

MEDIA RELEASE

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD UNAUDITED RESULTS FOR FIRST QUARTER ENDED 31 MARCH 2014

15 April 2014

The Directors of Keppel Telecommunications & Transportation Ltd advise the following results of the Company and of the Group for the first quarter ended 31 March 2014.

These figures have not been audited.

1Q FY2014 RESULTS HIGHLIGHTS

1. Revenue increased by 22% to \$48.7 million.
2. Net profit attributable to shareholders improved 3% to \$15.4 million.
3. Earnings per share improved 4% to 2.8 cents.
4. Net asset value per ordinary share increased by 4% to 88 cents per share.

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This press release is also available at www.kepcorp.com and www.keppeltt.com.sg.

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD

(Co Reg No: 196500115G)

(Incorporated in the Republic of Singapore)

FIRST QUARTER 2014 FINANCIAL STATEMENTS

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First Quarter 2014 Financial Statements

1 UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014

The Directors of **Keppel Telecommunications & Transportation Ltd** advise the following unaudited results of the Group for the first quarter ended 31 March 2014.

1(a) GROUP PROFIT AND LOSS ACCOUNT for the first quarter ended 31 March 2014

	1Q 2014 \$'000	1Q 2013 \$'000	+/(-)%
REVENUE	48,711	40,044	21.6
Operating expenses	(42,431)	(33,733)	25.8
Other income	1,120	757	48.0
OPERATING PROFIT	7,400	7,068	4.7
Interest income	43	113	(61.9)
Interest expense	(2,422)	(1,752)	38.2
Share of results of associated companies and jointly controlled entities	16,225	14,438	12.4
PROFIT BEFORE TAXATION	21,246	19,867	6.9
Taxation	(4,021)	(3,419)	17.6
PROFIT FOR THE PERIOD	17,225	16,448	4.7
Attributable to:			
Shareholders of the Company	15,428	14,997	2.9
Non-controlling interests	1,797	1,451	23.8
	17,225	16,448	4.7
Earnings per share			
- basic	2.8 cts	2.7 cts	3.7
- diluted	2.8 cts	2.7 cts	3.7

Notes to Group Profit and Loss Account

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

	1Q 2014 \$'000	1Q 2013 \$'000	+ /(-) %
Purchase of goods and services ^(a)	13,685	10,370	32.0
Staff costs ^(b)	11,884	9,563	24.3
Share-based payment expenses	419	314	33.4
Depreciation of fixed assets ^(c)	5,998	4,062	47.7
Rental of equipment and facilities expenses ^(d)	7,631	7,046	8.3
Other operating expenses ^(e)	<u>2,814</u>	<u>2,378</u>	18.3
Operating expenses	<u>42,431</u>	<u>33,733</u>	25.8
Other income ^(f)	<u>1,120</u>	<u>757</u>	48.0

Notes:

- (a) Purchase of goods and services increased due mainly to new subsidiaries acquired.
- (b) Staff costs increased due mainly to new subsidiaries acquired and higher headcount in Logistics division.
- (c) Higher depreciation due mainly to new subsidiaries acquired and additional capital expenditure for data centres' equipment.
- (d) Rental of equipment and facilities expenses increased due mainly to new subsidiaries acquired and higher property tax.
- (e) Other operating expenses increased due to new subsidiaries acquired and higher general and administrative expenses.
- (f) Other income increased due largely to higher recovery of overheads, partly offset by lower dilution gain in an associated company and fair value loss on forward foreign currency contracts.

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

	1Q 2014 \$'000	1Q 2013 \$'000	+ /(-) %
Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired	(219)	-	nm
Write-back of provision for doubtful debts	(8)	(3)	166.7
Write-back of provision for stock obsolescence	(2)	(134)	(98.5)
Foreign exchange loss	15	54	(72.2)
Fair value loss on forward foreign currency contracts	416	-	nm

(iii) Taxation expense for the quarter included write-back of over-provision for taxation of \$34,000 (1Q 2013: \$15,000) in respect of prior years. In 1Q 2013, provision for deferred taxation was \$1,215,000 in respect of prior years and tax assets recognised under Group Relief System was \$1,373,000.

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

nm – not meaningful

**1(b) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the first quarter ended 31 March 2014**

	1Q 2014 \$'000	1Q 2013 \$'000	+ / (-) %
Profit for the period	<u>17,225</u>	<u>16,448</u>	4.7
<u>Items that will be reclassified subsequently to profit or loss:</u>			
Available-for-sale financial assets			
- Fair value changes	-	(51)	nm
Foreign currency translation			
- Exchange differences arising on consolidation	(108)	5,160	nm
- Realised and transferred to profit & loss account	470	-	nm
Share of other comprehensive income of associated companies			
- Foreign currency translation	<u>1,838</u>	<u>3,894</u>	(52.8)
Other comprehensive income for the period, net of tax	<u>2,200</u>	<u>9,003</u>	(75.6)
Total comprehensive income for the period	<u><u>19,425</u></u>	<u><u>25,451</u></u>	(23.7)
Attributable to:			
Shareholders of the Company	17,678	22,514	(21.5)
Non-controlling interests	<u>1,747</u>	<u>2,937</u>	(40.5)
	<u><u>19,425</u></u>	<u><u>25,451</u></u>	(23.7)

nm – not meaningful

1(c)(i) BALANCE SHEETS as at 31 March 2014

	Group		Company	
	31.3.2014 \$'000	31.12.2013 \$'000	31.3.2014 \$'000	31.12.2013 \$'000
SHARE CAPITAL	76,693	75,468	76,693	75,468
RESERVES	412,121	394,990	67,313	67,742
SHARE CAPITAL AND RESERVES	488,814	470,458	144,006	143,210
NON-CONTROLLING INTERESTS	79,914	74,430	-	-
CAPITAL EMPLOYED	568,728	544,888	144,006	143,210
Represented by:				
FIXED ASSETS	520,380	507,446	-	-
INVESTMENTS				
Subsidiaries	-	-	87,307	87,307
Associated companies and jointly controlled entities	472,113	462,776	34,572	34,572
Others	236	236	-	-
	472,349	463,012	121,879	121,879
INTANGIBLES	1,472	-	-	-
LONG-TERM RECEIVABLES	-	-	94,850	94,850
CURRENT ASSETS				
Stocks	742	754	-	-
Debtors	89,368	85,255	364	191
Amounts owing by holding and related companies	2,110	1,824	72,016	73,355
Amounts owing by associated companies	10,573	10,036	4,810	4,781
Fixed deposits	33,903	45,245	10,579	11,483
Bank balances and cash	45,161	34,933	354	231
	181,857	178,047	88,123	90,041
LESS: CURRENT LIABILITIES				
Creditors	61,014	85,652	2,477	3,331
Amounts owing to holding and related companies	547	790	1,749	1,749
Amounts owing to associated companies	388	13	-	-
Short-term borrowings	48,074	38,480	36,620	38,480
Taxation	2,440	1,389	-	-
	112,463	126,324	40,846	43,560
NET CURRENT ASSETS	69,394	51,723	47,277	46,481
NON-CURRENT LIABILITIES				
Long-term borrowings	478,777	461,203	120,000	120,000
Deferred taxation	16,090	16,090	-	-
	494,867	477,293	120,000	120,000
NET ASSETS	568,728	544,888	144,006	143,210

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

Amount repayable in one year or less, or on demand

As at 31.3.2014		As at 31.12.2013	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
222	47,852	-	38,480

Amount repayable after one year

As at 31.3.2014		As at 31.12.2013	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
27,176	451,601	12,607	448,596

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

Certain subsidiaries of the Company pledged their assets in order to obtain loans from financial institutions. The Group has mortgaged certain properties and assets of up to an aggregate amount of \$78,502,000 (31 December 2013: \$63,516,000) to banks for loan facilities.

1(c)(iii) BALANCE SHEET ANALYSIS

Group share capital and reserves increased by \$18.4 million to \$488.8 million as at 31 March 2014 due mainly to profits attributable to shareholders and foreign currency translation gains.

Group total assets of \$1,176.1 million as at 31 March 2014 were \$27.6 million higher than the previous year end. Fixed assets increased by \$12.9 million to \$520.4 million due mainly to construction of logistics warehouses, fit-out of data centres and subsidiaries acquired. Associated companies and jointly controlled entities increased by \$9.3 million to \$472.1 million due to equity accounting for share of profits, partly offset by dividends received. Current assets increased by \$3.8 million to \$181.9 million due largely to higher debtors.

Group total liabilities of \$607.3 million as at 31 March 2014 increased by \$3.7 million compared to the previous year end due mainly to higher borrowings, partly offset by decrease in creditors. Increase in borrowings was mainly for capital expenditure. Group total borrowings as at 31 March 2014 were \$526.9 million. Creditors were lowered due to payments for fit-out of data centres and other payments.

**1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS
for the first quarter ended 31 March 2014**

	1Q 2014 \$'000	1Q 2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	7,400	7,068
Adjustments for non-cash items:		
Depreciation of fixed assets	5,998	4,062
Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired	(219)	-
Fair value loss on forward foreign currency contracts	416	-
Share-based payment expenses	419	314
Gain on dilution of an associated company	(571)	(714)
Translation of foreign companies	(197)	3,254
	<u>13,246</u>	<u>13,984</u>
Operating cash flows before changes in working capital		
Working capital changes:		
Stocks	12	63
Debtors	3,334	(6,727)
Creditors	(3,285)	(2,030)
	<u>13,307</u>	<u>5,290</u>
Cash flows from operations		
Interest received	49	112
Interest paid	(2,939)	(2,462)
Income taxes paid	(344)	(610)
Proceeds from tax losses transferred under group relief system	-	2,554
	<u>10,073</u>	<u>4,884</u>
NET CASH FROM OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries (Note A)	(327)	-
Settlement of consideration payable for acquisition of a subsidiary	(13,656)	-
Investment in an associated company	-	(13,330)
Purchase of fixed assets	(24,709)	(4,481)
Dividends received from associated companies	2,471	366
	<u>(36,221)</u>	<u>(17,445)</u>
NET CASH USED IN INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues	228	29
Proceeds from short-term loans	17,667	27,200
Repayment of short-term loan	(9,000)	-
Proceeds from long-term loans	16,581	-
Repayment of long-term loan	(494)	-
Proceeds from non-controlling shareholders of a subsidiary	-	5,400
Dividends paid to non-controlling shareholders of a subsidiary	-	(405)
	<u>24,982</u>	<u>32,224</u>
NET CASH FROM FINANCING ACTIVITIES		
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(1,166)</u>	<u>19,663</u>
Cash and cash equivalents as at 1 January	80,178	63,729
Effect of exchange rate changes on cash and cash equivalents	52	753
	<u>79,064</u>	<u>84,145</u>
Cash and cash equivalents as at 31 Mar (Note B)		

Notes to Consolidated Statement of Cash Flows

A. Acquisition of subsidiaries

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

	1Q 2014 \$'000	1Q 2013 \$'000
Fixed assets	5,929	-
Trade debtors	4,431	-
Other debtors	3,065	-
Bank balances and cash	717	-
Creditors	(4,227)	-
Short-term borrowings	(927)	-
Taxation	(86)	-
Long-term borrowings	(1,487)	-
	<u>7,415</u>	<u>-</u>
Total identifiable net assets at fair value	7,415	-
Non-controlling interests measured at non-controlling interests' proportionate share of net identifiable assets	(3,737)	-
Amounts previously accounted for as associated companies	(3,887)	-
Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired	(219)	-
Goodwill arising from acquisition	1,472	-
	<u>1,044</u>	<u>-</u>
Purchase consideration	1,044	-
Less: Bank balances and cash acquired	(717)	-
	<u>327</u>	<u>-</u>
Cash outflow on acquisition, net of cash acquired	<u>327</u>	<u>-</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 statement of cash flows comprise the following balance sheet amounts:

	1Q 2014 \$'000	1Q 2013 \$'000
Fixed deposits	33,903	35,465
Bank balances and cash	45,161	48,680
	<u>79,064</u>	<u>84,145</u>

1(d)(ii) CASH FLOW ANALYSIS

Net cash from operating activities for the quarter was \$10.1 million compared to \$4.9 million for the corresponding quarter last year. Higher cash flow from operations was due to cash inflow from working capital changes, partly offset by absence of proceeds from transfer of tax losses under the group relief system.

Net cash used in investing activities for the quarter was \$36.2 million mainly for acquisition of subsidiaries, subsequent payment for investment in a subsidiary, fit-out of data centres and development of logistics facilities. The outflow was partly offset by dividends received from associated companies.

Net cash from financing activities for the quarter was \$25.0 million mainly from drawdown of loans.

**1(e)(i) STATEMENTS OF CHANGES IN EQUITY
for the first quarter ended 31 March 2014**

	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 2014	75,468	30,533	379,943	(15,486)	470,458	74,430	544,888
Total comprehensive income for the period							
Profit for the period	-	-	15,428	-	15,428	1,797	17,225
Other comprehensive income for the period *	-	-	-	2,250	2,250	(50)	2,200
Total comprehensive income for the period	-	-	15,428	2,250	17,678	1,747	19,425
Transactions with owners, recognised directly in equity							
<u>Contributions by and distributions to owners</u>							
Issue of shares	1,225	(997)	-	-	228	-	228
Cost of share-based payment	-	395	-	-	395	-	395
Total contributions by and distributions to owners	1,225	(602)	-	-	623	-	623
<u>Changes in ownership interests in subsidiaries</u>							
Acquisition of subsidiaries	-	-	-	-	-	3,737	3,737
Total changes in ownership interests in subsidiaries	-	-	-	-	-	3,737	3,737
Total transactions with owners	1,225	(602)	-	-	623	3,737	4,360
Share of reserves of associated companies	-	55	-	-	55	-	55
Balance at 31 March 2014	76,693	29,986	395,371	(13,236)	488,814	79,914	568,728

* 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
The Group							
Balance at 1 January 2013	74,565	30,663	336,209	(14,346)	427,091	33,262	460,353
Total comprehensive income for the period							
Profit for the period	-	-	14,997	-	14,997	1,451	16,448
Other comprehensive income for the period *	-	(51)	-	7,568	7,517	1,486	9,003
Total comprehensive income for the period	-	(51)	14,997	7,568	22,514	2,937	25,451
Transactions with owners, recognised directly in equity							
<u>Contributions by and distributions to owners</u>							
Issue of shares	570	(541)	-	-	29	-	29
Cost of share-based payment	-	299	-	-	299	-	299
Transfer from revenue reserve to capital reserves	-	1	(1)	-	-	-	-
Dividend paid to non-controlling shareholders	-	-	-	-	-	(405)	(405)
Total contributions by and distributions to owners	570	(241)	(1)	-	328	(405)	(77)
<u>Changes in ownership interests in subsidiaries</u>							
Cash subscribed by non-controlling shareholders	-	-	-	-	-	5,400	5,400
Total changes in ownership interests in subsidiaries	-	-	-	-	-	5,400	5,400
Total transactions with owners	570	(241)	(1)	-	328	4,995	5,323
Share of reserves of associated companies	-	(228)	-	-	(228)	-	(228)
Balance at 31 March 2013	75,135	30,143	351,205	(6,778)	449,705	41,194	490,899

* 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 2014	75,468	5,781	61,961	143,210
Profit for the period, representing total comprehensive income for the period	-	-	173	173
<i>Transactions with owners, recognised directly in equity</i>				
Issue of shares	1,225	(997)	-	228
Cost of share-based payment	-	395	-	395
Total transactions with owners	<u>1,225</u>	<u>(602)</u>	<u>-</u>	<u>623</u>
Balance at 31 March 2014	<u>76,693</u>	<u>5,179</u>	<u>62,134</u>	<u>144,006</u>
Balance at 1 January 2013	74,565	5,565	52,912	133,042
Loss for the period, representing total comprehensive income for the period	-	-	(396)	(396)
<i>Transactions with owners, recognised directly in equity</i>				
Issue of shares	570	(541)	-	29
Cost of share-based payment	-	299	-	299
Total transactions with owners	<u>570</u>	<u>(242)</u>	<u>-</u>	<u>328</u>
Balance at 31 March 2013	<u>75,135</u>	<u>5,323</u>	<u>52,516</u>	<u>132,974</u>

1(e)(ii) SHARE CAPITAL

Issued share capital and treasury shares

	<u>Number of shares</u>
Balance at 1 January 2014	553,891,937
Issue of shares under share option scheme	185,000
Issue of shares under restricted share plan and performance share plan	<u>799,900</u>
Balance at 31 March 2014	<u><u>554,876,837</u></u>

As at 31 March 2014, the Company is not holding any treasury shares (31 March 2013: Nil).

Share Options

As at 31 March 2014, there were unexercised options for 1,090,000 (31 March 2013: 1,385,000) of unissued ordinary shares under the Company's Share Option Scheme.

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

As at 31 March 2014, there was no contingent shares granted and not released (31 March 2013: 870,000) for KT&T Restricted Share Plan ("KT&T RSP").

As at 31 March 2014, the number of restricted shares released but not vested was 884,200 (31 March 2013: 172,600) for KT&T RSP.

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

As at 31 March 2014, the number of contingent shares granted and not released was 500,000 (31 March 2013: 405,000) 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 750,000 ordinary shares of the Company for KT&T PSP. The number of contingent shares granted and not released but cancelled was 84,600 (31 March 2013: 45,000).

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 31.3.14
	At 1.1.14	Contingent shares granted	Released	Cancelled	
<u>KT&T RSP</u>					
3.4.13	1,042,000	-	(1,042,000)	-	-
	<u>1,042,000</u>	<u>-</u>	<u>(1,042,000)</u>	<u>-</u>	<u>-</u>
<u>KT&T PSP</u>					
1.7.11	180,000	-	(95,400)	(84,600)	-
2.7.12	225,000	-	-	-	225,000
3.4.13	275,000	-	-	-	275,000
	<u>680,000</u>	<u>-</u>	<u>(95,400)</u>	<u>(84,600)</u>	<u>500,000</u>

Awards released but not vested:

Date of Grant	Number of Shares				
	At 1.1.14	Released	Vested	Cancelled	At 31.3.14
KT&T RSP					
1.7.11	166,600	-	(166,600)	-	-
2.7.12	380,100	-	(190,900)	-	189,200
3.4.13	-	1,042,000	(347,000)	-	695,000
	<u>546,700</u>	<u>1,042,000</u>	<u>(704,500)</u>	<u>-</u>	<u>884,200</u>
KT&T PSP					
1.7.11	-	95,400	(95,400)	-	-
	<u>-</u>	<u>95,400</u>	<u>(95,400)</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 period compared with those of the audited financial statements as at 31 December 2013, 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 2014.

Revised FRS 27 Separate Financial Statements
Revised FRS 28 Investments in Associates and Joint Ventures
FRS 110 Consolidated Financial Statements
FRS 111 Joint Arrangements
FRS 112 Disclosure of Interests in Other Entities
Amendments to FRS 32 Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 36: Recoverable Amount Disclosures for Non-financial Assets
Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting
Improvements to FRSs

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		
	1Q 2014	1Q 2013	+/(-)%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-			
(i) Based on the weighted average number of shares (cents)	2.8	2.7	3.7
- Weighted average number of shares ('000)	554,500	553,421	0.2
(ii) On a fully diluted basis (cents)	2.8	2.7	3.7
- Adjusted weighted average number of shares ('000)	555,864	554,803	0.2

7. NET ASSET VALUE

	GROUP			COMPANY		
	31.3.2014	31.12.2013	+/(-)%	31.3.2014	31.12.2013	+/(-)%
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (\$)	0.88	0.85	3.5	0.26	0.26	-

8. REVIEW OF GROUP PERFORMANCE

Group revenue of \$48.7 million increased by \$8.7 million or 22% compared to the corresponding quarter in 2013, due mainly to higher revenue generated from Data Centre and Logistics Divisions. Consequently, operating profit increased by 5% to \$7.4 million.

Profit before taxation of \$21.2 million increased by 7% compared to the corresponding quarter in 2013 due mainly to higher operating profit and better performance from associated companies, partly offset by higher interest expense.

After taking into account higher taxation expense and non-controlling interests, the Group's net profit attributable to shareholders increased by 3% to \$15.4 million.

In the opinion of the Directors, no factor has arisen between the end of the current period and the date of this report which would materially affect the results of the Group and the Company for the period just ended.

9. VARIANCE FROM FORECAST STATEMENT

No forecast for the first quarter ended 31 March 2014 was previously provided.

10. PROSPECTS

The Logistics Division further strengthened its Asia Pacific presence with the conversion of Indo-Trans Keppel Logistics Vietnam into a subsidiary, and the establishment of a subsidiary company in Australia in January 2014. Construction of the new logistics facility in Tampines, Singapore, is progressing on schedule. In China, the operations of Sanshui and Wuhu ports continue smoothly while construction works for ongoing projects in Tianjin, Jilin and Anhui provinces are underway.

The Group's data centre facilities continue to enjoy near full occupancy, capitalising on strong market demand. Work for Keppel Datahub 2 is on schedule, and in March 2014 it became the first new data centre in Singapore to be awarded BCA-IDA Green Mark Platinum, signifying our commitment to build green data centres. The Division is exploring the potential establishment of a data centre real estate investment trust to be listed on the Main Board of Singapore Exchange Securities Trading Limited, subject to market conditions and obtaining relevant regulatory approvals.

11. DIVIDENDS

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date Payable

Not applicable.

(d) Books Closure Date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared for the quarter ended 31 March 2014 (31 March 2013: Nil).

For the financial year ended 31 December 2013, Directors have recommended a first and final dividend of 3.5 cents per share tax exempt one-tier for approval by shareholders at the Annual General Meeting to be held on 30 April 2014. If approved, the dividend will be paid on 22 May 2014.

13. SEGMENT ANALYSIS

First Quarter ended 31 March 2014

Business Segments

	Logistics \$'000	Data Centre \$'000	Investments \$'000	Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	34,589	14,122	-	-	48,711
Inter-segment sales	24	-	-	(24)	-
Total	34,613	14,122	-	(24)	48,711
<u>Segment results</u>					
Operating profit/(loss)	3,239	6,007	(1,846)	-	7,400
Interest income	20	17	663	(657)	43
Interest expense	(416)	(1,417)	(1,246)	657	(2,422)
Share of results of associated companies and jointly controlled entities	1,086	3,837	11,302	-	16,225
Profit before taxation	3,929	8,444	8,873	-	21,246
Taxation	(236)	(1,291)	(2,494)	-	(4,021)
Profit for the period	3,693	7,153	6,379	-	17,225
Attributable to:					
Shareholders of the Company	3,383	5,730	6,315	-	15,428
Non-controlling interests	310	1,423	64	-	1,797
	3,693	7,153	6,379	-	17,225
<u>Other Information</u>					
Segment assets	402,792	507,170	435,914	(169,818)	1,176,058
Segment liabilities	(140,778)	(390,331)	(246,039)	169,818	(607,330)
Net assets	262,014	116,839	189,875	-	568,728
Investment in associated companies and jointly controlled entities	57,934	165,800	248,379	-	472,113
Additions to non-current assets	11,042	1,952	-	-	12,994
Depreciation	2,760	3,218	20	-	5,998
<u>Geographical Information</u>					
	Singapore \$'000	China \$'000	ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
External sales	30,860	12,089	4,887	875	48,711
Non-current assets	662,879	187,807	42,893	100,622	994,201

First Quarter ended 31 March 2013
Business Segments

	Logistics \$'000	Data Centre \$'000	Investments \$'000	Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	28,136	11,908	-	-	40,044
Inter-segment sales	604	68	-	(672)	-
Total	28,740	11,976	-	(672)	40,044
<u>Segment results</u>					
Operating profit/(loss)	3,676	4,835	(1,443)	-	7,068
Interest income	107	245	619	(858)	113
Interest expense	(120)	(1,315)	(1,175)	858	(1,752)
Share of results of associated companies and jointly controlled entities	1,059	2,641	10,738	-	14,438
Profit before taxation	4,722	6,406	8,739	-	19,867
Taxation	(581)	(755)	(2,083)	-	(3,419)
Profit for the period	4,141	5,651	6,656	-	16,448
Attributable to:					
Shareholders of the Company	3,792	4,601	6,604	-	14,997
Non-controlling interests	349	1,050	52	-	1,451
	4,141	5,651	6,656	-	16,448
<u>Other Information</u>					
Segment assets	292,004	377,773	401,623	(147,216)	924,184
Segment liabilities	(75,042)	(279,963)	(225,496)	147,216	(433,285)
Net assets	216,962	97,810	176,127	-	490,899
Investment in associated companies and jointly controlled entities					
	58,625	134,480	239,320	-	432,425
Additions to non-current assets	928	21,558	8	-	22,494
Depreciation	1,874	2,167	21	-	4,062

Geographical Information

	Singapore \$'000	China \$'000	ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
External sales	27,361	10,833	1,121	729	40,044
Non-current assets	550,568	99,670	27,045	100,937	778,220

The 1Q 2013 results for Logistics Division have been reclassified to be in line with the reporting requirements required by the introduction of VAT in Guangdong province, China. As this is just a reclassification of revenue and expense items, there is no impact on the operating profit of Keppel Logistics (Foshan) Ltd.

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.

14. REVIEW OF SEGMENT PERFORMANCE

Logistics Division's revenue of \$34.6 million increased by \$6.5 million compared to the corresponding quarter of last year due mainly to higher warehousing, distribution and port operations income from new subsidiaries acquired. Operating profit of \$3.2 million decreased by \$0.4 million. Improved performance in Southeast Asia logistics operations was offset by slowdown of trade activities in China and development costs of logistics projects. This resulted in profit before taxation dropping by \$0.8 million to \$3.9 million. After taking into account lower taxation, net profit attributable to shareholders decreased by \$0.4 million to \$3.4 million.

Data Centre Division's revenue rose by \$2.2 million to \$14.1 million compared to the corresponding quarter of last year due to new customers and higher occupancy. Operating profit improved by \$1.2 million to \$6.0 million. Profit before taxation increased by \$2.0 million to \$8.4 million due to higher operating profit and contributions from associated companies, partly offset by an increase in net interest expense. After taking into account higher taxation and non-controlling interests, net profit attributable to shareholders rose by \$1.1 million to \$5.7 million.

Investments Division's profit before taxation of \$8.9 million increased by \$0.1 million compared to the corresponding quarter of last year due mainly to higher contributions from associated companies, partly offset by higher overheads. After taking into account higher taxation, net profit attributable to shareholders decreased by \$0.3 million to \$6.3 million.

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 period, 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 period 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)	
	2014 3 Months \$'000	2013 3 Months \$'000	2014 3 Months \$'000	2013 3 Months \$'000
<u>General Transactions</u>				
Keppel Corporation Limited Group	-	-	13,308	3,105
Singapore Telecommunications Limited	-	-	293	123
Mapletree Investments Pte Ltd	-	-	183	-
<u>Treasury Transactions</u>				
Keppel Corporation Limited Group	-	-	94,495	30,525
<u>Management Services</u>				
Keppel Corporation Limited Group	-	-	921	706
	-	-	109,200	34,459

BY ORDER OF THE BOARD

TOK BOON SHENG/KELVIN CHUA
Company Secretaries
15 April 2014

Confirmation by the Board

We, TEO SOON HOE and NEO BOON SIONG being two directors of Keppel Telecommunications & Transportation Ltd (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the first quarter 2014 financial statements to be false or misleading in any material respect.

On behalf of the board of directors



TEO SOON HOE
Chairman

Singapore, 15 April 2014



NEO BOON SIONG
Director