



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

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

## **MEDIA RELEASE**

### **KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2014**

**22 July 2014**

The Directors of Keppel Telecommunications & Transportation Ltd advise the following results of the Company and of the Group for the second quarter and half year ended 30 June 2014.

These figures have not been audited.

#### **1H FY2014 RESULTS HIGHLIGHTS**

1. Revenue increased by 24% to \$100.0 million.
2. Net profit attributable to shareholders was \$29.7 million.
3. Earnings per share for first half year of 2014 was 5.4 cents.
4. Net asset value per ordinary share increased by 2% to 87 cents per share.

**For more information, please contact:**

#### **Media**

Mr Ang Lai Lee  
Senior Manager  
Group Corporate Communications  
Keppel Corporation Limited  
Tel: (65) 6413-6427 / 8233 9299  
Email: [lailee.ang@kepcorp.com](mailto:lailee.ang@kepcorp.com)

#### **Investor Relations**

Ms Ivana Chua  
Senior Manager  
Group Corporate Communications  
Keppel Corporation Limited  
Tel: (65) 6413-6436  
Email: [ivana.chua@kepcorp.com](mailto:ivana.chua@kepcorp.com)

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

## KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD

(Co Reg No: 196500115G)

(Incorporated in the Republic of Singapore)

### SECOND QUARTER 2014 FINANCIAL STATEMENTS

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## Second Quarter 2014 Financial Statements

### 1 UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2014

The Directors of **Keppel Telecommunications & Transportation Ltd** advise the following unaudited results of the Group for the second quarter and half year ended 30 June 2014.

#### 1(a) GROUP PROFIT AND LOSS ACCOUNT for the second quarter and half year ended 30 June 2014

	Second Quarter			Half Year		
	2014 \$'000	2013 \$'000	+ / (-) %	2014 \$'000	2013 \$'000	+ / (-) %
REVENUE	51,278	40,379	27.0	99,989	80,423	24.3
Operating expenses	(45,280)	(33,887)	33.6	(87,711)	(67,620)	29.7
Other income	3,265	1,920	70.1	4,385	2,677	63.8
<b>OPERATING PROFIT</b>	<b>9,263</b>	<b>8,412</b>	<b>10.1</b>	<b>16,663</b>	<b>15,480</b>	<b>7.6</b>
Interest income	94	236	(60.2)	137	349	(60.7)
Interest expense	(3,049)	(1,851)	64.7	(5,471)	(3,603)	51.8
Share of results of associated companies and jointly controlled entities	14,101	14,898	(5.3)	30,326	29,336	3.4
<b>PROFIT BEFORE TAXATION</b>	<b>20,409</b>	<b>21,695</b>	<b>(5.9)</b>	<b>41,655</b>	<b>41,562</b>	<b>0.2</b>
Taxation	(3,808)	(3,753)	1.5	(7,829)	(7,172)	9.2
<b>PROFIT FOR THE PERIOD</b>	<b>16,601</b>	<b>17,942</b>	<b>(7.5)</b>	<b>33,826</b>	<b>34,390</b>	<b>(1.6)</b>
Attributable to:						
Shareholders of the Company	14,283	16,385	(12.8)	29,711	31,382	(5.3)
Non-controlling interests	2,318	1,557	48.9	4,115	3,008	36.8
	<u>16,601</u>	<u>17,942</u>	(7.5)	<u>33,826</u>	<u>34,390</u>	(1.6)
Earnings per share						
- basic	2.6 cts	3.0 cts	(13.3)	5.4 cts	5.7 cts	(5.3)
- diluted	2.6 cts	2.9 cts	(10.3)	5.3 cts	5.6 cts	(5.4)

Notes to Group Profit and Loss Account

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

	Second Quarter			Half Year		
	2014 \$'000	2013 \$'000	+ /(-) %	2014 \$'000	2013 \$'000	+ /(-) %
Purchase of goods and services <sup>(a)</sup>	14,750	10,151	45.3	28,435	20,521	38.6
Staff costs <sup>(b)</sup>	12,310	10,235	20.3	24,194	19,798	22.2
Share-based payment expenses	418	314	33.1	837	628	33.3
Depreciation of fixed assets <sup>(c)</sup>	6,955	4,702	47.9	12,953	8,764	47.8
Rental of equipment and facilities expenses <sup>(d)</sup>	7,897	5,978	32.1	15,528	13,024	19.2
Other operating expenses <sup>(e)</sup>	<u>2,950</u>	<u>2,507</u>	17.7	<u>5,764</u>	<u>4,885</u>	18.0
Operating expenses	<u>45,280</u>	<u>33,887</u>	33.6	<u>87,711</u>	<u>67,620</u>	29.7
Other income <sup>(f)</sup>	<u>3,265</u>	<u>1,920</u>	70.1	<u>4,385</u>	<u>2,677</u>	63.8

Notes:

- (a) Purchase of goods and services increased due mainly to expenses incurred by new subsidiaries.
- (b) Staff costs increased due mainly to staff costs incurred by new subsidiaries and higher headcount in Logistics division.
- (c) Higher depreciation due mainly to depreciation charges incurred by new subsidiaries and additional capital expenditure for data centres' equipment.
- (d) Rental of equipment and facilities expenses increased due mainly to expenses incurred by new subsidiaries and higher facilities expenses due to increase in property tax.
- (e) Other operating expenses increased due to expenses incurred by new subsidiaries and higher general and administrative expenses.
- (f) Other income increased due largely to higher sundry income, 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:

	Second Quarter			Half Year		
	2014 \$'000	2013 \$'000	+ /(-) %	2014 \$'000	2013 \$'000	+ /(-) %
Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired	-	-	nm	(219)	-	nm
Provision for/(write-back of) doubtful debts	-	4	nm	(8)	1	nm
Bad debts written off	91	-	nm	91	-	nm
Write-back of provision for stock obsolescence	-	(17)	nm	(2)	(151)	(98.7)
Foreign exchange (gain)/loss	(94)	351	nm	(79)	405	nm
Gain on disposal of fixed assets	(1)	(10)	(90.0)	(1)	(10)	(90.0)
Fair value loss on forward foreign currency contracts	1,260	-	nm	1,676	-	nm

(iii) Taxation expense in the second quarter included provision for taxation in respect of prior years of \$1,000 (2Q 2013: \$5,000).

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

nm – not meaningful

**1(b) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
for the second quarter and half year ended 30 June 2014**

	Second Quarter			Half Year		
	2014 \$'000	2013 \$'000	+ /(-) %	2014 \$'000	2013 \$'000	+ /(-) %
Profit for the period	<u>16,601</u>	<u>17,942</u>	(7.5)	<u>33,826</u>	<u>34,390</u>	(1.6)
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Available-for-sale financial assets						
- Fair value changes	-	(69)	nm	-	(120)	nm
Foreign currency translation						
- Exchange differences arising on consolidation	(2,567)	(1,671)	53.6	(2,675)	3,489	nm
- Realised and transferred to profit & loss account	-	-	nm	470	-	nm
Share of other comprehensive (expense)/income of associated companies						
- Cash flow hedge	-	38	nm	-	38	nm
- Foreign currency translation	(1,365)	(4,896)	(72.1)	473	(1,002)	nm
Other comprehensive (expense)/income for the period, net of tax	<u>(3,932)</u>	<u>(6,598)</u>	(40.4)	<u>(1,732)</u>	<u>2,405</u>	nm
Total comprehensive income for the period	<u>12,669</u>	<u>11,344</u>	11.7	<u>32,094</u>	<u>36,795</u>	(12.8)
Attributable to:						
Shareholders of the Company	11,397	10,324	10.4	29,075	32,838	(11.5)
Non-controlling interests	<u>1,272</u>	<u>1,020</u>	24.7	<u>3,019</u>	<u>3,957</u>	(23.7)
	<u>12,669</u>	<u>11,344</u>	11.7	<u>32,094</u>	<u>36,795</u>	(12.8)

nm – not meaningful

**1(c)(i) BALANCE SHEETS as at 30 June 2014**

	Group		Company	
	30.6.2014 \$'000	31.12.2013 \$'000	30.6.2014 \$'000	31.12.2013 \$'000
SHARE CAPITAL	76,693	75,468	76,693	75,468
RESERVES	404,479	394,990	51,391	67,742
SHARE CAPITAL AND RESERVES	481,172	470,458	128,084	143,210
NON-CONTROLLING INTERESTS	81,063	74,430	-	-
<b>CAPITAL EMPLOYED</b>	<b>562,235</b>	<b>544,888</b>	<b>128,084</b>	<b>143,210</b>
Represented by:				
FIXED ASSETS	579,406	507,446	-	-
INVESTMENTS				
Subsidiaries	-	-	87,307	87,307
Associated companies and jointly controlled entities	449,579	462,776	34,572	34,572
Others	236	236	-	-
	449,815	463,012	121,879	121,879
INTANGIBLES	1,472	-	-	-
LONG-TERM RECEIVABLES	-	-	94,850	94,850
CURRENT ASSETS				
Stocks	727	754	-	-
Debtors	89,106	85,255	625	191
Amounts owing by holding and related companies	1,929	1,824	72,470	73,355
Amounts owing by associated companies	11,416	10,036	4,751	4,781
Fixed deposits	69,887	45,245	20,122	11,483
Bank balances and cash	49,357	34,933	161	231
	222,422	178,047	98,129	90,041
LESS: CURRENT LIABILITIES				
Creditors	100,036	85,652	2,962	3,331
Amounts owing to holding and related companies	610	790	27,192	1,749
Amounts owing to associated companies	290	13	-	-
Short-term borrowings	41,394	38,480	36,620	38,480
Taxation	3,020	1,389	-	-
	145,350	126,324	66,774	43,560
<b>NET CURRENT ASSETS</b>	<b>77,072</b>	<b>51,723</b>	<b>31,355</b>	<b>46,481</b>
NON-CURRENT LIABILITIES				
Long-term borrowings	529,440	461,203	120,000	120,000
Deferred taxation	16,090	16,090	-	-
	545,530	477,293	120,000	120,000
<b>NET ASSETS</b>	<b>562,235</b>	<b>544,888</b>	<b>128,084</b>	<b>143,210</b>

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

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

As at 30.6.2014		As at 31.12.2013	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
2,254	39,140	-	38,480

### Amount repayable after one year

As at 30.6.2014		As at 31.12.2013	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
33,778	495,662	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 \$86,994,000 (31 December 2013: \$63,516,000) to banks for loan facilities.

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

Group shareholders' funds increased \$10.7 million to \$481.2 million as at 30 June 2014 due mainly to retained profits for the period.

Group total assets of \$1,253.1 million as at 30 June 2014 were \$104.6 million higher than as at the previous year end. Fixed assets increased by \$72.0 million to \$579.4 million due mainly to construction of logistics warehouses, fit-out of data centres and subsidiaries acquired. Associated companies and jointly controlled entities decreased by \$13.2 million to \$449.6 million due to dividends received, partly offset by equity accounting for share of profits. Current assets increased \$44.4 million to \$222.4 million largely due to higher debtors, deposits and bank balances.

Group total liabilities of \$690.9 million as at 30 June 2014 were \$87.3 million higher than as at the previous year end due mainly to increase in creditors and borrowings. Increase in creditors was due largely to expenditure incurred on construction of a data centre. Increase in borrowings was mainly for capital expenditure. Group total borrowings as at 30 June 2014 were \$570.8 million.



**1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the second quarter and half year ended 30 June 2014**

	<u>Second Quarter</u>		<u>Half Year</u>	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating profit	9,263	8,412	16,663	15,480
Adjustments for non-cash items:				
Depreciation of fixed assets	6,955	4,702	12,953	8,764
Gain on disposal of fixed assets	(1)	(10)	(1)	(10)
Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired	-	-	(219)	-
Fair value loss on forward foreign currency contracts	1,260	-	1,676	-
Share-based payment expenses	418	314	837	628
Gain on dilution of an associated company	(1,512)	(1,811)	(2,083)	(2,525)
Translation of foreign companies	45	(2,691)	(152)	563
Operating cash flows before changes in working capital	16,428	8,916	29,674	22,900
Working capital changes:				
Stocks	15	(17)	27	46
Debtors	(740)	3,933	2,594	(2,794)
Creditors	8,438	7,013	5,153	4,983
Cash flows from operations	24,141	19,845	37,448	25,135
Interest received	86	199	135	311
Interest paid	(2,746)	(1,026)	(5,685)	(3,488)
Income taxes paid	(870)	(695)	(1,214)	(1,305)
Proceeds from tax losses transferred under group relief system	-	14	-	2,568
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>20,611</b>	<b>18,337</b>	<b>30,684</b>	<b>23,221</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of subsidiaries (Note A)	-	-	(327)	-
Settlement of consideration payable for acquisition of a subsidiary	-	-	(13,656)	-
Investment in associated companies	-	(23,427)	-	(36,757)
Proceeds from capital reduction of a jointly controlled entity	2,000	-	2,000	-
Proceeds from disposal of fixed assets	1	10	1	10
Purchase of fixed assets	(39,924)	(74,216)	(64,633)	(78,697)
Dividends received from associated companies	31,670	16,576	34,141	16,942
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(6,253)</b>	<b>(81,057)</b>	<b>(42,474)</b>	<b>(98,502)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from share issues	-	-	228	29
Proceeds from short-term loans	(227)	61,680	17,440	88,880
Repayment of short-term loans	(10,300)	(25,000)	(19,300)	(25,000)
Proceeds from long-term loans	63,080	70,000	79,661	70,000
Repayment of long-term loans	(6,675)	-	(7,169)	-
Proceeds from non-controlling shareholders of subsidiaries	-	6,006	-	11,406
Dividends paid to shareholders of the company	(19,421)	(19,382)	(19,421)	(19,382)
Dividends paid to non-controlling shareholders of subsidiaries	(123)	-	(123)	(405)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>26,334</b>	<b>93,304</b>	<b>51,316</b>	<b>125,528</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>40,692</b>	<b>30,584</b>	<b>39,526</b>	<b>50,247</b>
Cash and cash equivalents at beginning of period	79,064	84,145	80,178	63,729
Effect of exchange rate changes on cash and cash equivalents	(512)	380	(460)	1,133
Cash and cash equivalents at end of period (Note B)	119,244	115,109	119,244	115,109

## 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:

	Second Quarter		Half Year	
	2014 \$'000	2013 \$'000	2014 \$'000	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)	-
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	-
Purchase consideration	-	-	1,044	-
Less: Bank balances and cash acquired	-	-	(717)	-
Cash outflow on acquisition, net of cash acquired	-	-	327	-

### 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:

	Second Quarter		Half Year	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Fixed deposits	69,887	61,666	69,887	61,666
Bank balances and cash	49,357	53,443	49,357	53,443
	<u>119,244</u>	<u>115,109</u>	<u>119,244</u>	<u>115,109</u>

## 1(d)(ii) CASH FLOW ANALYSIS

### Second Quarter

Net cash from operating activities for the quarter was \$20.6 million compared to \$18.3 million for the corresponding quarter last year. This is due mainly to higher operating cash flow, after taking into account higher interest cost and working capital requirements.

Net cash used in investing activities for the quarter was \$6.3 million, compared to the corresponding quarter's net cash used in investing activities of \$81.5million. Current quarter's requirement was in fit-out of data centres and development of logistics facilities, partly offset by proceeds from capital reduction of a jointly controlled entity and dividends received from associated companies.

Net cash from financing activities for the quarter of \$26.3 million was due largely to proceeds from loans, partly offset by dividends paid to shareholders of the Company.

### Half Year

Net cash from operating activities was \$30.7 million compared to \$23.2 million for the corresponding period last year due to higher operating cash flow after taking into account interest charges and working capital requirements.

Net cash used in investing activities was \$42.5 million mainly for investment in subsidiaries, fit-out of data centres and development of logistics facilities. The outflow was partly offset by proceeds from capital reduction of a jointly controlled entity and dividends received from associated companies.

Net cash from financing activities was \$51.3 million mainly from drawdown of loans, partly offset by dividends paid to shareholders of the Company.

**1(e)(i) STATEMENTS OF CHANGES IN EQUITY**  
**for the second quarter and half year ended 30 June 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>							
As at 1 January 2014	75,468	30,533	379,943	(15,486)	470,458	74,430	544,888
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	15,428	-	15,428	1,797	17,225
Other comprehensive income/(loss) for the period *	-	-	-	2,250	2,250	(50)	2,200
<b>Total comprehensive income for the period</b>	-	-	15,428	2,250	17,678	1,747	19,425
<b>Transactions with owners, recognised directly in equity</b>							
<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
<b>Total transactions with owners</b>	1,225	(602)	-	-	623	3,737	4,360
<b>Share of reserves of associated companies</b>	-	55	-	-	55	-	55
As 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
<u>The Group</u>							
As at 31 March 2014	76,693	29,986	395,371	(13,236)	488,814	79,914	568,728
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	14,283	-	14,283	2,318	16,601
Other comprehensive loss for the period *	-	-	-	(2,886)	(2,886)	(1,046)	(3,932)
<b>Total comprehensive income for the period</b>	-	-	14,283	(2,886)	11,397	1,272	12,669
<b>Transactions with owners, recognised directly in equity</b>							
<u>Contributions by and distributions to owners</u>							
Cost of share-based payment	-	394	-	-	394	-	394
Dividend paid to non-controlling shareholders	-	-	-	-	-	(123)	(123)
Dividend paid for 2013	-	-	(19,421)	-	(19,421)	-	(19,421)
Total contributions by and distributions to owners	-	394	(19,421)	-	(19,027)	(123)	(19,150)
<b>Total transactions with owners</b>	-	394	(19,421)	-	(19,027)	(123)	(19,150)
<b>Share of reserves of associated companies</b>	-	(12)	-	-	(12)	-	(12)
As at 30 June 2014	76,693	30,368	390,233	(16,122)	481,172	81,063	562,235

\* 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>							
As at 1 January 2013	74,565	30,663	336,209	(14,346)	427,091	33,262	460,353
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	14,997	-	14,997	1,451	16,448
Other comprehensive (loss)/income for the period *	-	(51)	-	7,568	7,517	1,486	9,003
<b>Total comprehensive income for the period</b>	-	(51)	14,997	7,568	22,514	2,937	25,451
<b>Transactions with owners, recognised directly in equity</b>							
<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
<b>Total transactions with owners</b>	570	(241)	(1)	-	328	4,995	5,323
<b>Share of reserves of associated companies</b>	-	(228)	-	-	(228)	-	(228)
As 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.

	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>							
As at 31 March 2013	75,135	30,143	351,205	(6,778)	449,705	41,194	490,899
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	16,385	-	16,385	1,557	17,942
Other comprehensive loss for the period *	-	(31)	-	(6,030)	(6,061)	(537)	(6,598)
<b>Total comprehensive income for the period</b>	-	(31)	16,385	(6,030)	10,324	1,020	11,344
<b>Transactions with owners, recognised directly in equity</b>							
<u>Contributions by and distributions to owners</u>							
Issue of shares	217	(217)	-	-	-	-	-
Cost of share-based payment	-	297	-	-	297	-	297
Dividend paid for 2012	-	-	(19,382)	-	(19,382)	-	(19,382)
Total contributions by and distributions to owners	217	80	(19,382)	-	(19,085)	-	(19,085)
<u>Changes in ownership interests in subsidiaries</u>							
Cash subscribed by non-controlling shareholders	-	-	-	-	-	6,006	6,006
Total change in ownership interests in subsidiaries	-	-	-	-	-	6,006	6,006
<b>Total transactions with owners</b>	217	80	(19,382)	-	(19,085)	6,006	(13,079)
<b>Share of reserves of associated companies</b>	-	(119)	-	-	(119)	-	(119)
As at 30 June 2013	75,352	30,073	348,208	(12,808)	440,825	48,220	489,045

\* 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
<b>The Company</b>				
As 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
<b>Transactions with owners, recognised directly in equity</b>				
Issue of shares	1,225	(997)	-	228
Cost of share-based payment	-	395	-	395
<b>Total transactions with owners</b>	<b>1,225</b>	<b>(602)</b>	<b>-</b>	<b>623</b>
As at 31 March 2014	76,693	5,179	62,134	144,006
Profit for the period, representing total comprehensive income for the period	-	-	3,105	3,105
<b>Transactions with owners, recognised directly in equity</b>				
Cost of share-based payment	-	394	-	394
Dividend paid for 2013	-	-	(19,421)	(19,421)
<b>Total transactions with owners</b>	<b>-</b>	<b>394</b>	<b>(19,421)</b>	<b>(19,027)</b>
As at 30 June 2014	<u>76,693</u>	<u>5,573</u>	<u>45,818</u>	<u>128,084</u>
As 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)
<b>Transactions with owners, recognised directly in equity</b>				
Issue of shares	570	(541)	-	29
Cost of share-based payment	-	299	-	299
<b>Total transactions with owners</b>	<b>570</b>	<b>(242)</b>	<b>-</b>	<b>328</b>
As at 31 March 2013	75,135	5,323	52,516	132,974
Profit for the period, representing total comprehensive income for the period	-	-	3,270	3,270
<b>Transactions with owners, recognised directly in equity</b>				
Issue of shares	217	(217)	-	-
Cost of share-based payment	-	297	-	297
Dividend paid for 2012	-	-	(19,382)	(19,382)
<b>Total transactions with owners</b>	<b>217</b>	<b>80</b>	<b>(19,382)</b>	<b>(19,085)</b>
As at 30 June 2013	<u>75,352</u>	<u>5,403</u>	<u>36,404</u>	<u>117,159</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 and 30 June 2014	<u><u>554,876,837</u></u>

As at 30 June 2014, the Company is not holding any treasury shares (31 December 2013: Nil).

As at 30 June 2014, the number of ordinary shares in issue was 554,876,837 of which none were held by the Company as treasury shares (30 June 2013: 553,781,937 ordinary shares of which none were held as treasury shares).

### Share Options

As at 30 June 2014, there were unexercised options for 835,000 (30 June 2013: 1,385,000) of unissued ordinary shares under the Company's Share Option Scheme. Unexercised options of 255,000 unissued ordinary shares were cancelled during the six months ended 30 June 2014 (30 June 2013: Nil).

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

As at 30 June 2014, the number of contingent shares granted and not released was 1,057,000 (30 June 2013: 1,084,000) 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 1,057,000 ordinary shares of the Company for KT&T RSP.

As at 30 June 2014, the number of restricted shares released but not vested was 771,500 (30 June 2013: 566,000) for KT&T RSP.

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

As at 30 June 2014, the number of contingent shares granted and not released was 325,000 (30 June 2013: 680,000) 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 487,500 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 30.6.14
	At 1.1.14	Contingent shares granted	Released	Cancelled	
<u>KT&amp;T RSP</u>					
3.4.13	1,042,000	-	(1,042,000)	-	-
7.4.14	-	1,176,000	-	(119,000)	1,057,000
	<u>1,042,000</u>	<u>1,176,000</u>	<u>(1,042,000)</u>	<u>(119,000)</u>	<u>1,057,000</u>
<u>KT&amp;T PSP</u>					
1.7.11	180,000	-	(95,400)	(84,600)	-
2.7.12	225,000	-	-	(150,000)	75,000
3.4.13	275,000	-	-	(150,000)	125,000
7.4.14	-	275,000	-	(150,000)	125,000
	<u>680,000</u>	<u>275,000</u>	<u>(95,400)</u>	<u>(534,600)</u>	<u>325,000</u>

Awards released but not vested:

Date of Grant	Number of Shares				At 30.6.14
	At 1.1.14	Released	Vested	Cancelled	
<u>KT&amp;T RSP</u>					
1.7.11	166,600	-	(166,600)	-	-
2.7.12	380,100	-	(190,900)	(26,000)	163,200
3.4.13	-	1,042,000	(347,000)	(86,700)	608,300
	<u>546,700</u>	<u>1,042,000</u>	<u>(704,500)</u>	<u>(112,700)</u>	<u>771,500</u>
<u>KT&amp;T PSP</u>					
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					
	Second Quarter			Half Year		
	2014	2013	+/(-)%	2014	2013	+/(-)%
Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders:-						
(i) Based on the weighted average number of shares (cents)	2.6	3.0	(13.3)	5.4	5.7	(5.3)
- Weighted average number of shares ('000)	554,689	553,602	0.2	554,689	553,602	0.2
(ii) On a fully diluted basis (cents)	2.6	2.9	(10.3)	5.3	5.6	(5.4)
- Adjusted weighted average number of shares ('000)	556,751	555,624	0.2	556,751	555,624	0.2

## 7. NET ASSET VALUE

	GROUP			COMPANY		
	30.6.2014	31.12.2013	+/(-)%	30.6.2014	31.12.2013	+/(-)%
	Net asset value per ordinary share based on issued share capital at the end of the financial period/year (\$)	0.87	0.85	2.4	0.23	0.26

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

### Second Quarter

Group revenue in the second quarter at \$51.3 million was 27% higher compared to the corresponding quarter in 2013 due mainly to higher revenue from Data Centre and Logistics Divisions. Consequently, due to the inclusion of unrealised hedging loss, operating profit increased by only 10% to \$9.3 million.

Profit before taxation at \$20.4 million decreased by 6% due to higher interest expense and lower share of results of associated companies.

After taking into account higher taxation and non-controlling interests, the Group's net profit attributable to shareholders decreased by 13% to \$14.3 million.

### Half Year

Group revenue for the first half year increased by 24% to \$100.0 million compared to the corresponding period in 2013 due to higher revenue from Data Centre and Logistics Divisions. Consequently, operating profit increased by 8% to \$16.7 million.

Profit before taxation was \$41.7 million, similar to that for the corresponding period in 2013. Higher operating profit and share of results of associated companies was offset by higher interest expense.

After taking into account higher taxation and non-controlling interests, the Group's net profit attributable to shareholders decreased 5% to \$29.7 million.

## **9. VARIANCE FROM FORECAST STATEMENT**

No forecast for the half year ended 30 June 2014 was previously provided.

## **10. PROSPECTS**

The Group continues to maintain high occupancy in its logistics facilities. Throughput at Foshan Sanshui port, the newest port, was encouraging. Wuhu Sanshan Port also registered high volumes. Construction is underway for the agricultural logistics parks in Jilin and Anhui provinces. In May, Indo-Trans Keppel Vietnam broke ground for a 11,000 square metre distribution centre located in the Vietnam-Singapore Industrial Park 1, which is designed to be one of the most modern warehouses in Vietnam. With the completion of the above facilities as well as the upcoming completion of the Tianjin Eco-city Distribution Centre in Tianjin, China and logistics facility in Tampines, Singapore within the next 12 months, the Group is well positioned to capture the growing demand in the Southeast Asia and China logistics market.

The fitting out of Keppel Datahub 2 has been progressing well and it started to accept customers during the quarter. Securus Fund continues to pursue new acquisition opportunities to add to its portfolio. The planned data centre real estate investment trust to be listed on the Main Board of Singapore Exchange Securities Trading Limited is ongoing, 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 interim dividend has been declared for the period ended 30 June 2014 (30 June 2013: Nil).

### 13. SEGMENT ANALYSIS

Half Year ended 30 June 2014

#### Business Segments

	Logistics \$'000	Data Centre \$'000	Investments \$'000	Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	70,197	29,792	-	-	99,989
Inter-segment sales	48	-	-	(48)	-
<b>Total</b>	<b>70,245</b>	<b>29,792</b>	<b>-</b>	<b>(48)</b>	<b>99,989</b>
<u>Segment results</u>					
Operating profit/(loss)	8,401	11,484	(3,222)	-	16,663
Interest income	48	77	1,335	(1,323)	137
Interest expense	(879)	(3,402)	(2,513)	1,323	(5,471)
Share of results of associated companies and jointly controlled entities	1,740	5,047	23,539	-	30,326
Profit before taxation	9,310	13,206	19,139	-	41,655
Taxation	(645)	(2,317)	(4,867)	-	(7,829)
<b>Profit for the period</b>	<b>8,665</b>	<b>10,889</b>	<b>14,272</b>	<b>-</b>	<b>33,826</b>
Attributable to:					
Shareholders of the Company	7,539	8,102	14,070	-	29,711
Non-controlling interests	1,126	2,787	202	-	4,115
	<b>8,665</b>	<b>10,889</b>	<b>14,272</b>	<b>-</b>	<b>33,826</b>
<u>Other Information</u>					
Segment assets	419,836	581,112	430,078	(177,911)	1,253,115
Segment liabilities	(159,467)	(460,814)	(248,510)	177,911	(690,880)
<b>Net assets</b>	<b>260,369</b>	<b>120,298</b>	<b>181,568</b>	<b>-</b>	<b>562,235</b>
Investment in associated companies and jointly controlled entities					
	54,390	163,605	231,584	-	449,579
Additions to non-current assets	30,057	50,795	9	-	80,861
Depreciation	5,473	7,441	39	-	12,953
<u>Geographical Information</u>					
	Singapore \$'000	China \$'000	ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
External sales	63,886	24,959	9,381	1,763	99,989
Non-current assets	696,565	188,781	44,135	101,212	1,030,693

Half Year ended 30 June 2013  
Business Segments

	Logistics \$'000	Data Centre \$'000	Investments \$'000	Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	55,547	24,876	-	-	80,423
Inter-segment sales	1,218	139	-	(1,357)	-
<b>Total</b>	<b>56,765</b>	<b>25,015</b>	<b>-</b>	<b>(1,357)</b>	<b>80,423</b>
<u>Segment results</u>					
Operating profit/(loss)	6,516	11,282	(2,318)	-	15,480
Interest income	334	471	1,300	(1,756)	349
Interest expense	(250)	(2,675)	(2,434)	1,756	(3,603)
Share of results of associated companies and jointly controlled entities	2,423	5,049	21,864	-	29,336
Profit before taxation	9,023	14,127	18,412	-	41,562
Taxation	(1,274)	(1,738)	(4,160)	-	(7,172)
<b>Profit for the period</b>	<b>7,749</b>	<b>12,389</b>	<b>14,252</b>	<b>-</b>	<b>34,390</b>
Attributable to:					
Shareholders of the Company	7,198	10,038	14,146	-	31,382
Non-controlling interests	551	2,351	106	-	3,008
	<b>7,749</b>	<b>12,389</b>	<b>14,252</b>	<b>-</b>	<b>34,390</b>
<u>Other Information</u>					
Segment assets	316,561	500,410	434,110	(191,606)	1,059,475
Segment liabilities	(94,682)	(400,371)	(266,983)	191,606	(570,430)
<b>Net assets</b>	<b>221,879</b>	<b>100,039</b>	<b>167,127</b>	<b>-</b>	<b>489,045</b>
Investment in associated companies and jointly controlled entities					
Additions to non-current assets	56,876	154,328	234,647	-	445,851
Depreciation	7,892	113,192	19	-	121,103
	3,759	4,965	40	-	8,764
<u>Geographical Information</u>					
	Singapore \$'000	China \$'000	ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
External sales	56,119	20,479	2,264	1,561	80,423
Non-current assets	619,055	104,063	38,958	100,615	862,691

The half year ended 30 June 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.
- (d) Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the half year ended 30 June 2014 and 30 June 2013.

#### **14. REVIEW OF SEGMENT PERFORMANCE**

Logistics Division's revenue of \$70.2 million increased by \$14.7 million compared to the corresponding period in 2013 due to higher warehousing, distribution and port operations income. Consequently, operating profit increased by \$1.9 million to \$8.4 million. Profit before taxation of \$9.3 million was \$0.3 million higher as result of higher operating profit, partly offset by lower share of results of associated companies and higher interest expense. After taking into account lower taxation and higher non-controlling interests, net profit attributable to shareholders was higher at \$7.5 million.

Data Centre Division's revenue of \$29.8 million rose by \$4.9 million compared to the corresponding period in 2013. Operating profit improved by only \$0.2 million to \$11.5 million because of higher property taxes and fair value loss on forward foreign currency contracts. Due to higher interest expense as a result of higher drawdown of loans, profit before taxation decreased by \$0.9 million to \$13.2 million. Net profit attributable to shareholders was \$8.1 million after taking into account higher taxation and non-controlling interests.

Investments Division's profit before taxation of \$19.1 million increased by \$0.7 million compared to the corresponding period in 2013 due to higher contributions from associated companies, partly offset by higher overheads. After taking into account higher taxation, net profit attributable to shareholders was \$14.1 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 30 April 2014. 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 6 Months \$'000	2013 6 Months \$'000	2014 6 Months \$'000	2013 6 Months \$'000
<u>General Transactions</u>				
Keppel Corporation Limited Group	184	-	13,981	4,877
Singapore Telecommunications Limited Group	-	-	527	248
Mapletree Investments Pte Ltd Group	-	-	183	-
Starhub Ltd Group	-	-	498	-
<u>Treasury Transactions</u>				
Keppel Corporation Limited Group	-	-	211,873	76,659
<u>Management Services</u>				
Keppel Corporation Limited Group	-	-	921	706
Keppel Land Limited Group	-	79,450	-	-
	184	79,450	227,983	82,490

### BY ORDER OF THE BOARD

TOK BOON SHENG/KELVIN CHUA  
Company Secretaries  
22 July 2014

### Confirmation by the Board

We, LOH CHIN HUA 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 second quarter 2014 financial statements to be false or misleading in any material respect.

On behalf of the board of directors



LOH CHIN HUA  
Chairman



NEO BOON SIONG  
Director

Singapore, 22 July 2014