



Keppel Telecommunications  
& Transportation Ltd  
(Co Reg No. 196500115G)  
7 Gul Circle  
Singapore 629563

Tel : (65) 6897 7372  
Fax : (65) 6897 7872

## **PRESS RELEASE**

### **Keppel Telecommunications & Transportation Ltd Unaudited Results for the Year Ended 31 December 2008**

**20 January 2009**

The Directors of Keppel Telecommunications & Transportation Ltd advise the following results of the Company and of the Group for the year ended 31 December 2008.

The figures have not been audited.

#### **For more information, please contact:**

Ang Lai Lee (Mr)  
Assistant Manager  
Group Corporate Communications  
Keppel Corporation Limited  
Tel: (65) 6413-6427  
Email: lailee.ang@kepcorp.com

*This press release is also available at [www.kepcorp.com](http://www.kepcorp.com) and [www.keppeltt.com.sg](http://www.keppeltt.com.sg).*

# KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD

(Co Reg No: 196500115G)

## Full Year Financial Statement And Dividend Announcement

### 1 UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

The Directors of **Keppel Telecommunications & Transportation Ltd** advise the following unaudited results of the Group for the year ended 31 December 2008.

#### 1(a) CONSOLIDATED PROFIT AND LOSS ACCOUNTS for the year ended 31 December 2008

	Group		
	2008 \$'000	2007 \$'000	+/(-)%
TURNOVER	128,868	103,123	25.0
Less operating expenses	<u>(117,980)</u>	<u>(94,969)</u>	24.2
OPERATING PROFIT	10,888	8,154	33.5
Interest income	1,948	2,756	(29.3)
Interest expense	(2,574)	(6,118)	(57.9)
Share of results of associated companies and jointly controlled entity	<u>56,227</u>	<u>56,964</u>	(1.3)
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	66,489	61,756	7.7
Exceptional items	<u>(3,491)</u>	<u>1,344</u>	n.m.
PROFIT BEFORE TAXATION	62,998	63,100	(0.2)
Taxation	<u>(7,998)</u>	<u>(8,583)</u>	(6.8)
PROFIT FOR THE YEAR	<u>55,000</u>	<u>54,517</u>	0.9
Attributable to:			
Shareholders of the Company			
Profit before exceptional items	55,492	50,090	10.8
Exceptional items	<u>(3,467)</u>	<u>1,359</u>	n.m.
	52,025	51,449	1.1
Minority interests	<u>2,975</u>	<u>3,068</u>	(3.0)
	<u>55,000</u>	<u>54,517</u>	0.9
Earnings per share			
Before exceptional items			
- basic	10.1 cts	9.1 cts	11.0
- diluted	10.0 cts	9.1 cts	9.9
After exceptional items			
- basic	9.4 cts	9.3 cts	1.1
- diluted	9.4 cts	9.3 cts	1.1

n.m. – not meaningful

Notes to Group Profit and Loss Accounts

(i) Operating expenses comprise the following:

	Group		
	2008	2007	+ / (-)
	\$'000	\$'000	%
Purchase of goods and services	49,751	33,063	50.5
Staff costs	36,150	32,702	10.5
Defined contribution pension plans	3,146	2,901	8.4
Depreciation of fixed assets	6,515	6,315	3.2
Other operating expenses	<u>22,418</u>	<u>19,988</u>	12.2
	<u>117,980</u>	<u>94,969</u>	24.2

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

	Group		
	2008	2007	+ / (-)
	\$'000	\$'000	%
Share-based payment expenses	1,673	1,100	52.1
Write-back of provision for doubtful debts and bad debts written off	(594)	(889)	(33.2)
Provision for stock obsolescence	224	2	n.m.
Foreign exchange loss	55	960	(94.3)
Gain on disposal of fixed assets	(148)	(602)	(75.4)

n.m. – not meaningful

(iii) Taxation expense in 2008 included write-back of over provision of taxation and deferred taxation of \$46,000 and \$269,000 respectively for prior years (2007: \$79,000 and \$2,491,000). The Group has also recognised tax assets under the Group Relief System of \$1,425,000 (2007: \$2,815,000) and share of deferred tax asset of \$3,501,000 from unutilised tax losses of an associated company (2007: Nil).

(iv) Exceptional items consist of:

	Group	
	2008	2007
	\$'000	\$'000
(Loss)/gain on disposal of subsidiaries, associated companies and other investments	(124)	1,963
Impairment in value of investments and write-back of provision for equity advances	(2,693)	(1,054)
Foreign exchange loss on capital reduction of a subsidiary	(769)	-
Write-back of provision for staff compensation and restructuring costs, net	<u>95</u>	<u>435</u>
	(3,491)	1,344
Minority share of exceptional items	<u>24</u>	<u>15</u>
	<u>(3,467)</u>	<u>1,359</u>

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

**1(b)(i) BALANCE SHEETS as at 31 December 2008**

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
SHARE CAPITAL	73,651	72,112	73,651	72,112
RESERVES	203,065	174,377	68,205	94,697
SHARE CAPITAL AND RESERVES	<u>276,716</u>	<u>246,489</u>	<u>141,856</u>	<u>166,809</u>
MINORITY INTERESTS	<u>29,357</u>	<u>34,498</u>	-	-
<b>CAPITAL EMPLOYED</b>	<b><u>306,073</u></b>	<b><u>280,987</u></b>	<b><u>141,856</u></b>	<b><u>166,809</u></b>
Represented by:				
FIXED ASSETS	126,637	122,839	-	-
INVESTMENTS				
Subsidiaries	-	-	73,852	75,963
Associated companies and jointly controlled entity	285,429	250,884	6,621	6,621
Others	14,734	17,842	-	-
	<u>300,163</u>	<u>268,726</u>	<u>80,473</u>	<u>82,584</u>
<b>CURRENT ASSETS</b>				
Stocks and work-in-progress	3,732	2,344	-	-
Debtors	42,819	47,480	106	1,727
Amounts owing by holding and related companies	9,332	2,780	55,079	69,006
Amounts owing by associated companies	10,862	12,241	-	-
Fixed deposits	43,744	60,188	9,793	14,529
Bank balances and cash	9,249	7,161	55	61
	<u>119,738</u>	<u>132,194</u>	<u>65,033</u>	<u>85,323</u>
<b>LESS: CURRENT LIABILITIES</b>				
Creditors	49,791	42,918	577	800
Amounts owing to holding and related companies	872	789	3,055	92
Amounts owing to associated companies	218	421	-	-
Short-term borrowings	53,069	69,498	-	-
Taxation	1,468	1,675	18	206
	<u>105,418</u>	<u>115,301</u>	<u>3,650</u>	<u>1,098</u>
<b>NET CURRENT ASSETS</b>	<b><u>14,320</u></b>	<b><u>16,893</u></b>	<b><u>61,383</u></b>	<b><u>84,225</u></b>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings	134,000	126,750	-	-
Deferred taxation	1,047	721	-	-
	<u>135,047</u>	<u>127,471</u>	-	-
<b>NET ASSETS</b>	<b><u>306,073</u></b>	<b><u>280,987</u></b>	<b><u>141,856</u></b>	<b><u>166,809</u></b>

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

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

As at 31 Dec 2008		As at 31 Dec 2007	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	53,069	-	69,498

### Amount repayable after one year

As at 31 Dec 2008		As at 31 Dec 2007	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	134,000	-	126,750

### Details of any collateral

Not applicable

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

Group share capital and reserves increased \$30.2 million to \$276.7 million at 31 December 2008. The increase was mainly attributed to retained profits for the year end and an increase in foreign currency translation reserve partly offset by dividend paid in respect of financial year 2007.

Group total assets of \$546.5 million as at 31 December 2008 was \$22.7 million higher than 31 December 2007. Investments in associated companies and jointly controlled entity increased \$34.5 million to \$285.4 million due to equity accounting for share of profits in associates less dividends received, additional investments in MobileOne & Wuhu Annto and acquisition of an associated company in Thailand, Abiks Development Co Ltd. Decrease in other investments by \$3.1 million to \$14.7 million was largely due to fair value adjustments of the financial assets during the year. Current assets decreased \$12.5 million to \$119.7 million largely because of reduction in fixed deposits as a result of dividend payment to shareholders and lower trade debtors due to payments received set-off partly by increase in amount due from related companies.

Group total liabilities reduced \$2.3 million to \$240.5 million mainly due to lower borrowings set-off partly by increase in creditors.

**1(c) CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 December 2008**

	2008 \$'000	2007 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating profit	10,888	8,154
Adjustments for non-cash items:		
Depreciation of fixed assets	6,515	6,315
Gain on disposal of fixed assets	(148)	(602)
Share-based payment expense	1,673	1,100
Gain on dilution of associated companies	(362)	(674)
Translation of foreign companies	2,336	98
	<u>20,902</u>	<u>14,391</u>
Operating profit before working capital changes		
Working capital changes:		
Stocks	(1,388)	786
Debtors	(4,458)	7,662
Creditors	7,365	(6,633)
	<u>22,421</u>	<u>16,206</u>
Cash flows from operations		
Interest received	2,140	2,530
Interest paid	(2,757)	(5,872)
Income taxes paid	(307)	(2,089)
Proceeds from tax losses transferred under group relief system	567	1,377
Staff compensation and restructuring expenses	(108)	(240)
	<u>21,956</u>	<u>11,912</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of subsidiaries (Note A)	-	24
Investment in associated companies	(7,692)	(83,602)
Acquisition of fixed assets	(8,345)	(4,464)
Purchase of other investments	(138)	(2,269)
Proceeds from capital reduction and distributions from associated companies	27	47,037
Return of capital from other investments	542	453
Proceeds from disposal of other investments	8	2,106
Proceeds from disposal of fixed assets	749	1,022
Dividends received from investments	28,422	20,433
	<u>13,573</u>	<u>(19,260)</u>
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from share issues	1,539	2,106
(Repayment of)/proceeds from short-term loans	(16,429)	13,875
Proceeds from long-term loans	7,250	25,250
Funds to holding and related companies	-	(2,332)
Funds from/(to) associated companies	265	(9,781)
Dividends paid to shareholders of the company	(33,109)	(30,270)
Dividends paid to minority shareholders of subsidiaries	(9,401)	(1,115)
	<u>(49,885)</u>	<u>(2,267)</u>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(14,356)</b>	<b>(9,615)</b>
Cash and cash equivalents as at 1 January	<u>67,349</u>	<u>76,964</u>
Cash and cash equivalents as at 31 December (Note B)	<u>52,993</u>	<u>67,349</u>

## 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 \$'000	2007 \$'000
Fixed assets	-	72
Debtors and creditors	-	305
Bank balances and cash	-	1,106
Taxation	-	(1)
Minority interests	-	(285)
	<u>-</u>	<u>1,197</u>
Amount previously accounted for as associated companies	-	(115)
	<u>-</u>	<u>1,082</u>
Purchase consideration	-	(1,106)
Less: Bank balances and cash acquired	-	(1,106)
Cash inflow on acquisition, net of cash acquired	<u>-</u>	<u>(24)</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:

	2008 \$'000	2007 \$'000
Fixed deposits	43,744	60,188
Bank balances and cash	<u>9,249</u>	<u>7,161</u>
	<u>52,993</u>	<u>67,349</u>

### 1(c)(i) Cashflow Analysis

The Group's net cash from operating activities was higher at \$22.0 million compared to \$11.9 million in 2007. This was due mainly to higher operating profit before working capital changes and lower net interest and taxation expenses.

Net cash received from investing activities of \$13.6 million was largely from dividends received from investments set-off partly by cash used in acquisitions of fixed assets and additional investments in associated companies.

Net cash used in financing activities was \$49.9 million. This was mainly used for repayment of term loans as well as payment of dividends to the Company's shareholders and minority shareholders of subsidiaries.

**1(d)(i) STATEMENTS OF CHANGES IN EQUITY  
for the year ended 31 December 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	1,539	-	-	-	1,539	-	1,539
Cost of share-based payment	-	1,444	-	-	1,444	-	1,444
Net fair value changes on available-for-sale financial assets	-	(2,978)	-	-	(2,978)	-	(2,978)
Net fair value changes on cash flow hedge	-	(461)	-	-	(461)	-	(461)
Transfer to profit and loss account	-	2,557	-	309	2,866	-	2,866
Transfer to capital reserves	-	719	(719)	-	-	-	-
Profit for the year	-	-	52,025	-	52,025	2,975	55,000
Dividend paid for 2007	-	-	(33,109)	-	(33,109)	-	(33,109)
Exchange differences arising on consolidation	-	-	-	8,901	8,901	1,285	10,186
Dividend paid to minority shareholders	-	-	-	-	-	(9,401)	(9,401)
Balance at							
31 December 2008	<u>73,651</u>	<u>9,375</u>	<u>196,653</u>	<u>(2,963)</u>	<u>276,716</u>	<u>29,357</u>	<u>306,073</u>
Balance at							
1 January 2007	70,006	16,662	149,117	(8,448)	227,337	32,371	259,708
Issue of shares	2,106	-	-	-	2,106	-	2,106
Cost of share-based payment	-	848	-	-	848	-	848
Net fair value changes on available-for-sale financial assets	-	(1,417)	-	-	(1,417)	-	(1,417)
Net fair value changes on cash flow hedge	-	(31)	-	-	(31)	-	(31)
Transfer to profit and loss account	-	192	-	(852)	(660)	-	(660)
Transfer to capital reserves	-	865	(865)	-	-	-	-
Transfer to revenue reserves	-	(9,025)	9,025	-	-	-	-
Profit for the year	-	-	51,449	-	51,449	3,068	54,517
Dividend paid for 2006	-	-	(30,270)	-	(30,270)	-	(30,270)
Exchange differences arising on consolidation	-	-	-	(2,873)	(2,873)	(111)	(2,984)
Dividend paid to minority shareholders	-	-	-	-	-	(1,115)	(1,115)
Acquisition of subsidiary	-	-	-	-	-	285	285
Balance at							
31 December 2007	<u>72,112</u>	<u>8,094</u>	<u>178,456</u>	<u>(12,173)</u>	<u>246,489</u>	<u>34,498</u>	<u>280,987</u>



	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	1,539	-	-	1,539
Cost of share-based payment	-	1,187	-	1,187
Profit for the year	-	-	5,430	5,430
Dividend paid for 2007	-	-	(33,109)	(33,109)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2008	<u>73,651</u>	<u>2,629</u>	<u>65,576</u>	<u>141,856</u>
Balance at 1 January 2007	70,006	9,809	92,404	172,219
Issue of shares	2,106	-	-	2,106
Cost of share-based payment	-	658	-	658
Transfer to revenue reserves	-	(9,025)	9,025	-
Profit for the year	-	-	22,096	22,096
Dividend paid for 2006	-	-	(30,270)	(30,270)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2007	<u>72,112</u>	<u>1,442</u>	<u>93,255</u>	<u>166,809</u>

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

During the financial year, the Company issued 943,000 ordinary shares upon the exercise of share options granted under the Company's Share Option Scheme. The share capital of the Company as at the end of the financial year was 552,250,537 (2007: 551,307,537) shares.

At 31 December 2008, there were unexercised options for 1,983,000 (2007: 2,051,000) of unissued ordinary shares under the Company's Share Option Scheme.

#### 2. AUDIT

The financial statements 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 year compared with those of the audited financial statements as at 31 December 2007, except as disclosed in paragraph 5 below.

#### 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 did 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	+/(-)%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-			
(i) Based on the weighted average number of shares (cents)	9.4	9.3	1.1
- Weighted average number of shares ('000)	551,966	550,713	0.23
(ii) On a fully diluted basis (cents)	9.4	9.3	1.1
- Adjusted weighted average number of shares ('000)	552,545	551,804	0.13

## 7. NET ASSET VALUE

	GROUP			COMPANY		
	2008	2007	+/(-)%	2008	2007	+/(-)%
Net asset value per ordinary share based on issued share capital at the end of the financial year (\$)	0.50	0.45	11.1	0.26	0.30	(13.3)

## 8. REVIEW OF GROUP PERFORMANCE

Group turnover increased 25% in 2008 to \$128.9 million mainly due to improved performance by the Logistics division. During the year, warehousing, distribution and container handling activities in Singapore and China experienced healthy increase.

Profit before tax and exceptional items rose 7.7% to \$66.5 million. The marginal dip in share of contributions from the associated companies was more than compensated by the Group's overall improvement in operating performance and lower interest expense.

Group profit after tax was marginally higher at \$55.0 million as the improvement in profit before tax was reduced by exceptional items relating to impairment loss in value of other investments and foreign exchange.

In the opinion of the Directors, no factors have arisen between the end of the financial year and the date of this report which would materially affect the results of the Group and the Company for the year just ended.

## 9. VARIANCE FROM PROSPECTS STATEMENT

There is no variance from the previous statement.

## 10. PROSPECTS

The global financial turmoil is impacting Asia with exports falling significantly, especially in Southern China. The logistics industry is also adversely affected. While warehouse occupancy continued to hold up fairly well in the last quarter of the year, there was a noticeable fall in freight movement. We expect the operating environment in 2009 to be increasingly challenging.

Against this backdrop, the Group will continue to be vigilant in managing cost and improving efficiency and at the same time seek opportunities that may arise as a result of the difficult environment. While China's growth is expected to slow down in the first half of 2009, government policies stimulating growth should provide some support in the later part of the year.

The demand for data centres remains healthy and supported by operational requirement.

## 11. DIVIDENDS

### (a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Directors are pleased to recommend a first and final dividend of 3.0 cents per share tax exempt one-tier (2007: 6.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2008 for approval by shareholders at the next Annual General Meeting to be convened.

Name of Dividend	Final
Dividend Type	Cash
Dividend per share (cents)	3.0
Tax rate	Tax-exempt (one-tier)

### (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Final
Dividend Type	Cash
Dividend per share (cents)	6.0
Tax rate	Tax-exempt (one-tier)

**(c) Date Payable**

The proposed first and final dividend if approved at the Annual General Meeting, tentatively scheduled to be held on 21 April 2009, will be paid on 11 May 2009.

**(d) Books Closure Date**

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 28 April 2009 for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares in the capital of the Company ("Shares") received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 3 Church Street #08-01 Samsung Hub, Singapore 049483 up to 5.00 p.m. on 27 April 2009 will be registered to determine members' entitlement to the proposed first and final dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Shares at 5.00 p.m. on 27 April 2009 will be entitled to the proposed first and final dividend.

**12. SEGMENT ANALYSIS**

2008

Business Segments

	Logistics \$'000	Network Engineering \$'000	Investments \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
Sales to third parties	101,014	27,355	499	-	128,868
Inter-segment sales	6,978	1,833	-	(8,811)	-
Consolidated sales	<u>107,992</u>	<u>29,188</u>	<u>499</u>	<u>(8,811)</u>	<u>128,868</u>
Operating profit/(loss)	11,405	358	(875)		10,888
Interest income	1,387	350	211		1,948
Interest expense	(807)	(6)	(1,761)		(2,574)
Share of results of associated companies and jointly controlled entity	8,275	7,758	40,194		56,227
Profit before tax and exceptional items	20,260	8,460	37,769		66,489
Exceptional items	(9)	(868)	(2,614)		(3,491)
Profit before taxation	20,251	7,592	35,155		62,998
Taxation	(1,047)	2,106	(9,057)		(7,998)
Profit for the year	<u>19,204</u>	<u>9,698</u>	<u>26,098</u>		<u>55,000</u>
Attributable to:					
Shareholders of the Company					
Profit before exceptional items	16,752	9,946	28,794		55,492
Exceptional items	6	(859)	(2,614)		(3,467)
Minority interests	16,758	9,087	26,180		52,025
	2,446	611	(82)		2,975
	<u>19,204</u>	<u>9,698</u>	<u>26,098</u>		<u>55,000</u>

	Logistics \$'000	Network Engineering \$'000	Investments \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
<u>Other Information</u>					
Segment assets	214,701	25,506	109,943	(89,041)	261,109
Investment in associated companies and jointly controlled entity	50,365	71,308	163,756	-	285,429
Total	265,066	96,814	273,699	(89,041)	546,538
Segment liabilities	133,107	28,272	165,612	(89,041)	237,950
Tax provision and deferred taxation	1,216	491	808	-	2,515
Total	134,323	28,763	166,420	(89,041)	240,465
Net assets	130,743	68,051	107,279	-	306,073
Capital expenditure	8,042	277	26		8,345
Depreciation	5,689	537	289		6,515

By Geographical Location

	Singapore \$'000	Far East and ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
Sales to third parties	82,193	37,456	9,219	128,868
Total assets	322,397	170,853	53,288	546,538
Capital expenditure	3,262	4,910	173	8,345

2007

Business Segments

	Logistics \$'000	Network Engineering \$'000	Investments \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
Sales to third parties	71,799	30,656	668	-	103,123
Inter-segment sales	5,302	4,622	70	(9,994)	-
Consolidated sales	<u>77,101</u>	<u>35,278</u>	<u>738</u>	<u>(9,994)</u>	<u>103,123</u>
Operating profit/(loss)	8,073	1,911	(1,830)		8,154
Interest income	955	704	1,097		2,756
Interest expense	(1,095)	(9)	(5,014)		(6,118)
Share of results of associated companies and jointly controlled entity	7,073	9,136	40,755		56,964
Profit before tax and exceptional items	15,006	11,742	35,008		61,756
Exceptional items	79	(298)	1,563		1,344
Profit before taxation	15,085	11,444	36,571		63,100
Taxation	(367)	(2,496)	(5,720)		(8,583)
Profit for the year	<u>14,718</u>	<u>8,948</u>	<u>30,851</u>		<u>54,517</u>
Attributable to:					
Shareholders of the Company					
Profit before exceptional items	13,031	7,722	29,337		50,090
Exceptional items	79	(283)	1,563		1,359
Minority interests	13,110	7,439	30,900		51,449
	1,608	1,509	(49)		3,068
	<u>14,718</u>	<u>8,948</u>	<u>30,851</u>		<u>54,517</u>
<u>Other Information</u>					
Segment assets	186,553	48,046	134,402	(96,126)	272,875
Investment in associated companies and jointly controlled entity	36,415	59,661	154,808	-	250,884
Total	<u>222,968</u>	<u>107,707</u>	<u>289,210</u>	<u>(96,126)</u>	<u>523,759</u>
Segment liabilities	116,413	63,809	156,280	(96,126)	240,376
Tax provision and deferred taxation	782	324	1,290	-	2,396
Total	<u>117,195</u>	<u>64,133</u>	<u>157,570</u>	<u>(96,126)</u>	<u>242,772</u>
Net assets	<u>105,773</u>	<u>43,574</u>	<u>131,640</u>	<u>-</u>	<u>280,987</u>
Capital expenditure	3,729	697	38		4,464
Depreciation	5,332	699	284		6,315

## By Geographical Location

	Singapore \$'000	Far East and ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
Sales to third parties	58,689	34,411	10,023	103,123
Total assets	309,405	168,463	45,891	523,759
Capital expenditure	2,116	1,790	558	4,464

### 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 year.
- (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.

## 13. REVIEW OF SEGMENT PERFORMANCE

Turnover for Logistics Division increased 41% to \$101.0 million compared to the previous year largely due to an increase in warehousing distribution and container handling services in Singapore and Foshan as well as contribution from TradeOneAsia which was acquired in June 2007. Profit before tax and exceptional items of the division improved 35% resulting from higher operating profits from Singapore and Foshan and improved share of profits from Wuhu Annto. Despite higher taxation charge, profit after tax increased 31% to \$19.2 million compared to \$14.7 million in 2007.

Turnover for Network Engineering division fell 11% to \$27.4 million due mainly to lack of new contracts secured from Malaysia and Thailand. The division's profit before tax and exceptional items of \$8.5 million was lower by 27% due mainly to lower share of profits from its associated companies.

Investments division's profit before tax and exceptional items was 8% higher at \$37.8 million largely because of lower interest expense. The improvement was partly offset by lower contribution from its associated companies. Profit after tax for the division decreased 15% to \$26.1 million due largely to higher taxation charge. Taxation in the previous year was lower due to recognition of tax assets arising from group relief and deferred tax adjustment.

**14. BREAKDOWN OF SALES**

	GROUP		
	2008 \$'000	2007 \$'000	+ / (-) %
<b><u>First Half</u></b>			
Sales reported for first half year	61,818	44,660	38.4
Operating profit after tax and exceptional items before deducting minority interests reported for first half year	22,327	23,588	(5.3)
<b><u>Second Half</u></b>			
Sales reported for second half year	67,050	58,463	14.7
Operating profit after tax and exceptional items before deducting minority interests reported for second half year	32,673	30,929	5.6

**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 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b><u>General Transactions</u></b>				
Keppel Corporation Limited	-	-	1,681	3,553
Singapore Telecommunications Limited	-	-	5,255	1,039
<b><u>Treasury Transactions</u></b>				
Keppel Corporation Limited	-	-	24,875	60,091
<b><u>Management Services</u></b>				
Keppel Corporation Limited	-	-	500	500
<b><u>Investment Transactions</u></b>				
Keppel Corporation Limited	-	1,085	-	-
	-	1,085	32,311	65,183



**16. TOTAL ANNUAL DIVIDEND**

Total Annual Dividend amounted to:

	2008 \$'000	2007 \$'000
Ordinary	16,568	33,109
Preference	-	-
Total	16,568	33,109

**BY ORDER OF THE BOARD**

CAROLINE CHANG/LAURA LOW  
Company Secretaries  
20 January 2009