,285</u>	<u>178,232</u>	<u>(8,781)</u>	<u>252,387</u>	<u>31,277</u>	<u>283,664</u>



	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	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	Capital Reserves \$'000	Revenue Reserves \$'000	Total \$'000
<b>The Company</b>				
Balance at 1 January 2008	72,112	1,442	93,255	166,809
Issue of shares	883	-	-	883
Cost of share-based payment	-	686	-	686
Profit for the period	-	-	1,620	1,620
Dividend paid for 2007	-	-	(33,109)	(33,109)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2008	72,995	2,128	61,766	136,889
Issue of shares	656	-	-	656
Cost of share-based payment	-	204	-	204
Loss for the period	-	-	(114)	(114)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 September 2008	<u>73,651</u>	<u>2,332</u>	<u>61,652</u>	<u>137,635</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)
	<hr/>	<hr/>	<hr/>	<hr/>
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)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 September 2007	<u>72,010</u>	<u>1,277</u>	<u>74,135</u>	<u>147,422</u>

## 1(d)(ii) SHARE CAPITAL

Since the end of the previous period, the Company issued 418,000 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 552,250,537 shares.

As at 30 September 2008, there were unexercised options for 2,213,000 (30 September 2007: 2,120,000) 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 3Q	2007 3Q	+ / (-)%	2008 9 Months	2007 9 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)	2.1	2.3	(8.7)	6.0	6.3	(4.8)
- Weighted average number of shares ('000)	551,871	550,517	0.25	551,871	550,517	0.25
(ii) On a fully diluted basis (cents)	2.1	2.3	(8.7)	5.9	6.3	(6.3)
- Adjusted weighted average number of shares ('000)	552,577	551,174	0.25	552,577	551,174	0.25

## 7. NET ASSET VALUE

	GROUP			COMPANY		
	30.9.2008	31.12.2007	+ / (-)%	30.9.2008	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	0.25	0.30	(16.7)

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

### Third Quarter

The Group chalked up a turnover of \$32.3 million, an increase of 16.7% over the corresponding quarter in 2007. The increase came mainly from the Logistics division. The higher turnover and slightly better operating margin led to a 43% improvement in operating profit.

Group profit before tax and exceptional items declined marginally by 3.4% due to lower profit contributions from the associated companies partially offset by lower net interest expense. The exceptional items in the quarter relate mainly to foreign exchange loss upon capital reduction in a Philippines subsidiary. Consequently, group profit for the period declined 5.1% to \$12.7 million.

### Nine Months

Group turnover of \$94.1 million was 30.1% higher than the corresponding period of last year. This was mainly attributed to higher turnover by Logistics Division as result of increased warehousing, distribution and container handling activities in Singapore and China. As a result, operating profit was 15.8% better than the same period in 2007.

Higher operating profit, together with lower net interest expense and better profit contribution from associated companies, led to a 9.5% improvement in group profit before tax and exceptional items.

The Group's profit after tax decreased 5.3% to \$35.0 million mainly due to higher taxation expense and exceptional item losses. The higher taxation expense was due to higher profits for the period. In addition, the Group benefited in 2007 from the recognition of tax assets and write-back of provision for deferred tax amounting to \$4.3 million. Exceptional item losses relate mainly to impairment loss in value of other investments and exchange loss on capital reduction in a subsidiary in Philippines.

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**

No variance from previous statement.

## **10. PROSPECTS**

Against the backdrop of a looming global financial crisis, Singapore slipped into a technical recession as its economy shrank for the second consecutive quarter. The countries in the region, including China, were also negatively impacted by the crisis. The Group will closely monitor the impact on its operating environment. The near-term warehouse occupancy in Singapore and container throughput in Foshan appears to be holding up reasonably well.

In response to the increasingly challenging operating environment, the Group will continue to tighten cost controls and improve productivity. The Group remains vigilant for good opportunities that may arise as a result of the difficult environment.

The Group's data centre operation in Dublin remains healthy with high occupancy. Despite the challenging economic climate, the Group will continue to look for new data centre opportunities in Europe and Singapore.

**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 September 2008 (30 September 2007: Nil).

### 13. SEGMENT ANALYSIS

Nine Months ended 30 September 2008

#### Business Segments

	Logistics \$'000	Network Engineering \$'000	Investments \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
Sales to third parties	74,134	19,522	489	-	94,145
Inter-segment sales	5,405	1,197	-	(6,602)	-
Consolidated sales	<u>79,539</u>	<u>20,719</u>	<u>489</u>	<u>(6,602)</u>	<u>94,145</u>
Operating profit/(loss)	8,585	(413)	(764)		7,408
Interest income	971	281	173		1,425
Interest expense	(614)	(4)	(2,620)		(3,238)
Share of results of associated companies and jointly controlled entity	4,691	5,824	31,089		41,604
Profit before tax and exceptional items	13,633	5,688	27,878		47,199
Exceptional items	(48)	(784)	(1,335)		(2,167)
Profit before taxation	13,585	4,904	26,543		45,032
Taxation	(1,284)	(1,584)	(7,121)		(9,989)
Profit for the period	<u>12,301</u>	<u>3,320</u>	<u>19,422</u>		<u>35,043</u>
Attributable to:					
Shareholders of the Company					
Profit before exceptional items	10,549	3,710	20,772		35,031
Exceptional items	(27)	(784)	(1,335)		(2,146)
Minority interests	10,522	2,926	19,437		32,885
	1,779	394	(15)		2,158
	<u>12,301</u>	<u>3,320</u>	<u>19,422</u>		<u>35,043</u>
<u>Other Information</u>					
Segment assets	205,274	30,231	105,964	(84,432)	257,037
Investment in associated companies and jointly controlled entity	40,887	65,057	155,137	-	261,081
Total	<u>246,161</u>	<u>95,288</u>	<u>261,101</u>	<u>(84,432)</u>	<u>518,118</u>
Segment liabilities	124,281	23,724	167,067	(84,432)	230,640
Tax provision and deferred taxation	1,208	1,599	1,007	-	3,814
Total	<u>125,489</u>	<u>25,323</u>	<u>168,074</u>	<u>(84,432)</u>	<u>234,454</u>
Net assets	<u>120,672</u>	<u>69,965</u>	<u>93,027</u>	<u>-</u>	<u>283,664</u>
Capital expenditure	6,383	157	26		6,566
Depreciation	4,209	460	217		4,886

By Geographical Location

	Singapore \$'000	Far East and ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
Sales to third parties	59,777	28,289	6,079	94,145
Total assets	306,646	162,472	49,000	518,118
Capital expenditure	2,804	3,634	128	6,566

Nine Months ended 30 September 2007

Business Segments

	Logistics \$'000	Network Engineering \$'000	Investments \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
Sales to third parties	49,872	22,131	362	-	72,365
Inter-segment sales	3,922	3,538	-	(7,460)	-
Consolidated sales	<u>53,794</u>	<u>25,669</u>	<u>362</u>	<u>(7,460)</u>	<u>72,365</u>
Operating profit/(loss)	5,992	1,026	(621)		6,397
Interest income	600	458	365		1,423
Interest expense	(824)	(9)	(3,688)		(4,521)
Share of results of associated companies and jointly controlled entity	3,712	5,513	30,592		39,817
Profit before tax and exceptional items	9,480	6,988	26,648		43,116
Exceptional items	-	(330)	269		(61)
Profit before taxation	9,480	6,658	26,917		43,055
Taxation	(46)	(2,207)	(3,812)		(6,065)
Profit for the period	<u>9,434</u>	<u>4,451</u>	<u>23,105</u>		<u>36,990</u>
Attributable to:					
Shareholders of the Company					
Profit before exceptional items	8,194	3,673	22,876		34,743
Exceptional items	-	(315)	269		(46)
Minority interests	8,194	3,358	23,145		34,697
	1,240	1,093	(40)		2,293
	<u>9,434</u>	<u>4,451</u>	<u>23,105</u>		<u>36,990</u>

	Logistics \$'000	Network Engineering \$'000	Investments \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
<u>Other Information</u>					
Segment assets	178,714	54,496	128,413	(99,950)	261,673
Investment in associated companies and jointly controlled entity	35,182	58,825	155,055	-	249,062
Total	<u>213,896</u>	<u>113,321</u>	<u>283,468</u>	<u>(99,950)</u>	<u>510,735</u>
Segment liabilities	107,835	48,907	181,187	(99,950)	237,979
Tax provision and deferred taxation	904	627	1,443	-	2,974
Total	<u>108,739</u>	<u>49,534</u>	<u>182,630</u>	<u>(99,950)</u>	<u>240,953</u>
Net assets	<u>105,157</u>	<u>63,787</u>	<u>100,838</u>	-	<u>269,782</u>
Capital expenditure	2,425	575	39		3,039
Depreciation	4,005	554	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

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

Turnover for Logistics Division increased 49% to \$74.1 million compared to nine months of 2007 largely due to an increase in warehousing, distribution and container handling services. Profit before tax and exceptional items of the division improved 44% attributed to higher operating profits from Singapore and Foshan as well as improved profit contribution from associated company, Wuhu Annto Logistics. Despite higher taxation charge, profit after tax improved 30% to \$12.3 million compared to nine months of 2007.

Network Engineering Division profit before tax and exceptional items was lower at \$5.7 million for the nine months of 2008 due to lower turnover from its Malaysian and Thailand operations.

Profit before tax and exceptional items from Investment Division was higher at \$27.9 million for the nine months of 2008 largely because of lower interest expense and higher contributions from associated companies. Profit after tax for the division decreased by 15.9% to \$19.4 million due largely to higher taxation charge. Taxation in the nine months of 2007 was lower due to the recognition of tax assets arising from group relief and deferred tax adjustment.

#### 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 9 Months \$'000	2007 9 Months \$'000	2008 9 Months \$'000	2007 9 Months \$'000
<u>General Transactions</u>				
Keppel Corporation Limited	-	-	1,681	3,276
Singapore Telecommunications Limited	-	-	4,939	1,039
<u>Treasury Transactions</u>				
Keppel Corporation Limited	-	-	21,404	40,106
<u>Management Services</u>				
Keppel Corporation Limited	-	-	500	500
<u>Investment Transactions</u>				
Keppel Corporation Limited	-	1,085	-	-
	-	1,085	28,524	44,921

**16. ANNUAL DIVIDEND**

Not applicable.

**BY ORDER OF THE BOARD**

CAROLINE CHANG/LAURA LOW  
Company Secretaries  
21 October 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 3Q 2008 financial statements false or misleading in any material respect.

On behalf of the board of directors



TEO SOON HOE  
Chairman  
Singapore, 21 October 2008



LAM KWOK CHONG  
Managing Director