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MEDIA RELEASE

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2013

21 January 2014

The Directors of Keppel Telecommunications & Transportation Ltd advise the following results of the Company and of the Group for the full year ended 31 December 2013.

These figures have not been audited.

FULL YEAR FY2013 RESULTS HIGHLIGHTS

1. Revenue increased 18% to \$161.7 million.
2. Net profit attributable to shareholders improved 14% to \$63.2 million.
3. Earnings per share improved 14% to 11.4 cents.
4. Net asset value per ordinary share increased 10% to 85.0 cents per share.

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KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD

(Co Reg No: 196500115G)

(Incorporated in the Republic of Singapore)

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Full Year Financial Statements And Dividend Announcement

1 UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors of **Keppel Telecommunications & Transportation Ltd** advise the following unaudited results of the Group for the year ended 31 December 2013.

1(a) GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 December 2013

	2013 \$'000	2012 \$'000	+/(-)%
REVENUE	161,694	137,493	17.6
Operating expenses	(135,631)	(114,108)	18.9
Other income	<u>7,225</u>	<u>1,883</u>	283.7
OPERATING PROFIT	33,288	25,268	31.7
Interest income	614	734	(16.3)
Interest expense	(7,505)	(5,435)	38.1
Share of results of associated companies and jointly controlled entities	<u>56,650</u>	<u>54,614</u>	3.7
PROFIT BEFORE TAXATION	83,047	75,181	10.5
Taxation	<u>(13,367)</u>	<u>(13,788)</u>	(3.1)
PROFIT FOR THE YEAR	<u><u>69,680</u></u>	<u><u>61,393</u></u>	13.5
Attributable to:			
Shareholders of the Company	63,186	55,452	13.9
Non-controlling interests	<u>6,494</u>	<u>5,941</u>	9.3
	<u><u>69,680</u></u>	<u><u>61,393</u></u>	13.5
Earnings per share			
- basic	11.4 cts	10.0 cts	14.0
- diluted	11.4 cts	10.0 cts	14.0

Notes to Group Profit and Loss Account

(i) Operating expenses/other income comprise the following:

	2013 \$'000	2012 \$'000	+ / (-) %
Purchase of goods and services ^(a)	37,811	25,619	47.6
Staff costs ^(b)	40,592	34,745	16.8
Share-based payment expenses	1,114	958	16.3
Depreciation of fixed assets ^(c)	19,325	15,538	24.4
Rental of equipment and facilities expenses ^(d)	27,039	26,474	2.1
Other operating expenses ^(e)	9,750	10,774	(9.5)
Operating expenses	<u>135,631</u>	<u>114,108</u>	18.9
Other income ^(f)	<u>7,225</u>	<u>1,883</u>	283.7

Notes:

- (a) Purchase of goods and services increased due to higher freight costs and storage fees.
- (b) Staff costs increased due mainly to higher headcounts for Logistics and Data Centre Divisions.
- (c) Higher depreciation due mainly to additional capital expenditure for data centres' equipment.
- (d) Rental of equipment and facilities expenses increased due to higher upkeep of warehouses, equipment rental and maintenance costs.
- (e) Other operating expenses decreased due to lower general and administrative expenses.
- (f) Other income increased due largely to dilution gain in an associated company and gain on disposal of subsidiaries and associated companies.

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

	2013 \$'000	2012 \$'000	+ / (-) %
Gain on disposal of subsidiaries, associated companies and other investments	(1,789)	(190)	>500.0
Write-back of provision for doubtful debts	(1,400)	(52)	>500.0
Write-back of provision for stock obsolescence	(192)	(138)	39.1
Foreign exchange loss	868	57	>500.0
Loss on disposal of fixed assets	13	-	nm
Impairment loss on investments	1,261	479	163.3
Fair value gain on currency forward contracts	(314)	-	nm

(iii) Taxation in 2013 included write-back of over-provision for taxation of \$264,000 (2012: \$986,000) and deferred taxation of \$141,000 (2012: \$132,000) in respect of prior years. Tax assets recognised under Group Relief System was \$2,844,000 (2012: \$2,377,000).

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

nm – not meaningful

**1(b) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2013**

	2013 \$'000	2012 \$'000	+ / (-) %
Profit for the year	<u>69,680</u>	<u>61,393</u>	13.5
<u>Items that will be reclassified subsequently to profit or loss:</u>			
Available-for-sale financial assets			
- Fair value changes	(425)	(478)	(11.1)
- Fair value loss realised and transferred to profit and loss account	407	499	(18.4)
Foreign currency translation			
- Exchange differences arising on consolidation	4,698	(2,291)	nm
- Realised and transferred to profit & loss account	(1,372)	-	nm
Share of other comprehensive income/(expense) of associated companies			
- Cash flow hedge	38	123	(69.1)
- Foreign currency translation	(3,220)	(3,655)	(11.9)
Other comprehensive income/(expense) for the year, net of tax	<u>126</u>	<u>(5,802)</u>	nm
Total comprehensive income for the year	<u><u>69,806</u></u>	<u><u>55,591</u></u>	25.6
Attributable to:			
Shareholders of the Company	62,066	50,290	23.4
Non-controlling interests	<u>7,740</u>	<u>5,301</u>	46.0
	<u><u>69,806</u></u>	<u><u>55,591</u></u>	25.6

nm – not meaningful

1(c)(i) BALANCE SHEETS as at 31 December 2013

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
SHARE CAPITAL	75,468	74,565	75,468	74,565
RESERVES	394,990	352,526	67,742	58,477
SHARE CAPITAL AND RESERVES	470,458	427,091	143,210	133,042
NON-CONTROLLING INTERESTS	74,430	33,262	-	-
CAPITAL EMPLOYED	544,888	460,353	143,210	133,042
Represented by:				
FIXED ASSETS	507,446	339,153	-	-
INVESTMENTS				
Subsidiaries	-	-	87,307	87,345
Associated companies and jointly controlled entities	462,776	403,486	34,572	34,572
Others	236	504	-	-
	463,012	403,990	121,879	121,917
LONG-TERM RECEIVABLES	-	-	94,850	94,850
CURRENT ASSETS				
Stocks	754	437	-	-
Debtors	85,255	49,375	191	219
Amounts owing by holding and related companies	1,824	1,186	73,355	27,306
Amounts owing by associated companies	10,036	4,826	4,781	2,302
Fixed deposits	45,245	44,717	11,483	10,299
Bank balances and cash	34,933	19,012	231	163
	178,047	119,553	90,041	40,289
LESS: CURRENT LIABILITIES				
Creditors	85,652	47,349	3,331	2,896
Amounts owing to holding and related companies	790	1,304	1,749	1,112
Amounts owing to associated companies	13	515	-	-
Short-term borrowings	38,480	25,000	38,480	-
Taxation	1,389	1,572	-	6
	126,324	75,740	43,560	4,014
NET CURRENT ASSETS	51,723	43,813	46,481	36,275
NON-CURRENT LIABILITIES				
Long-term borrowings	461,203	315,696	120,000	120,000
Deferred taxation	16,090	10,907	-	-
	477,293	326,603	120,000	120,000
NET ASSETS	544,888	460,353	143,210	133,042

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

Amount repayable in one year or less, or on demand

As at 31.12.2013		As at 31.12.2012	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	38,480	-	25,000

Amount repayable after one year

As at 31.12.2013		As at 31.12.2012	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
12,607	448,596	-	315,696

The Group funds its operations from internal sources, banks and related companies. On 29 June 2012, the Group established a S\$500 million Medium Term Note ("MTN") Programme and on 13 August 2012, it issued a S\$120 million 7-year Fixed Rate Note from the programme at 2.625% per annum for the first five years and 3.825% per annum for the remaining two years.

Details of any collateral

A subsidiary of the Company pledged its assets in order to obtain loans from a financial institution. The net book value of leasehold land and buildings mortgaged to the financial institution amounted to \$63,516,000 (2012: Nil).

1(c)(iii) BALANCE SHEET ANALYSIS

Group shareholders' funds increased by \$43.4 million to \$470.5 million as at 31 December 2013 due mainly to retained profits for the year.

Group total assets of \$1.1 billion as at 31 December 2013 were \$285.8 million higher than as at the previous year end. Fixed assets increased by \$168.3 million to \$507.4 million due largely to fit-out of data centres, construction of a data centre, development of logistics facilities and acquisition of a subsidiary. Associated companies and jointly controlled entities increased by \$59.3 million to \$462.8 million due to additional investments and equity accounting for share of profits, partly offset by dividends received. Current assets increased by \$58.5 million to \$178.0 million due largely to higher debtors, amount owing by associated companies and bank balances. Debtors increased by \$35.9 million due largely to increase in deposits paid for land in China and advance payments for the development of logistics facilities in Singapore.

Group total liabilities of \$603.6 million as at 31 December 2013 were \$201.3 million higher than the previous year end due mainly to increase in creditors and borrowings. The increase in creditors was due to costs incurred in fit-out data centres and consideration payable for acquisition of a subsidiary. Increase in borrowings was largely for additional investments and capital expenditure in data centres. Group total borrowings as at 31 December 2013 were \$499.7 million.

**1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2013**

	2013 \$'000	2012 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	33,288	25,268
Adjustments for non-cash items:		
Depreciation of fixed assets	19,325	15,538
Gain on disposal of subsidiaries, associated companies and other investments	(1,789)	(190)
Loss on disposal of fixed assets	13	-
Impairment loss on investments	1,261	479
Fair value gain on currency forward contracts	(314)	-
Share-based payment expenses	1,114	958
Gain on dilution of associated companies	(3,895)	(1,770)
Translation of foreign companies	601	(187)
	<u>49,604</u>	<u>40,096</u>
Operating cash flows before changes in working capital		
Working capital changes:		
Stocks	(5)	23
Debtors	(7,648)	(12,942)
Creditors	1,392	1,791
	<u>43,343</u>	<u>28,968</u>
Cash flows from operations		
Interest received	511	908
Interest paid	(7,311)	(4,284)
Income taxes paid	(2,353)	(1,952)
Proceeds from tax losses transferred under group relief system	4,039	1,909
	<u>38,229</u>	<u>25,549</u>
NET CASH FROM OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary (Note A)	(13,180)	-
Investment in associated companies	(50,694)	(38,002)
Capital distribution from other investments	-	322
Purchase of other investment	(157)	(282)
Proceeds from disposal of fixed assets	64	138
Purchase of fixed assets	(130,396)	(40,229)
Dividends received from associated companies	33,124	30,758
	<u>(161,239)</u>	<u>(47,295)</u>
NET CASH USED IN INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues	145	-
Proceeds from short-term loans	38,480	-
Repayment of short-term loans	(25,000)	(21,010)
Proceeds from long-term loans	132,900	120,000
Repayment of long-term loans	-	(60,000)
Funds from/(to) associated companies	1,000	(1,647)
Proceeds from non-controlling shareholders of subsidiaries	11,406	3,634
Dividends paid to shareholders of the company	(19,382)	(19,358)
Dividends paid to non-controlling shareholders of subsidiaries	(1,423)	(1,012)
	<u>138,126</u>	<u>20,607</u>
NET CASH FROM FINANCING ACTIVITIES		
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as at 1 January	15,116	(1,139)
Effect of exchange rate changes on cash and cash equivalents	63,729	65,558
	<u>1,333</u>	<u>(690)</u>
Cash and cash equivalents as at 31 December (Note C)	<u>80,178</u>	<u>63,729</u>

Notes to Consolidated Statement of Cash Flows

A. Acquisition of a subsidiary

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

	2013 \$'000	2012 \$'000
Fixed assets	67,615	-
Stocks	312	-
Debtors	664	-
Creditors	(879)	-
Bank balances and cash	3,732	-
Long-term borrowings	(12,607)	-
Non-controlling interests	(23,535)	-
	<u>35,302</u>	<u>-</u>
Purchase consideration	35,302	-
Less: Consideration payable	(18,390)	-
Less: Bank balances and cash acquired	(3,732)	-
	<u>13,180</u>	<u>-</u>
Cash outflow on acquisition, net of cash acquired	<u>13,180</u>	<u>-</u>

B. Disposal of subsidiaries

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

	2013 \$'000	2012 \$'000
Debtors	(123)	-
Exchange equalisation	1,248	-
Non-controlling interests	90	-
	<u>1,215</u>	<u>-</u>
Net gain on disposal	<u>(1,215)</u>	<u>-</u>
Sale proceeds and cash flow on disposal, net of cash disposed	<u>-</u>	<u>-</u>

C. Cash and Cash Equivalents

Cash and cash equivalents consist of fixed deposits, bank balances and cash. Cash and cash equivalents in the consolidated statement of cash flows comprise the following balance sheet amounts:

	2013 \$'000	2012 \$'000
Fixed deposits	45,245	44,717
Bank balances and cash	34,933	19,012
	<u>80,178</u>	<u>63,729</u>

1(d)(ii) CASH FLOW ANALYSIS

Net cash from operating activities for the year was \$38.2 million compared to \$25.5 million in the previous year. This was due mainly to higher cash flows from operations and proceeds from tax losses transferred under the group relief system, partly offset by higher net interest paid.

Net cash used in investing activities was \$161.2 million mainly for the acquisition of a subsidiary, increase in investments in associated companies and capital expenditure for purchases of land, fit-out of data centres, construction of a data centre and development of logistics facilities. The outflow was partly offset by dividends received from associated companies.

Net cash from financing activities was \$138.1 million due largely to net proceeds from bank borrowings and contributions from non-controlling shareholders of subsidiaries, partly offset by dividends paid to shareholders of the Company.

**1(e)(i) STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December 2013**

	Attributable to owners of the Company						
	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserve \$'000	Foreign Currency Translation Account \$'000	Share Capital & Reserves \$'000	Non- Controlling Interests \$'000	Capital Employed \$'000
<u>The Group</u>							
Balance at 1 January 2013	74,565	30,663	336,209	(14,346)	427,091	33,262	460,353
Total comprehensive income for the year							
Profit for the year	-	-	63,186	-	63,186	6,494	69,680
Other comprehensive income for the year *	-	20	-	(1,140)	(1,120)	1,246	126
Total comprehensive income for the year	-	20	63,186	(1,140)	62,066	7,740	69,806
Transactions with owners, recognised directly in equity							
<u>Contributions by and distributions to owners</u>							
Issue of shares	903	(758)	-	-	145	-	145
Cost of share-based payment	-	974	-	-	974	-	974
Transfer from revenue reserve to capital reserves	-	70	(70)	-	-	-	-
Dividend paid to non-controlling shareholders	-	-	-	-	-	(1,423)	(1,423)
Dividend paid for 2012	-	-	(19,382)	-	(19,382)	-	(19,382)
Total contributions by and distributions to owners	903	286	(19,452)	-	(18,263)	(1,423)	(19,686)
<u>Changes in ownership interests in subsidiaries</u>							
Acquisition of a subsidiary	-	-	-	-	-	23,535	23,535
Disposal of a subsidiary	-	-	-	-	-	(90)	(90)
Cash subscribed by non- controlling shareholders	-	-	-	-	-	11,406	11,406
Total changes in ownership interests in subsidiaries	-	-	-	-	-	34,851	34,851
Total transactions with owners	903	286	(19,452)	-	(18,263)	33,428	15,165
Share of reserves of associated companies	-	(436)	-	-	(436)	-	(436)
Balance at 31 December 2013	75,468	30,533	379,943	(15,486)	470,458	74,430	544,888

* Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

	Attributable to owners of the Company						
	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserve \$'000	Foreign Currency Translation Account \$'000	Share Capital & Reserves \$'000	Non-Controlling Interests \$'000	Capital Employed \$'000
<u>The Group</u>							
Balance at 1 January 2012	74,111	29,816	300,183	(9,040)	395,070	25,339	420,409
Total comprehensive income for the year							
Profit for the year	-	-	55,452	-	55,452	5,941	61,393
Other comprehensive income for the year *	-	144	-	(5,306)	(5,162)	(640)	(5,802)
Total comprehensive income for the year	-	144	55,452	(5,306)	50,290	5,301	55,591
Transactions with owners, recognised directly in equity							
<u>Contributions by and distributions to owners</u>							
Issue of shares	454	(454)	-	-	-	-	-
Cost of share-based payment	-	926	-	-	926	-	926
Transfer from revenue reserve to capital reserves	-	68	(68)	-	-	-	-
Dividend paid to non-controlling shareholders	-	-	-	-	-	(1,012)	(1,012)
Dividend paid for 2011	-	-	(19,358)	-	(19,358)	-	(19,358)
Total contributions by and distributions to owners	454	540	(19,426)	-	(18,432)	(1,012)	(19,444)
<u>Changes in ownership interests in subsidiaries</u>							
Cash subscribed by non-controlling shareholders	-	-	-	-	-	3,634	3,634
Total changes in ownership interests in subsidiaries	-	-	-	-	-	3,634	3,634
Total transactions with owners	454	540	(19,426)	-	(18,432)	2,622	(15,810)
Share of reserves of associated companies	-	163	-	-	163	-	163
Balance at 31 December 2012	74,565	30,663	336,209	(14,346)	427,091	33,262	460,353

* Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserve \$'000	Total \$'000
<u>The Company</u>				
Balance at 1 January 2013	74,565	5,565	52,912	133,042
Profit for the year, representing total comprehensive income for the year	-	-	28,431	28,431
<i>Transactions with owners, recognised directly in equity</i>				
Issue of shares	903	(758)	-	145
Cost of share-based payment	-	974	-	974
Dividend paid for 2012	-	-	(19,382)	(19,382)
Total transactions with owners	903	216	(19,382)	(18,263)
Balance at 31 December 2013	<u>75,468</u>	<u>5,781</u>	<u>61,961</u>	<u>143,210</u>
Balance at 1 January 2012	74,111	5,093	56,288	135,492
Profit for the year, representing total comprehensive income for the year	-	-	15,982	15,982
<i>Transactions with owners, recognised directly in equity</i>				
Issue of shares	454	(454)	-	-
Cost of share-based payment	-	926	-	926
Dividend paid for 2011	-	-	(19,358)	(19,358)
Total transactions with owners	454	472	(19,358)	(18,432)
Balance at 31 December 2012	<u>74,565</u>	<u>5,565</u>	<u>52,912</u>	<u>133,042</u>

1(e)(ii) SHARE CAPITAL

Issued share capital and treasury shares

	<u>Number of shares</u>
Balance at 1 January 2013	553,095,737
Issue of shares under share option scheme	40,000
Issue of shares under restricted share plan and performance share plan	<u>646,200</u>
As at 30 September 2013	553,781,937
Issue of shares under share option scheme	<u>110,000</u>
Balance at 31 December 2013	<u><u>553,891,937</u></u>

As at 31 December 2013, the Company is not holding any treasury shares (31 December 2012: Nil).

Share Options

As at 31 December 2013, there were unexercised options for 1,275,000 (31 December 2012: 1,425,000) of unissued ordinary shares under the Company's Share Option Scheme.

KT&T Restricted Share Plan ("KT&T RSP")

As at 31 December 2013, the number of contingent shares granted and not released was 1,042,000 (31 December 2012: 870,000) for KT&T Restricted Share Plan ("KT&T RSP"). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 1,042,000 ordinary shares of the Company for KT&T RSP.

As at 31 December 2013, the number of restricted shares released but not vested was 546,700 (31 December 2012: 486,200) for KT&T RSP.

KT&T Performance Share Plan ("KT&T PSP")

As at 31 December 2013, the number of contingent shares granted and not released was 680,000 (31 December 2012: 585,000) for KT&T Performance Share Plan ("KT&T PSP"). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 1,020,000 ordinary shares of the Company for KT&T PSP.

The movements in number of shares under KT&T RSP and PSP are as follows:

Contingent awards:

Date of Grant	<u>Number of Shares</u>				At 31.12.13
	At 1.1.13	Contingent shares granted	Released	Cancelled	
<u>KT&T RSP</u>					
2.7.12	870,000	-	(591,000)	(279,000)	-
3.4.13	-	1,084,000	-	(42,000)	1,042,000
	<u>870,000</u>	<u>1,084,000</u>	<u>(591,000)</u>	<u>(321,000)</u>	<u>1,042,000</u>
<u>KT&T PSP</u>					
2.7.10	180,000	-	(135,000)	(45,000)	-
1.7.11	180,000	-	-	-	180,000
2.7.12	225,000	-	-	-	225,000
3.4.13	-	275,000	-	-	275,000
	<u>585,000</u>	<u>275,000</u>	<u>(135,000)</u>	<u>(45,000)</u>	<u>680,000</u>

Awards released but not vested:

Date of Grant	Number of Shares				At 31.12.13
	At 1.1.13	Released	Vested	Cancelled	
<u>KT&T RSP</u>					
2.7.10	141,400	-	(141,400)	-	-
1.7.11	344,800	-	(172,200)	(6,000)	166,600
2.7.12	-	591,000	(197,600)	(13,300)	380,100
	<u>486,200</u>	<u>591,000</u>	<u>(511,200)</u>	<u>(19,300)</u>	<u>546,700</u>
<u>KT&T PSP</u>					
2.7.10	-	135,000	(135,000)	-	-
	<u>-</u>	<u>135,000</u>	<u>(135,000)</u>	<u>-</u>	<u>-</u>

2. AUDIT

The financial statements have not been audited nor reviewed by our auditors.

3. AUDITORS' REPORT

Not applicable.

4. ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited financial statements as at 31 December 2012, except as disclosed in paragraph 5.

5. CHANGES IN ACCOUNTING POLICIES

The Group has adopted all amendments to Financial Reporting Standards (FRS) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2013. These include Amendments to FRS 1 Presentation of Items of Other Comprehensive Income, FRS 113 Fair Value Measurement, FRS 107 Disclosure – Offsetting Financial Assets and Financial Liabilities and Improvements to FRSs 2012. The adoption of these FRS did not have any significant impact on the financial performance or position of the Group.

6. EARNINGS PER ORDINARY SHARE

	GROUP		
	2013	2012	+/(-)%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-			
(i) Based on the weighted average number of shares (cents)	11.4	10.0	14.0
- Weighted average number of shares ('000)	553,710	553,066	0.1
(ii) On a fully diluted basis (cents)	11.4	10.0	14.0
- Adjusted weighted average number of shares ('000)	555,950	554,887	0.2

7. NET ASSET VALUE

	GROUP			COMPANY		
	2013	2012	+/(-)%	2013	2012	+/(-)%
Net asset value per ordinary share based on issued share capital at the end of the financial year (\$)	0.85	0.77	10.4	0.26	0.24	8.3

8. REVIEW OF GROUP PERFORMANCE

Group revenue of \$161.7 million increased by 18% compared to the previous year due mainly to higher revenue from Data Centre and Logistics Divisions.

Operating profit at \$33.3 million improved by 32% due mainly to better performance from Data Centre Division and increase in other income. In Logistics Division, its China logistics operations reported lower profits due to start-up and implementation costs of newly developed projects.

Profit before taxation of \$83.0 million increased by 11% compared to \$75.2 million in 2012. This improvement was due to higher operating profit and better performance from associated companies, partly offset by higher interest expense.

After taking into account taxation and non-controlling interests, the Group's net profit attributable to shareholders increased by 14% to \$63.2 million.

In the opinion of the Directors, no factor has arisen between 31 December 2013 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 FORECAST STATEMENT

No forecast for the full year ended 31 December 2013 was previously provided.

10. PROSPECTS

Logistics Division continues to focus on executing its development projects while maintaining high occupancy rates in existing facilities. Construction of the new logistics warehouse in Tampines, Singapore remains on schedule. In China, the integration of our latest river port acquisition in Sanshui, Guangdong Province into the operations of Keppel Logistics Foshan is on track. Cargo throughput for Wuhu Sanshan Port which commenced operations earlier in 2013 has been encouraging. The construction of the other logistics facilities in China are in progress with the Tianjin Eco-City Distribution Centre scheduled to be completed in the second half of 2014.

Demand for data centre space is robust, sustained by the growing trends in cloud computing, e-commerce and social media. Construction of the Group's third data centre in Singapore is proceeding well. The Group intends to seek new data centre development opportunities. The Securus Fund is actively pursuing new acquisition opportunities in Asia and Europe to add to its current portfolio of assets. It is also exploring the establishment of a data centre real estate investment trust ("REIT") to be listed on the Main Board of Singapore Exchange Securities Trading Limited (the "SGX-ST").

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 3.5 cents per share tax exempt one-tier (2012: 3.5 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2013 for approval by shareholders at the next Annual General Meeting to be convened.

Name of Dividend	Final
Dividend Type	Cash
Dividend per share (cents)	3.5
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)	3.5
Tax rate	Tax-exempt (one-tier)

(c) Date Payable

The payment of the proposed first and final dividend will be announced at a later stage.

(d) Books Closure Date

The books closure date will be announced at a later stage.

12. SEGMENT ANALYSIS

2013

Business Segments

	Logistics \$'000	Data Centre \$'000	Investments \$'000	Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	108,566	53,128	-	-	161,694
Inter-segment sales	2,207	287	-	(2,494)	-
Total	110,773	53,415	-	(2,494)	161,694
<u>Segment results</u>					
Operating profit/(loss)	12,623	24,537	(3,872)	-	33,288
Interest income	565	957	2,700	(3,608)	614
Interest expense	(543)	(5,571)	(4,999)	3,608	(7,505)
Share of results of associated companies and jointly controlled entities	5,555	6,215	44,880	-	56,650
Profit before taxation	18,200	26,138	38,709	-	83,047
Taxation	(1,221)	(4,190)	(7,956)	-	(13,367)
Profit for the year	16,979	21,948	30,753	-	69,680
Attributable to:					
Shareholders of the Company	16,074	16,588	30,524	-	63,186
Non-controlling interests	905	5,360	229	-	6,494
	16,979	21,948	30,753	-	69,680
<u>Other Information</u>					
Segment assets	381,661	508,901	432,000	(174,057)	1,148,505
Segment liabilities	(127,565)	(400,258)	(249,851)	174,057	(603,617)
Net assets	254,096	108,643	182,149	-	544,888
Investment in associated companies and jointly controlled entities					
Investment in associated companies and jointly controlled entities	59,981	163,412	239,383	-	462,776
Additions to non-current assets	18,164	150,440	196	-	168,800
Depreciation	7,550	11,692	83	-	19,325
<u>Geographical Information</u>					
	Singapore \$'000	China \$'000	ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
External sales	116,387	37,307	4,456	3,544	161,694
Non-current assets	651,055	181,990	38,396	99,017	970,458

2012
Business Segments

	Logistics \$'000	Data Centre \$'000	Investments \$'000	Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	93,204	44,289	-	-	137,493
Inter-segment sales	3,642	311	-	(3,953)	-
Total	96,846	44,600	-	(3,953)	137,493
<u>Segment results</u>					
Operating profit/(loss)	14,936	17,154	(6,822)	-	25,268
Interest income	708	999	971	(1,944)	734
Interest expense	(336)	(4,500)	(2,543)	1,944	(5,435)
Share of results of associated companies and jointly controlled entities	5,455	6,128	43,031	-	54,614
Profit before taxation	20,763	19,781	34,637	-	75,181
Taxation	(1,944)	(2,485)	(9,359)	-	(13,788)
Profit for the year	18,819	17,296	25,278	-	61,393
Attributable to:					
Shareholders of the Company	17,149	13,283	25,020	-	55,452
Non-controlling interests	1,670	4,013	258	-	5,941
	18,819	17,296	25,278	-	61,393
<u>Other Information</u>					
Segment assets	263,054	353,391	381,749	(135,498)	862,696
Segment liabilities	(62,082)	(261,295)	(214,464)	135,498	(402,343)
Net assets	200,972	92,096	167,285	-	460,353
Investment in associated companies and jointly controlled entities	56,314	119,103	228,069	-	403,486
Additions to non-current assets	28,762	54,006	437	-	83,205
Depreciation	7,286	8,171	81	-	15,538
<u>Geographical Information</u>					
	Singapore \$'000	China \$'000	ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
External sales	103,992	27,384	4,310	1,807	137,493
Non-current assets	510,752	96,358	37,716	98,317	743,143

Notes:

- (a) The Group is organised into business units based on their products and services, and has three reportable operating segments namely Logistics, Data Centre and Investments. The Logistics division provides integrated logistics port operations, third party logistics services, supply chain solutions, warehousing, distribution, container storage and repairs and freight forwarding services. The Data Centre Division provides data centre co-location services including business continuity and disaster recovery services, and other data centre fund management services. The Investments Division is the investment holding arm for various entities not within the Logistics and Data Centre Divisions.
- (b) Pricing of inter-segment sales is at fair market value.
- (c) Segment assets and liabilities are those used in the operation of each segment.

13. REVIEW OF SEGMENT PERFORMANCE

Logistics Division's revenue of \$108.6 million increased by \$15.4 million compared to last year due to higher warehousing, distribution and freight income. Operating profit of \$12.6 million decreased by \$2.3 million. Improved performance in Southeast Asia logistics operations was offset by the start-up and implementation costs of newly developed projects in China. This resulted in profit before taxation to weaken by \$2.6 million to \$18.2 million. After taking into account lower taxation and non-controlling interests, net profit attributable to shareholders decreased by \$1.1 million to \$16.1 million.

Data Centre Division's revenue rose by \$8.8 million to \$53.1 million compared to last year due to higher occupancy and management fee income. Operating profit improved by \$7.4 million to \$24.5 million. Profit before taxation increased by \$6.4 million to \$26.1 million due to higher operating profit, partly offset by increase in interest expense. After taking into account taxation and non-controlling interests, net profit attributable to shareholders rose by \$3.3 million to \$16.6 million.

Investments Division's profit before taxation of \$38.7 million increased by \$4.1 million compared to last year due mainly to improvement in contributions from associated companies and increase in other income, partly offset by higher net interest expense. After taking into account lower taxation and non-controlling interests, net profit attributable to shareholders improved by \$5.5 million to \$30.5 million.

14. BREAKDOWN OF SALES

	Group		
	2013 \$'000	2012 \$'000	+ / (-) %
<u>First Half</u>			
Sales reported for first half year	76,610	68,155	12.4
Operating profit after tax before deducting non-controlling interests reported for first half year	34,390	32,327	6.4
<u>Second Half</u>			
Sales reported for second half year	85,084	69,338	22.7
Operating profit after tax before deducting non-controlling interests reported for second half year	35,290	29,066	21.4

15. INTERESTED PERSON TRANSACTIONS

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 18 April 2013. During the financial year, the following interested person transactions were entered into by the Group:

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 of the SGX Listing Manual)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<u>General Transactions</u>				
Keppel Corporation Limited Group	-	-	13,445	7,036
Singapore Telecommunications Limited	-	-	1,563	410
Mapletree Investments Pte Ltd	-	-	5,019	-
<u>Treasury Transactions</u>				
Keppel Corporation Limited Group	-	-	165,180	50,186
<u>Management Services</u>				
Keppel Corporation Limited Group	-	-	706	550
Keppel Land Limited Group	79,450	-	-	-
	79,450	-	185,913	58,182

16. REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CEO OR SUBSTANTIAL SHAREHOLDER

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in Keppel Telecommunications & Transportation Ltd (the "Company") or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

17. TOTAL ANNUAL DIVIDEND

Total Annual Dividend amounted to:

	2013 \$'000	2012 \$'000
Ordinary	19,386	19,382
Preference	-	-
Total	19,386	19,382

BY ORDER OF THE BOARD

TOK BOON SHENG/KELVIN CHUA
Company Secretaries
21 January 2014