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PRESS RELEASE

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2012

22 January 2013

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 2012.

These figures have not been audited.

FULL YEAR FY2012 RESULTS HIGHLIGHTS

1. Revenue increased 16% to \$137.5 million.
2. Net profit attributable to shareholders was \$55.5 million.
3. Earnings per share decreased to 10.0 cents per share.
4. Net asset value per ordinary share increased 9% to 77.0 cents per share.

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KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD

(Co Reg No: 196500115G)

(Incorporated in the Republic of Singapore)

FULL YEAR 2012 FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

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KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD

(Co Reg No: 196500115G)

Full Year Financial Statements And Dividend Announcement

1 UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

The Directors of **Keppel Telecommunications & Transportation Ltd** advise the following unaudited results of the Group for the year ended 31 December 2012.

1(a) GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 December 2012

| | Group | | |
|-----------------------------------------------------------------------------|-----------------|-----------------|-----------|
| | 2012 | 2011 | + / (-) % |
| | \$'000 | \$'000 | |
| REVENUE | 137,493 | 118,125 | 16.4 |
| Operating expenses | (114,108) | (100,669) | 13.3 |
| Other income | <u>1,883</u> | <u>26,033</u> | (92.8) |
| OPERATING PROFIT | 25,268 | 43,489 | (41.9) |
| Interest income | 734 | 711 | 3.2 |
| Interest expense | (5,435) | (3,414) | 59.2 |
| Share of results of associated companies and jointly controlled entities | <u>54,614</u> | <u>59,258</u> | (7.8) |
| PROFIT BEFORE TAXATION | 75,181 | 100,044 | (24.9) |
| Taxation | <u>(13,788)</u> | <u>(12,335)</u> | 11.8 |
| PROFIT FOR THE YEAR | <u>61,393</u> | <u>87,709</u> | (30.0) |
| Attributable to: | | | |
| Shareholders of the Company | 55,452 | 79,432 | (30.2) |
| Non-controlling interests | <u>5,941</u> | <u>8,277</u> | (28.2) |
| | <u>61,393</u> | <u>87,709</u> | (30.0) |
| Earnings per share | | | |
| - basic | 10.0 cts | 14.4 cts | (30.6) |
| - diluted | 10.0 cts | 14.3 cts | (30.1) |

Notes to Group Profit and Loss Account

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

| | Group | | |
|------------------------------------------------------------|----------------|----------------|---------|
| | 2012 | 2011 | + / (-) |
| | \$'000 | \$'000 | % |
| Purchase of goods and services | 25,619 | 24,192 | 5.9 |
| Staff costs ^(a) | 34,745 | 32,672 | 6.3 |
| Share-based payment expenses | 958 | 950 | 0.8 |
| Depreciation of fixed assets ^(b) | 15,538 | 13,402 | 15.9 |
| Rental of equipment and facilities expenses ^(c) | 26,474 | 21,282 | 24.4 |
| Other operating expenses ^(d) | <u>10,774</u> | <u>8,171</u> | 31.9 |
| Operating expenses | <u>114,108</u> | <u>100,669</u> | 13.3 |
| Other income ^(e) | <u>1,883</u> | <u>26,033</u> | (92.8) |

Notes:

- (a) Staff costs increased due mainly to higher headcounts for Logistics and Data Centre divisions.
- (b) Higher depreciation due mainly to additional capital expenditure for warehouses and data centres' equipment.
- (c) Rental of equipment and facilities expenses increased due to higher costs of maintenance, security, utilities, upkeep of data centres and warehouses.
- (d) Other operating expenses increased due to higher general and administrative expenses such as business development, insurance and professional fees.
- (e) Other income decreased due mainly to the absence of gain on disposals of investments, lower dilution gain in an associated company and sundry income. During the corresponding period of 2011, other income comprised largely a one-time gain on disposals of Wuhu Annto and non-core businesses.

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

| | Group | | |
|------------------------------------------------------------------------------|--------|----------|---------|
| | 2012 | 2011 | + / (-) |
| | \$'000 | \$'000 | % |
| Gain on disposal of subsidiaries, associated companies and other investments | (190) | (24,140) | (99.2) |
| Impairment loss on investments | 479 | 1,173 | (59.2) |
| (Write-back of)/provision for doubtful debts | (52) | 1,284 | nm |
| Bad debts written off | - | 8 | (100.0) |
| Write-back of provision for obsolete stocks | (138) | (75) | 84.0 |
| Foreign exchange loss | 57 | 288 | (80.2) |
| Gain on disposal of fixed assets | - | (654) | (100.0) |

- (iii) Taxation in 2012 included write-back of over-provision for taxation of \$986,000 (2011: \$763,000) and deferred taxation of \$132,000 (2011: \$865,000) in respect of prior years. Tax assets recognised under the Group Relief System was \$2,377,000 (2011: \$5,822,000).

- (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 2012**

| | 2012 \$'000 | 2011 \$'000 | + / (-) % |
|----------------------------------------------------------------------------|----------------------|----------------------|--------------|
| Profit for the year | <u>61,393</u> | <u>87,709</u> | (30.0) |
| Available-for-sale financial assets | | | |
| - Fair value changes | (478) | 514 | nm |
| - Fair value loss/(gain) realised and transferred to profit & loss account | 499 | (525) | nm |
| Foreign currency translation | | | |
| - Exchange differences arising on consolidation | (5,946) | (1,224) | 385.8 |
| - Realised and transferred to profit & loss account | - | 1,789 | (100.0) |
| Share of other comprehensive income/(expense) of associated companies | <u>286</u> | <u>(426)</u> | nm |
| Other comprehensive (expense)/income for the year, net of tax | <u>(5,639)</u> | <u>128</u> | nm |
| Total comprehensive income for the year | <u><u>55,754</u></u> | <u><u>87,837</u></u> | (36.5) |
| Attributable to: | | | |
| Shareholders of the Company | 50,453 | 79,199 | (36.3) |
| Non-controlling interests | <u>5,301</u> | <u>8,638</u> | (38.6) |
| | <u><u>55,754</u></u> | <u><u>87,837</u></u> | (36.5) |

nm – not meaningful

1(c)(i) BALANCE SHEETS as at 31 December 2012

| | Group | | Company | |
|------------------------------------------------------|----------------|----------------|----------------|----------------|
| | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| SHARE CAPITAL | 74,565 | 74,111 | 74,565 | 74,111 |
| RESERVES | 352,526 | 320,959 | 58,477 | 61,381 |
| SHARE CAPITAL AND RESERVES | 427,091 | 395,070 | 133,042 | 135,492 |
| NON-CONTROLLING INTERESTS | 33,262 | 25,339 | - | - |
| CAPITAL EMPLOYED | 460,353 | 420,409 | 133,042 | 135,492 |
| Represented by: | | | | |
| FIXED ASSETS | 339,153 | 311,332 | - | - |
| INVESTMENTS | | | | |
| Subsidiaries | - | - | 87,345 | 72,962 |
| Associated companies and jointly controlled entities | 403,486 | 354,529 | 34,572 | 12,848 |
| Others | 504 | 687 | - | - |
| | 403,990 | 355,216 | 121,917 | 85,810 |
| LONG-TERM RECEIVABLES | - | - | 94,850 | - |
| CURRENT ASSETS | | | | |
| Stocks and work-in-progress | 437 | 460 | - | - |
| Debtors | 49,375 | 35,831 | 219 | 4 |
| Amounts owing by holding and related companies | 1,186 | 1,281 | 27,306 | 40,931 |
| Amounts owing by associated companies | 4,826 | 2,139 | 2,302 | - |
| Fixed deposits | 44,717 | 56,393 | 10,299 | 11,451 |
| Bank balances and cash | 19,012 | 9,165 | 163 | 55 |
| | 119,553 | 105,269 | 40,289 | 52,441 |
| LESS: CURRENT LIABILITIES | | | | |
| Creditors | 47,349 | 40,534 | 2,896 | 561 |
| Amounts owing to holding and related companies | 1,304 | 1,081 | 1,112 | 35 |
| Amounts owing to associated companies | 515 | 31 | - | - |
| Short-term borrowings | 25,000 | 46,010 | - | 2,160 |
| Taxation | 1,572 | 1,204 | 6 | 3 |
| | 75,740 | 88,860 | 4,014 | 2,759 |
| NET CURRENT ASSETS | 43,813 | 16,409 | 36,275 | 49,682 |
| NON-CURRENT LIABILITIES | | | | |
| Long-term borrowings | 315,696 | 255,696 | 120,000 | - |
| Deferred taxation | 10,907 | 6,852 | - | - |
| | 326,603 | 262,548 | 120,000 | - |
| NET ASSETS | 460,353 | 420,409 | 133,042 | 135,492 |

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

Amount repayable in one year or less, or on demand

| As at 31.12.2012 | | As at 31.12.2011 | |
|-------------------|---------------------|-------------------|---------------------|
| Secured \$'000 | Unsecured \$'000 | Secured \$'000 | Unsecured \$'000 |
| - | 25,000 | - | 46,010 |

Amount repayable after one year

| As at 31.12.2012 | | As at 31.12.2011 | |
|-------------------|---------------------|-------------------|---------------------|
| Secured \$'000 | Unsecured \$'000 | Secured \$'000 | Unsecured \$'000 |
| - | 315,696 | - | 255,696 |

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

Not applicable.

1(c)(iii) BALANCE SHEET ANALYSIS

Group share capital and reserves increased by \$32.0 million to \$427.1 million as at 31 December 2012. The increase was due mainly to profits attributable to shareholders, partly offset by payment of dividends in respect of financial year 2011 and foreign currency translation losses.

Group total assets of \$862.7 million at 31 December 2012 were \$90.9 million higher than in the previous year. Fixed assets increased by \$27.8 million to \$339.2 million due mainly to cost incurred to fit out data centres. Investments in associated companies and jointly controlled entities of \$403.5 million increased by \$49.0 million due to equity accounting for share of profits and additional investments during the year, partly offset by dividends received. Current assets of \$119.6 million increased \$14.3 million due largely to higher debtors and bank balances.

Group total liabilities of \$402.3 million were \$50.9 million higher than in the previous year due mainly to increase in creditors, borrowings and deferred taxation. Creditors increased due mainly to fit out of data centres. Total borrowings increased by \$39.0 million to \$340.7 million due mainly to additional investments in associated companies and capital expenditure.

**1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2012**

| | 2012 | 2011 |
|---------------------------------------------------------------------------------|-----------------|-----------------|
| | \$'000 | \$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Operating profit | 25,268 | 43,489 |
| Adjustments for non-cash items: | | |
| Depreciation of fixed assets | 15,538 | 13,402 |
| Gain on disposal of subsidiaries, associated companies and other investments | (190) | (24,140) |
| Impairment loss on investments | 479 | 1,173 |
| Gain on disposal of fixed assets | - | (654) |
| Share-based payment expenses | 958 | 950 |
| Gain on dilution of associated companies | (1,770) | (2,979) |
| Translation of foreign companies | (877) | 505 |
| | <u>39,406</u> | <u>31,746</u> |
| Operating cash flows before changes in working capital | | |
| Working capital changes: | | |
| Stocks and work-in-progress | 23 | 337 |
| Debtors | (12,942) | (5,540) |
| Creditors | 1,791 | 1,677 |
| | <u>28,278</u> | <u>28,220</u> |
| Cash flows from operations | | |
| Interest received | 908 | 569 |
| Interest paid | (4,284) | (3,322) |
| Income taxes paid | (1,952) | (2,680) |
| Proceeds from tax losses transferred under group relief system | 1,909 | 5,822 |
| Staff compensation and restructuring expenses | - | (1,072) |
| | <u>24,859</u> | <u>27,537</u> |
| NET CASH FROM OPERATING ACTIVITIES | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of a subsidiary (Note A) | - | (18,149) |
| Disposal of subsidiaries (Note B) | - | (153) |
| Investment in associated companies | (38,002) | (36,100) |
| Purchase of other investments | (282) | (23) |
| Proceeds from disposal of associated companies | - | 51,757 |
| Capital distribution from other investments | 322 | 3,611 |
| Proceeds from disposal of fixed assets | 138 | 1,681 |
| Purchase of fixed assets | (40,229) | (82,344) |
| Dividends received from investments | 30,758 | 37,125 |
| | <u>(47,295)</u> | <u>(42,595)</u> |
| NET CASH USED IN INVESTING ACTIVITIES | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Acquisition of additional shares in a subsidiary | - | (17,850) |
| Net proceeds from share issues | - | 154 |
| Repayment of short-term loans | (21,010) | (44,306) |
| Proceeds from long-term loans | 60,000 | 108,482 |
| Funds to associated companies | (1,647) | (8,468) |
| Proceeds from non-controlling shareholders of subsidiaries | 3,634 | 3,000 |
| Dividends paid to shareholders of the company | (19,358) | (19,346) |
| Dividends paid to non-controlling shareholders of subsidiaries | (1,012) | (2,519) |
| | <u>20,607</u> | <u>19,147</u> |
| NET CASH FROM FINANCING ACTIVITIES | | |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (1,829) | 4,089 |
| Cash and cash equivalents as at 1 January | <u>65,558</u> | <u>61,469</u> |
| Cash and cash equivalents as at 31 December (Note C) | <u>63,729</u> | <u>65,558</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:

| | 2012 \$'000 | 2011 \$'000 |
|---------------------------------------------------|-----------------|----------------------|
| Fixed assets | - | 89,084 |
| Debtors | - | 4,871 |
| Creditors | - | (6,323) |
| Bank balances and cash | - | 841 |
| Taxation | - | (1,673) |
| Short-term borrowings | - | (67,810) |
| | <u>-</u> | <u>(67,810)</u> |
| Purchase consideration | - | 18,990 |
| Less: Bank balances and cash acquired | <u>-</u> | <u>(841)</u> |
| Cash outflow on acquisition, net of cash acquired | <u><u>-</u></u> | <u><u>18,149</u></u> |

B. Disposal of subsidiaries

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

| | 2012 \$'000 | 2011 \$'000 |
|------------------------------------------------|-----------------|-------------------|
| Fixed assets | - | (258) |
| Stocks and work-in-progress | - | (932) |
| Debtors | - | (297) |
| Creditors | - | 5,388 |
| Bank balances and cash | - | (1,583) |
| Taxation | - | 120 |
| Non-controlling interests | - | 420 |
| | <u>-</u> | <u>2,858</u> |
| Net gain on disposal | <u>-</u> | <u>(4,288)</u> |
| Sale proceeds | - | (1,430) |
| Add: Bank balances and cash disposed | <u>-</u> | <u>1,583</u> |
| Cash outflow on disposal, net of cash disposed | <u><u>-</u></u> | <u><u>153</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:

| | 2012 \$'000 | 2011 \$'000 |
|------------------------|----------------------|----------------------|
| Fixed deposits | 44,717 | 56,393 |
| Bank balances and cash | <u>19,012</u> | <u>9,165</u> |
| | <u><u>63,729</u></u> | <u><u>65,558</u></u> |

1(d)(ii) CASH FLOW ANALYSIS

The Group's net cash from operating activities for the year was \$24.9 million compared to \$27.5 million in the previous year. Cash flows generated from operations was partly offset by lower proceeds from transfer of tax losses under the group relief system.

Net cash used in investing activities for the year was \$47.3 million was mainly for additional investments in associated companies and capital expenditure for fit out of data centres, partly offset by cash inflows from dividends received.

Net cash from financing activities for the year was \$20.6 million due to net proceeds from long-term loans and non-controlling shareholder of a subsidiary, partly offset by cash outflows on dividends paid to shareholders of the Company.

**1(e)(i) STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December 2012**

| | 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 * | - | 307 | - | (5,306) | (4,999) | (640) | (5,639) |
| Total comprehensive income for the year | - | 307 | 55,452 | (5,306) | 50,453 | 5,301 | 55,754 |
| 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> | | | | | | | |
| Acquisition of a subsidiary | - | - | - | - | - | 3,634 | 3,634 |
| Total change in ownership interests in subsidiaries | - | - | - | - | - | 3,634 | 3,634 |
| Total transactions with owners | 454 | 540 | (19,426) | - | (18,432) | 2,622 | (15,810) |
| 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 | Foreign Currency Translation Account \$'000 | Share Capital & Reserves \$'000 | Non- Controlling Interests \$'000 | Capital Employed \$'000 |
|----------------------------------------------------------------|----------------------------|-------------------------------|------------------------------|---------------------------------------------------------|------------------------------------------|--------------------------------------------|-------------------------------|
| <u>The Group</u> | | | | | | | |
| Balance at 1 January 2011 | 73,750 | 11,491 | 265,719 | (9,244) | 341,716 | 26,946 | 368,662 |
| Total comprehensive income for the year | | | | | | | |
| Profit for the year | - | - | 79,432 | - | 79,432 | 8,277 | 87,709 |
| Other comprehensive income for the year * | - | (437) | - | 204 | (233) | 361 | 128 |
| Total comprehensive income for the year | - | (437) | 79,432 | 204 | 79,199 | 8,638 | 87,837 |
| Transactions with owners, recognised directly in equity | | | | | | | |
| <u>Contributions by and distributions to owners</u> | | | | | | | |
| Issue of shares | 361 | (207) | - | - | 154 | - | 154 |
| Cost of share-based payment | - | 950 | - | - | 950 | - | 950 |
| Transfer from revenue reserve to capital reserves | - | 18,076 | (18,076) | - | - | - | - |
| Dividend paid to non-controlling shareholders | - | - | - | - | - | (2,519) | (2,519) |
| Dividend paid for 2010 | - | - | (19,346) | - | (19,346) | - | (19,346) |
| Total contributions by and distributions to owners | 361 | 18,819 | (37,422) | - | (18,242) | (2,519) | (20,761) |
| <u>Changes in ownership interests in subsidiaries</u> | | | | | | | |
| Acquisition of additional interest in a subsidiary | - | - | (7,546) | - | (7,546) | (10,304) | (17,850) |
| Acquisition of a subsidiary | - | - | - | - | - | 3,000 | 3,000 |
| Disposal of subsidiaries | - | (57) | - | - | (57) | (422) | (479) |
| Total change in ownership interests in subsidiaries | - | (57) | (7,546) | - | (7,603) | (7,726) | (15,329) |
| Total transactions with owners | 361 | 18,762 | (44,968) | - | (25,845) | (10,245) | (36,090) |
| Balance at 31 December 2011 | 74,111 | 29,816 | 300,183 | (9,040) | 395,070 | 25,339 | 420,409 |

* 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 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> |
| | | | | |
| Balance at 1 January 2011 | 73,750 | 4,350 | 46,524 | 124,624 |
| Profit for the year, representing total comprehensive income for the year | - | - | 29,110 | 29,110 |
| <i>Transactions with owners, recognised directly in equity</i> | | | | |
| Issue of shares | 361 | (207) | - | 154 |
| Cost of share-based payment | - | 950 | - | 950 |
| Dividend paid for 2010 | - | - | (19,346) | (19,346) |
| Total transactions with owners | 361 | 743 | (19,346) | (18,242) |
| Balance at 31 December 2011 | <u>74,111</u> | <u>5,093</u> | <u>56,288</u> | <u>135,492</u> |

1(e)(ii) SHARE CAPITAL

Since the end of the previous period, the Company did not issue any shares. During the first quarter ended 31 March 2012, the Company issued 359,200 shares under the KT&T Restricted Share Plan ("KT&T RSP"). The share capital of the Company as at 31 December 2012 was 553,095,737 (31 December 2011: 552,736,537) ordinary shares.

As at 31 December 2012, the Company is not holding any treasury shares (31 December 2011: Nil).

Share Options

As at 31 December 2012, there were unexercised options for 1,425,000 (2011: 1,580,000) of unissued ordinary shares under the Company's Share Option Scheme.

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

As at 31 December 2012, the number of contingent shares granted and not released was 870,000 (2011: 604,000) 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 870,000 ordinary shares of the Company for KT&T RSP. The number of contingent shares granted and not released but cancelled was 15,000 (2011: 18,000).

As at 31 December 2012, the number of restricted shares released but not vested was 486,200 (2011: 316,000) for KT&T RSP. The number of restricted shares released but not vested and cancelled was 74,600 (2011: 18,000).

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

As at 31 December 2012, the number of contingent shares granted and not released was 585,000 (2011: 360,000) 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 877,500 ordinary shares of the Company for KT&T PSP.

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 2011, except as disclosed in paragraph 5 below.

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 2012. These include Amendments to FRS 107 Disclosures – Transfers of Financial Assets and Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets. 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 | | |
|---------------------------------------------------------------------------------------------|---------|---------|-----------|
| | 2012 | 2011 | + / (-) % |
| Earnings per ordinary share of the Group based on net profit attributable to shareholders:- | | | |
| (i) Based on the weighted average number of shares (cents) | 10.0 | 14.4 | (30.6) |
| - Weighted average number of shares ('000) | 553,066 | 552,697 | 0.1 |
| (ii) On a fully diluted basis (cents) | 10.0 | 14.3 | (30.1) |
| - Adjusted weighted average number of shares ('000) | 554,887 | 553,922 | 0.2 |

7. NET ASSET VALUE

| | GROUP | | | COMPANY | | |
|--------------------------------------------------------------------------------------------------------|-------|------|--------|---------|------|--------|
| | 2012 | 2011 | +/(-)% | 2012 | 2011 | +/(-)% |
| Net asset value per ordinary share based on issued share capital at the end of the financial year (\$) | 0.77 | 0.71 | 8.5 | 0.24 | 0.25 | (4.0) |

8. REVIEW OF GROUP PERFORMANCE

Group revenue of \$137.5 million rose \$19.4 million or 16% compared to last year. Revenue for both Data Centre and Logistics divisions increased due to higher occupancy of data centres and warehouses.

Operating profit of \$25.3 million decreased by \$18.2 million or 42% due mainly to absence of disposal gains. In 2011, disposal gains of \$22.8 million comprised mainly gain on disposals of subsidiaries and associated companies, partly offset by impairment loss.

Profit before taxation at \$75.2 million decreased by \$24.9 million due mainly to the decline in operating profit and share of profits from associated companies as well as higher interest expense.

After taking into account taxation expense, the Group's net profit attributable to shareholders was \$55.5 million.

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 FORECAST STATEMENT

No forecast for the full year ended 31 December 2012 was previously provided.

10. PROSPECTS

The Group is focused on maintaining high occupancy rates for its logistics facilities in South East Asia and China. It will execute major expansion projects, such as Wuhu Sanshan Port, Jilin Food Logistics Park and Lu'an Logistics Park, in China. The recent entry into the Indonesia logistics market will help to expand the Group's geographical footprint in the region. Concurrently, the Group continues to explore new investment opportunities.

Demand for the Group's data centre services remains strong. The Group is continually assessing opportunities for development of new assets. The Securus Data Property Fund completed its Second Round Capital raising exercise and is now well positioned to acquire more assets.

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 (2011: 3.5 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2012 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 proposed first and final dividend if approved at the Annual General Meeting, tentatively scheduled to be held on 18 April 2013, will be paid on 7 May 2013.

(d) Books Closure Date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 26 April 2013 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 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 25 April 2013 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 25 April 2013 will be entitled to the proposed first and final dividend.

12. SEGMENT ANALYSIS

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 | Far East and ASEAN other than Singapore \$'000 | Others \$'000 | | Consolidated Total \$'000 |
| External sales | 103,992 | 31,694 | 1,807 | | 137,493 |
| Non-current assets | 510,752 | 134,074 | 98,317 | | 743,143 |

2011
Business Segments

| | Logistics \$'000 | Data Centre \$'000 | Investments \$'000 | Eliminations \$'000 | Consolidated Total \$'000 |
|--------------------------------------------------------------------------------|---------------------|------------------------------------------------------------|-----------------------|------------------------|---------------------------------|
| <u>Revenue</u> | | | | | |
| External sales | 85,727 | 28,657 | 3,741 | - | 118,125 |
| Inter-segment sales | 3,966 | 226 | 62 | (4,254) | - |
| Total | 89,693 | 28,883 | 3,803 | (4,254) | 118,125 |
| <u>Segment results</u> | | | | | |
| Operating profit | 31,257 | 11,185 | 1,047 | - | 43,489 |
| Interest income | 637 | 426 | 315 | (667) | 711 |
| Interest expense | (216) | (2,091) | (1,774) | 667 | (3,414) |
| Share of results of associated companies and jointly controlled entities | 6,460 | 4,298 | 48,500 | - | 59,258 |
| Profit before taxation | 38,138 | 13,818 | 48,088 | - | 100,044 |
| Taxation | (2,801) | (646) | (8,888) | - | (12,335) |
| Profit for the year | 35,337 | 13,172 | 39,200 | - | 87,709 |
| Attributable to: | | | | | |
| Shareholders of the Company | 33,076 | 10,133 | 36,223 | - | 79,432 |
| Non-controlling interests | 2,261 | 3,039 | 2,977 | - | 8,277 |
| | 35,337 | 13,172 | 39,200 | - | 87,709 |
| <u>Other Information</u> | | | | | |
| Segment assets | 220,599 | 308,791 | 305,842 | (63,415) | 771,817 |
| Segment liabilities | (56,379) | (260,406) | (98,038) | 63,415 | (351,408) |
| Net assets | 164,220 | 48,385 | 207,804 | - | 420,409 |
| Investment in associated companies and jointly controlled entities | | | | | |
| | 35,217 | 96,270 | 223,042 | - | 354,529 |
| Additions to non-current assets | 27,947 | 89,264 | 1,256 | - | 118,467 |
| Depreciation | 6,186 | 7,113 | 103 | - | 13,402 |
| Impairment losses | - | - | 1,173 | - | 1,173 |
| <u>Geographical Information</u> | | | | | |
| | Singapore \$'000 | Far East and ASEAN other than Singapore \$'000 | Others \$'000 | | Consolidated Total \$'000 |
| External sales | 85,605 | 32,520 | - | | 118,125 |
| Non-current assets | 462,971 | 115,554 | 88,023 | | 666,548 |

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 \$93.2 million increased by \$7.5 million compared to last year due to higher occupancy of warehouses. Operating profit decreased by \$16.3 million from \$31.3 million to \$14.9 million. There was improvement due to streamlining of its Singapore operations and lower overheads, but profit was lower because of one-time disposal gains in 2011. Profit before taxation of \$20.8 million was lower by \$17.4 million due to lower operating profit and absence of contribution from Wuhu Annto. After taking into account taxation and non-controlling interests, net profit attributable to shareholders was \$17.1 million.

Data Centre Division's revenue of \$44.3 million increased by \$15.6 million compared to last year due to higher occupancy. Both operating profit and profit before taxation increased by \$6.0 million to \$17.2 million and \$19.8 million respectively. Taxation expense was higher due to provision for deferred tax liabilities. After taking into account taxation and non-controlling interests, net profit attributable to shareholders rose by \$3.2 million to \$13.3 million.

Investments Division's profit before taxation of \$34.6 million decreased by \$13.5 million compared to last year. This was due mainly to lower contributions from associated companies and higher overheads as well as absence of gain on disposal of non-core businesses. The division's net profit attributable to shareholders was \$25.0 million.

14. BREAKDOWN OF SALES

| | GROUP | | |
|---------------------------------------------------------------------------------------------------------|----------------|----------------|--------------|
| | 2012 \$'000 | 2011 \$'000 | + / (-) % |
| <u>First Half</u> | | | |
| Sales reported for first half year | 68,155 | 58,607 | 16.3 |
| Operating profit after tax and before deducting non-controlling interests reported for first half year | 32,327 | 35,050 | (7.8) |
| <u>Second Half</u> | | | |
| Sales reported for second half year | 69,338 | 59,518 | 16.5 |
| Operating profit after tax and before deducting non-controlling interests reported for second half year | 29,066 | 52,659 | (44.8) |

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 2012. 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) | |
|----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| <u>General Transactions</u> | | | | |
| Keppel Corporation Limited Group | - | - | 7,036 | 17,564 |
| Singapore Telecommunications Limited | - | - | 410 | 1,039 |
| Mapletree Investments Pte Ltd | - | - | - | 4,554 |
| <u>Treasury Transactions</u> | | | | |
| Keppel Corporation Limited Group | - | - | 50,186 | 84,813 |
| <u>Management Services</u> | | | | |
| Keppel Corporation Limited Group | - | - | 550 | 500 |
| <u>Investment Transactions</u> | | | | |
| Keppel Land Limited Group | | | | |
| - Capital commitment for the formation of joint venture company, Keppel Data Centre Holdings Pte Ltd ("JV Co") | - | 21,000 | - | - |
| - Principal and interest of shareholders' loan to the JV Co | - | 73,591 | - | - |
| - Acquisition of Keppel Digihub Limited by the JV Co ⁽¹⁾ | - | 13,293 | - | - |
| - Disposal of Keppel Datahub Pte Ltd to the JV Co ⁽²⁾ | - | 2,689 | - | - |
| <u>Electricity Transactions</u> | | | | |
| Keppel Corporation Limited Group | - | 6,459 | - | - |
| Singapore Power Limited | - | 608 | - | - |
| <u>Security Services</u> | | | | |
| Certis Cisco Security Pte Ltd | - | 167 | - | - |
| | - | 117,807 | 58,182 | 108,470 |

Notes:

⁽¹⁾ Based on the purchase consideration of approximately \$19.0 million for the shares of Keppel Digihub Limited and having regard to the Company's 70% interest in the JV Co, the value of the transaction to which the Company is considered to be at risk pursuant to Rule 909 of the Listing Manual is approximately \$13.293 million.

⁽²⁾ Pursuant to the sale of shares in Keppel Datahub Pte Ltd to the JV Co for a consideration of approximately \$9.0 million, the Company's effective interest in Keppel Datahub Pte Ltd has decreased by 30% to 70%. Accordingly, the value of the transaction to which the Company is considered to be at risk pursuant to Rule 909 of the Listing Manual is approximately \$2.689 million.

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:

| | 2012 \$'000 | 2011 \$'000 |
|------------|----------------|----------------|
| Ordinary | 19,358 | 19,346 |
| Preference | - | - |
| Total | 19,358 | 19,346 |

BY ORDER OF THE BOARD

TOK BOON SHENG/KELVIN CHUA
Company Secretaries
22 January 2013