

## **MEDIA RELEASE**

### **KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2014**

**17 October 2014**

The Directors of Keppel Telecommunications & Transportation Ltd advise the following results of the Company and of the Group for the third quarter and nine months ended 30 September 2014.

These figures have not been audited.

#### **NINE MONTHS FY2014 RESULTS HIGHLIGHTS**

1. Revenue grew by 26% to \$153.6 million.
2. Net profit attributable to shareholders improved by 6% to \$48.2 million.
3. Earnings per share improved by 6% to 8.7 cents.
4. Net asset value per ordinary share increased by 7% to 91 cents per share.

**For more information, please contact:**

#### **Media**

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

#### **Investor Relations**

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

This press release is also available at [www.keppcorp.com](http://www.keppcorp.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)

### THIRD QUARTER 2014 FINANCIAL STATEMENTS

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## Third Quarter 2014 Financial Statements

### 1 UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2014

The Directors of **Keppel Telecommunications & Transportation Ltd** advise the following unaudited results of the Group for the third quarter and nine months ended 30 September 2014.

#### 1(a) GROUP PROFIT AND LOSS ACCOUNT for the third quarter and nine months ended 30 September 2014

	Third Quarter			Nine Months		
	2014 \$'000	2013 \$'000	+ / (-) %	2014 \$'000	2013 \$'000	+ / (-) %
REVENUE	53,650	41,443	29.5	153,639	121,866	26.1
Operating expenses	(47,439)	(37,208)	27.5	(135,150)	(104,828)	28.9
Other income	5,150	877	487.2	9,535	3,554	168.3
<b>OPERATING PROFIT</b>	<b>11,361</b>	<b>5,112</b>	<b>122.2</b>	<b>28,024</b>	<b>20,592</b>	<b>36.1</b>
Interest income	91	157	(42.0)	228	506	(54.9)
Interest expense	(3,260)	(1,874)	74.0	(8,731)	(5,477)	59.4
Share of results of associated companies and jointly controlled entities	16,204	15,551	4.2	46,530	44,887	3.7
<b>PROFIT BEFORE TAXATION</b>	<b>24,396</b>	<b>18,946</b>	<b>28.8</b>	<b>66,051</b>	<b>60,508</b>	<b>9.2</b>
Taxation	(3,672)	(3,480)	5.5	(11,501)	(10,652)	8.0
<b>PROFIT FOR THE PERIOD</b>	<b>20,724</b>	<b>15,466</b>	<b>34.0</b>	<b>54,550</b>	<b>49,856</b>	<b>9.4</b>
Attributable to:						
Shareholders of the Company	18,469	14,072	31.2	48,180	45,454	6.0
Non-controlling interests	2,255	1,394	61.8	6,370	4,402	44.7
	<u>20,724</u>	<u>15,466</u>	34.0	<u>54,550</u>	<u>49,856</u>	9.4
Earnings per share						
- basic	3.3 cts	2.5 cts	32.0	8.7 cts	8.2 cts	6.1
- diluted	3.3 cts	2.5 cts	32.0	8.7 cts	8.2 cts	6.1

Notes to Group Profit and Loss Account

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

	Third Quarter			Nine Months		
	2014 \$'000	2013 \$'000	+ /(-) %	2014 \$'000	2013 \$'000	+ /(-) %
Purchase of goods and services <sup>(a)</sup>	15,821	10,811	46.3	44,256	31,332	41.2
Staff costs <sup>(b)</sup>	12,993	10,473	24.1	37,187	30,271	22.8
Share-based payment expenses	561	407	37.8	1,398	1,035	35.1
Depreciation of fixed assets <sup>(c)</sup>	6,969	5,598	24.5	19,922	14,362	38.7
Rental of equipment and facilities expenses <sup>(d)</sup>	7,810	7,568	3.2	23,338	20,592	13.3
Other operating expenses <sup>(e)</sup>	3,285	2,351	39.7	9,049	7,236	25.1
Operating expenses	<u>47,439</u>	<u>37,208</u>	27.5	<u>135,150</u>	<u>104,828</u>	28.9
Other income <sup>(f)</sup>	<u>5,150</u>	<u>877</u>	487.2	<u>9,535</u>	<u>3,554</u>	168.3

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 for the period increased due largely to higher sundry income, partly offset by fair value loss on forward foreign currency contracts and lower dilution gain in an associated company. During the quarter, other income increased due mainly to distributions received from other investments, fair value gain on forward foreign currency contracts and other sundry income.

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

	Third Quarter			Nine Months		
	2014 \$'000	2013 \$'000	+ /(-) %	2014 \$'000	2013 \$'000	+ /(-) %
Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired	-	-	nm	(219)	-	nm
Write-back of doubtful debts	(4)	(3)	33.3	(12)	(2)	500.0
Bad debts written off	-	-	nm	91	-	nm
Write-back of provision for stock obsolescence	-	(23)	nm	(2)	(174)	(98.9)
Foreign exchange loss /(gain)	63	472	(86.7)	(16)	877	nm
Loss/(gain) on disposal of fixed assets	8	(2)	nm	7	(12)	nm
Impairment loss on investments	-	823	nm	-	823	nm
Fair value (gain)/loss on forward foreign currency contracts	(869)	103	nm	807	103	>500.0

(iii) There was no adjustment for taxation expenses in respect of prior years for the current quarter. In the corresponding quarter last year, write-back of over provision for taxation and tax assets recognised under Group Relief System were \$3,000 and \$354,000 respectively.

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

nm – not meaningful

**1(b) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
for the third quarter and nine months ended 30 September 2014**

	Third Quarter			Nine Months		
	2014 \$'000	2013 \$'000	+ /(-) %	2014 \$'000	2013 \$'000	+ /(-) %
Profit for the period	20,724	15,466	34.0	54,550	49,856	9.4
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Available-for-sale financial assets						
- Fair value changes	-	(305)	nm	-	(425)	nm
- Fair value loss realised and transferred to profit and loss account	-	407	nm	-	407	nm
Foreign currency translation						
- Exchange differences arising on consolidation	2,700	1,669	61.8	25	5,158	(99.5)
- Realised and transferred to profit & loss account	-	-	nm	470	-	nm
Share of other comprehensive income /(expense) of associated companies						
- Cash flow hedge	-	-	nm	-	38	nm
- Foreign currency translation	1,132	(906)	nm	1,605	(1,908)	nm
Other comprehensive income for the period, net of tax	3,832	865	343.0	2,100	3,270	(35.8)
Total comprehensive income for the period	24,556	16,331	50.4	56,650	53,126	6.6
Attributable to:						
Shareholders of the Company	21,171	14,521	45.8	50,246	47,359	6.1
Non-controlling interests	3,385	1,810	87.0	6,404	5,767	11.0
	24,556	16,331	50.4	56,650	53,126	6.6

nm – not meaningful

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

	Group		Company	
	30.9.2014 \$'000	31.12.2013 \$'000	30.9.2014 \$'000	31.12.2013 \$'000
SHARE CAPITAL	76,741	75,468	76,741	75,468
RESERVES	426,116	394,990	57,653	67,742
SHARE CAPITAL AND RESERVES	<u>502,857</u>	<u>470,458</u>	<u>134,394</u>	<u>143,210</u>
NON-CONTROLLING INTERESTS	<u>89,595</u>	<u>74,430</u>	-	-
<b>CAPITAL EMPLOYED</b>	<b><u>592,452</u></b>	<b><u>544,888</u></b>	<b><u>134,394</u></b>	<b><u>143,210</u></b>
Represented by:				
FIXED ASSETS	623,808	507,446	-	-
INVESTMENTS				
Subsidiaries	-	-	87,307	87,307
Associated companies and jointly controlled entities	436,012	462,776	34,572	34,572
Others	236	236	-	-
	<u>436,248</u>	<u>463,012</u>	<u>121,879</u>	<u>121,879</u>
INTANGIBLES	1,472	-	-	-
LONG-TERM RECEIVABLES	-	-	94,850	94,850
CURRENT ASSETS				
Stocks	691	754	-	-
Debtors	77,913	85,255	998	191
Amounts owing by holding and related companies	1,754	1,824	66,756	73,355
Amounts owing by associated companies	15,524	10,036	10,678	4,781
Fixed deposits	50,751	45,245	15,039	11,483
Bank balances and cash	44,181	34,933	171	231
	<u>190,814</u>	<u>178,047</u>	<u>93,642</u>	<u>90,041</u>
LESS: CURRENT LIABILITIES				
Creditors	79,673	85,652	1,985	3,331
Amounts owing to holding and related companies	535	790	40,472	1,749
Amounts owing to associated companies	6	13	-	-
Short-term borrowings	49,210	38,480	13,520	38,480
Taxation	3,744	1,389	-	-
	<u>133,168</u>	<u>126,324</u>	<u>55,977</u>	<u>43,560</u>
<b>NET CURRENT ASSETS</b>	<b><u>57,646</u></b>	<b><u>51,723</u></b>	<b><u>37,665</u></b>	<b><u>46,481</u></b>
NON-CURRENT LIABILITIES				
Long-term borrowings	510,632	461,203	120,000	120,000
Deferred taxation	16,090	16,090	-	-
	<u>526,722</u>	<u>477,293</u>	<u>120,000</u>	<u>120,000</u>
<b>NET ASSETS</b>	<b><u>592,452</u></b>	<b><u>544,888</u></b>	<b><u>134,394</u></b>	<b><u>143,210</u></b>

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

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

As at 30.9.2014		As at 31.12.2013	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
3,117	46,093	-	38,480

### Amount repayable after one year

As at 30.9.2014		As at 31.12.2013	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
42,874	467,758	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 \$95,198,000 (31 December 2013: \$63,516,000) to banks for loan facilities.

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

Group shareholders' funds increased by \$32.4 million to \$502.9 million as at 30 September 2014 due mainly to retained profits for the period.

Group total assets of \$1,252.3 million as at 30 September 2014 were \$103.8 million higher than as at the previous year end. Fixed assets increased by \$116.4 million to \$623.8 million due mainly to construction of logistics warehouses, fit-out of data centres and subsidiaries acquired. Associated companies and jointly controlled entities decreased by \$26.8 million to \$436.0 million due to dividends received, partly offset by equity accounting for share of profits. Current assets increased by \$12.8 million to \$190.8 million due largely to higher dividends receivable from associated companies and bank balances, partly offset by lower debtors.

Group total liabilities of \$659.9 million as at 30 September 2014 were \$56.3 million higher than as at the previous year end due mainly to increase in borrowings partly offset by decrease in creditors. Decrease in creditors was due largely to payment made for acquisition of a subsidiary. Increase in borrowings was mainly for capital expenditure. Group total borrowings as at 30 September 2014 were \$559.8 million.



**1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the third quarter and nine months ended 30 September 2014**

	Third Quarter		Nine Months	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating profit	11,361	5,112	28,024	20,592
Adjustments for non-cash items:				
Depreciation of fixed assets	6,969	5,598	19,922	14,362
Gain on disposal of fixed assets	8	(2)	7	(12)
Impairment loss on investments	-	823	-	823
Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired	-	-	(219)	-
Fair value (gain)/loss on forward foreign currency contracts	(869)	103	807	103
Share-based payment expenses	561	407	1,398	1,035
Gain on dilution of an associated company	(1,061)	(1,244)	(3,144)	(3,769)
Translation of foreign companies	278	186	126	749
Operating cash flows before changes in working capital	17,247	10,983	46,921	33,883
Working capital changes:				
Stocks	36	(9)	63	37
Debtors	(1,564)	147	1,030	(2,647)
Creditors	3,110	965	8,263	5,948
Cash flows from operations	18,829	12,086	56,277	37,221
Interest received	96	116	231	427
Interest paid	(3,637)	(2,717)	(9,322)	(6,205)
Income taxes paid	(614)	(678)	(1,828)	(1,983)
Proceeds from tax losses transferred under group relief system	-	354	-	2,922
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>14,674</b>	<b>9,161</b>	<b>45,358</b>	<b>32,382</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of subsidiaries (Note A)	-	-	(327)	-
Advance payment for acquisition of a subsidiary	-	(17,153)	-	(17,153)
Settlement of consideration payable for acquisition of a subsidiary	(3,414)	-	(17,070)	-
Investment in associated companies	-	-	-	(36,757)
Proceeds from capital reduction of a jointly controlled entity	-	-	2,000	-
Proceeds from disposal of fixed assets	-	17	1	27
Purchase of fixed assets	(54,148)	(31,897)	(118,781)	(110,594)
Dividends received from associated companies	24,638	14,349	58,779	31,291
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(32,924)</b>	<b>(34,684)</b>	<b>(75,398)</b>	<b>(133,186)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from share issues	48	-	276	29
Proceeds from short-term loans	5,335	-	22,775	88,880
Repayment of short-term loans	(27,626)	-	(46,926)	(25,000)
Proceeds from long-term loans	11,037	-	90,698	70,000
Repayment of long-term loans	(497)	-	(7,666)	-
Funds from an associated company	-	1,000	-	1,000
Proceeds from non-controlling shareholders of subsidiaries	5,487	-	5,487	11,406
Dividends paid to shareholders of the company	-	-	(19,421)	(19,382)
Dividends paid to non-controlling shareholders of subsidiaries	(340)	(197)	(463)	(602)
<b>NET CASH (USED IN)/FROM FINANCING ACTIVITIES</b>	<b>(6,556)</b>	<b>803</b>	<b>44,760</b>	<b>126,331</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>				
	(24,806)	(24,720)	14,720	25,527
Cash and cash equivalents at beginning of period	119,244	115,109	80,178	63,729
Effect of exchange rate changes on cash and cash equivalents	494	352	34	1,485
Cash and cash equivalents at end of period (Note B)	94,932	90,741	94,932	90,741

## 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:

	Third Quarter		Nine Months	
	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:

	Third Quarter		Nine Months	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Fixed deposits	50,751	57,209	50,751	57,209
Bank balances and cash	44,181	33,532	44,181	33,532
	94,932	90,741	94,932	90,741

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

### Third Quarter

Net cash from operating activities for the quarter was \$14.7 million compared to \$9.2 million for the corresponding quarter last year. This is due mainly to higher operating cash flow, after taking into account working capital requirements and higher interest cost.

Net cash used in investing activities for the quarter was \$32.9 million, compared to the corresponding quarter's net cash used in investing activities of \$34.7 million. Current quarter's requirement was for investment in a subsidiary, fit-out of data centres and development of logistics facilities, partly offset by dividends received from associated companies.

Net cash outflow from financing activities for the quarter of \$6.6 million was due largely to net repayment of loans, partly offset by cash contribution from non-controlling interest.

### Nine Months

Net cash from operating activities was \$45.4 million compared to \$32.4 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 \$75.4 million mainly for fit-out of data centres, development of logistics facilities and investment in subsidiaries. The outflow was partly offset by dividends received from associated companies and proceeds from capital reduction of a jointly controlled entity.

Net cash from financing activities was \$44.8 million mainly from drawdown of loans and cash contribution from non-controlling interest, partly offset by dividends paid to shareholders of the Company.

**1(e)(i) STATEMENTS OF CHANGES IN EQUITY**  
**for the third quarter and nine months ended 30 September 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
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	29,711	-	29,711	4,115	33,826
Other comprehensive loss for the period *	-	-	-	(636)	(636)	(1,096)	(1,732)
<b>Total comprehensive income for the period</b>	-	-	29,711	(636)	29,075	3,019	32,094
<b>Transactions with owners, recognised directly in equity</b>							
<u>Contribution by and distributions to owners</u>							
Issue of shares	1,225	(997)	-	-	228	-	228
Cost of share-based payment	-	789	-	-	789	-	789
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	1,225	(208)	(19,421)	-	(18,404)	(123)	(18,527)
<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	(208)	(19,421)	-	(18,404)	3,614	(14,790)
<b>Share of reserves of associated companies</b>	-	43	-	-	43	-	43
Balance at 30 June 2014	76,693	30,368	390,233	(16,122)	481,172	81,063	562,235

	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 30 June 2014	76,693	30,368	390,233	(16,122)	481,172	81,063	562,235
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	18,469	-	18,469	2,255	20,724
Other comprehensive income for the period *	-	-	-	2,702	2,702	1,130	3,832
<b>Total comprehensive income for the period</b>	-	-	18,469	2,702	21,171	3,385	24,556
<b>Transactions with owners, recognised directly in equity</b>							
<u>Contribution by and distributions to owners</u>							
Issue of shares	48	-	-	-	48	-	48
Cost of share-based payment	-	536	-	-	536	-	536
Dividend paid to non-controlling shareholders	-	-	-	-	-	(340)	(340)
Total contributions by and distributions to owners	48	536	-	-	584	(340)	244
<u>Changes in ownership interests in subsidiaries</u>							
Cash subscribed by non-controlling shareholders	-	-	-	-	-	5,487	5,487
Total changes in ownership interests in subsidiaries	-	-	-	-	-	5,487	5,487
<b>Total transactions with owners</b>	48	536	-	-	584	5,147	5,731
<b>Share of reserves of associated companies</b>	-	(70)	-	-	(70)	-	(70)
Balance at 30 September 2014	76,741	30,834	408,702	(13,420)	502,857	89,595	592,452

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

	Attributable to owners of the Company						
	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserve \$'000	Foreign Currency Translation Account \$'000	Share Capital & Reserves \$'000	Non-Controlling Interests \$'000	Capital Employed \$'000
<u>The Group</u>							
Balance at 1 January 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	-	-	31,382	-	31,382	3,008	34,390
Other comprehensive income for the period *	-	(82)	-	1,538	1,456	949	2,405
<b>Total comprehensive income for the period</b>	-	(82)	31,382	1,538	32,838	3,957	36,795
<b>Transactions with owners, recognised directly in equity</b>							
<u>Contribution by and distributions to owners</u>							
Issue of shares	787	(758)	-	-	29	-	29
Cost of share-based payment	-	596	-	-	596	-	596
Transfer from revenue reserve to capital reserves	-	1	(1)	-	-	-	-
Dividend paid to non-controlling shareholders	-	-	-	-	-	(405)	(405)
Dividend paid for 2012	-	-	(19,382)	-	(19,382)	-	(19,382)
Total contributions by and distributions to owners	787	(161)	(19,383)	-	(18,757)	(405)	(19,162)
<u>Changes in ownership interests in subsidiaries</u>							
Cash subscribed by non-controlling shareholders	-	-	-	-	-	11,406	11,406
Total changes in ownership interests in subsidiaries	-	-	-	-	-	11,406	11,406
<b>Total transactions with owners</b>	787	(161)	(19,383)	-	(18,757)	11,001	(7,756)
<b>Share of reserves of associated companies</b>	-	(347)	-	-	(347)	-	(347)
Balance at 30 June 2013	75,352	30,073	348,208	(12,808)	440,825	48,220	489,045

	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 30 June 2013	75,352	30,073	348,208	(12,808)	440,825	48,220	489,045
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	14,072	-	14,072	1,394	15,466
Other comprehensive income for the period *	-	102	-	347	449	416	865
<b>Total comprehensive income for the period</b>	-	102	14,072	347	14,521	1,810	16,331
<b>Transactions with owners, recognised directly in equity</b>							
<u>Contribution by and distributions to owners</u>							
Cost of share-based payment	-	380	-	-	380	-	380
Transfer from revenue reserve to capital reserves	-	(1)	1	-	-	-	-
Dividend paid to non-controlling shareholders	-	-	-	-	-	(197)	(197)
Total contributions by and distributions to owners	-	379	1	-	380	(197)	183
<b>Total transactions with owners</b>	-	379	1	-	380	(197)	183
<b>Share of reserves of associated companies</b>	-	(76)	-	-	(76)	-	(76)
Balance at 30 September 2013	75,352	30,478	362,281	(12,461)	455,650	49,833	505,483

\* 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	-	-	3,278	3,278
<b><i>Transactions with owners, recognised directly in equity</i></b>				
Issue of shares	1,225	(997)	-	228
Cost of share-based payment	-	789	-	789
Dividend paid for 2013	-	-	(19,421)	(19,421)
<b>Total transactions with owners</b>	<b>1,225</b>	<b>(208)</b>	<b>(19,421)</b>	<b>(18,404)</b>
Balance at 30 June 2014	76,693	5,573	45,818	128,084
Profit for the period, representing total comprehensive income for the period	-	-	5,726	5,726
<b><i>Transactions with owners, recognised directly in equity</i></b>				
Issue of shares	48	-	-	48
Cost of share-based payment	-	536	-	536
<b>Total transactions with owners</b>	<b>48</b>	<b>536</b>	<b>-</b>	<b>584</b>
Balance at 30 September 2014	<u>76,741</u>	<u>6,109</u>	<u>51,544</u>	<u>134,394</u>
Balance at 1 January 2013	74,565	5,565	52,912	133,042
Profit for the period, representing total comprehensive income for the period	-	-	2,874	2,874
<b><i>Transactions with owners, recognised directly in equity</i></b>				
Issue of shares	787	(758)	-	29
Cost of share-based payment	-	596	-	596
Dividend paid for 2012	-	-	(19,382)	(19,382)
<b>Total transactions with owners</b>	<b>787</b>	<b>(162)</b>	<b>(19,382)</b>	<b>(18,757)</b>
Balance at 30 June 2013	75,352	5,403	36,404	117,159
Loss for the period, representing total comprehensive income for the period	-	-	(296)	(296)
<b><i>Transactions with owners, recognised directly in equity</i></b>				
Cost of share-based payment	-	380	-	380
<b>Total transactions with owners</b>	<b>-</b>	<b>380</b>	<b>-</b>	<b>380</b>
As at 30 September 2013	<u>75,352</u>	<u>5,783</u>	<u>36,108</u>	<u>117,243</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 30 June 2014	554,876,837
Issue of shares under share option scheme	<u>35,000</u>
Balance at 30 September 2014	<u><u>554,911,837</u></u>

As at 30 September 2014, the number of ordinary shares in issue was 554,911,837 of which none were held by the Company as treasury shares (30 September 2013: 553,781,937 ordinary shares of which none were held as treasury shares; 31 December 2013: 553,891,937 ordinary shares of which none were held as treasury shares).

### Share Options

As at 30 September 2014, there were unexercised options for 800,000 (30 September 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 nine months ended 30 September 2014 (30 September 2013: Nil).

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

As at 30 September 2014, the number of contingent shares granted and not released was 1,015,000 (30 September 2013: 1,054,000) 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 1,015,000 ordinary shares of the Company for KT&T RSP.

As at 30 September 2014, the number of restricted shares released but not vested was 747,600 (30 September 2013: 546,700) for KT&T RSP.

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

As at 30 September 2014, the number of contingent shares granted and not released was 325,000 (30 September 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	Number of Shares				
	At 1.1.14	Contingent shares granted	Released	Cancelled	At 30.9.14
<b>KT&amp;T RSP</b>					
3.4.13	1,042,000	-	(1,042,000)	-	-
7.4.14	-	1,176,000	-	(161,000)	1,015,000
	<u>1,042,000</u>	<u>1,176,000</u>	<u>(1,042,000)</u>	<u>(161,000)</u>	<u>1,015,000</u>
<b>KT&amp;T PSP</b>					
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 1.1.14	Released	Vested	Cancelled	At 30.9.14
<b>KT&amp;T RSP</b>					
1.7.11	166,600	-	(166,600)	-	-
2.7.12	380,100	-	(190,900)	(28,600)	160,600
3.4.13	-	1,042,000	(347,000)	(108,000)	587,000
	<u>546,700</u>	<u>1,042,000</u>	<u>(704,500)</u>	<u>(136,600)</u>	<u>747,600</u>
<b>KT&amp;T PSP</b>					
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					
	Third Quarter			Nine Months		
	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)	3.3	2.5	32.0	8.7	8.2	6.1
- Weighted average number of shares ('000)	554,759	553,662	0.2	554,759	553,662	0.2
(ii) On a fully diluted basis (cents)	3.3	2.5	32.0	8.7	8.2	6.1
- Adjusted weighted average number of shares ('000)	556,747	555,636	0.2	556,747	555,636	0.2

## 7. NET ASSET VALUE

	GROUP			COMPANY		
	30.9.2014	31.12.2013	+/(-)%	30.9.2014	31.12.2013	+/(-)%
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (\$)	0.91	0.85	7.1	0.24	0.26	(7.7)

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

### Third Quarter

Group revenue in the third quarter at \$53.7 million was 30% higher compared to the corresponding quarter in 2013 due mainly to higher revenue from Data Centre and Logistics Divisions. Operating profit increased by 122% to \$11.4 million due to higher revenue, unrealised hedging gain, distributions received from other investments and sundry income.

Profit before taxation at \$24.4 million increased by 29% due to higher operating profit and higher share of results of associated companies, partly offset by higher interest expense.

After taking into account higher taxation and non-controlling interests, the Group's net profit attributable to shareholders increased by 31% to \$18.5 million.

### Nine Months

Group revenue for the nine months increased by 26% to \$153.6 million compared to the corresponding period in 2013 due to higher revenue from Data Centre and Logistics Divisions. Operating profit increased by 36% to \$28.0 million due mainly to higher revenue, distributions received from other investments and sundry income, partly offset by unrealised year-to-date hedging loss.

Profit before taxation increased by 9% to \$66.1 million compared to the corresponding period in 2013. Higher operating profit and share of results of associated companies was partly offset by higher interest expense.

After taking into account higher taxation and non-controlling interests, the Group's net profit attributable to shareholders increased by 6% to \$48.2 million.

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

No forecast for the nine months ended 30 September 2014 was previously provided.

## **10. PROSPECTS**

In the Logistics Division, high occupancy was maintained for the Group's facilities while remaining focused on the implementation of various expansion projects. During the quarter, operations commenced at Keppel Logistics (Australia) Pty Ltd. The 10,000 square metre warehouse in Brisbane serves one of the world's leading book publishers. Over the next few months, the Group's logistics footprint will be further strengthened with the completion of Tampines Logistics Park warehouse in Singapore, and Tianjin Eco-City Distribution Centre in China. Development on the food logistics park in Anhui and Jilin provinces in China are underway. However, the Jilin project is slowing down its construction due to the overall delay in the Food Zone Development, which the project team has been working closely with the local authorities to resolve.

Driven by strong market demand, the Group's data centre facilities continue to enjoy high occupancy. Keppel Datahub 2, the newest data centre development in Singapore, has received a healthy take-up rate while fitting out work has been progressing well. The Group continues to explore development and acquisition opportunities in Asia and Europe. 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 the 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 September 2014 (30 September 2013: Nil).

### 13. SEGMENT ANALYSIS

Nine Months ended 30 September 2014

#### Business Segments

	Logistics \$'000	Data Centre \$'000	Investments \$'000	Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	107,635	46,004	-	-	153,639
Inter-segment sales	72	-	-	(72)	-
<b>Total</b>	<b>107,707</b>	<b>46,004</b>	<b>-</b>	<b>(72)</b>	<b>153,639</b>
<u>Segment results</u>					
Operating profit/(loss)	13,268	18,964	(4,208)	-	28,024
Interest income	96	136	1,986	(1,990)	228
Interest expense	(1,407)	(5,589)	(3,725)	1,990	(8,731)
Share of results of associated companies and jointly controlled entities	2,641	8,284	35,605	-	46,530
Profit before taxation	14,598	21,795	29,658	-	66,051
Taxation	(1,174)	(3,029)	(7,298)	-	(11,501)
<b>Profit for the period</b>	<b>13,424</b>	<b>18,766</b>	<b>22,360</b>	<b>-</b>	<b>54,550</b>
Attributable to:					
Shareholders of the Company	11,309	14,734	22,137	-	48,180
Non-controlling interests	2,115	4,032	223	-	6,370
	<b>13,424</b>	<b>18,766</b>	<b>22,360</b>	<b>-</b>	<b>54,550</b>
<u>Other Information</u>					
Segment assets	442,569	560,399	423,106	(173,732)	1,252,342
Segment liabilities	(174,124)	(432,973)	(226,525)	173,732	(659,890)
<b>Net assets</b>	<b>268,445</b>	<b>127,426</b>	<b>196,581</b>	<b>-</b>	<b>592,452</b>
Investment in associated companies and jointly controlled entities					
Investment in associated companies and jointly controlled entities	50,375	155,343	230,294	-	436,012
Additions to non-current assets	67,696	62,715	13	-	130,424
Depreciation	8,073	11,788	61	-	19,922
<u>Geographical Information</u>					
	Singapore \$'000	China \$'000	ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
External sales	97,333	38,955	14,564	2,787	153,639
Non-current assets	724,354	192,897	42,877	101,400	1,061,528

Nine Months ended 30 September 2013  
Business Segments

	Logistics \$'000	Data Centre \$'000	Investments \$'000	Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	83,735	38,131	-	-	121,866
Inter-segment sales	1,750	212	-	(1,962)	-
<b>Total</b>	<b>85,485</b>	<b>38,343</b>	<b>-</b>	<b>(1,962)</b>	<b>121,866</b>
<u>Segment results</u>					
Operating profit/(loss)	8,747	16,579	(4,734)	-	20,592
Interest income	475	697	2,001	(2,667)	506
Interest expense	(396)	(4,032)	(3,716)	2,667	(5,477)
Share of results of associated companies and jointly controlled entities	3,638	8,343	32,906	-	44,887
Profit before taxation	12,464	21,587	26,457	-	60,508
Taxation	(1,826)	(2,648)	(6,178)	-	(10,652)
<b>Profit for the period</b>	<b>10,638</b>	<b>18,939</b>	<b>20,279</b>	<b>-</b>	<b>49,856</b>
Attributable to:					
Shareholders of the Company	10,017	15,344	20,093	-	45,454
Non-controlling interests	621	3,595	186	-	4,402
	<b>10,638</b>	<b>18,939</b>	<b>20,279</b>	<b>-</b>	<b>49,856</b>
<u>Other Information</u>					
Segment assets	322,122	502,255	421,590	(172,159)	1,073,808
Segment liabilities	(94,970)	(396,342)	(249,172)	172,159	(568,325)
<b>Net assets</b>	<b>227,152</b>	<b>105,913</b>	<b>172,418</b>	<b>-</b>	<b>505,483</b>
Investment in associated companies and jointly controlled entities	58,632	153,968	230,864	-	443,464
Additions to non-current assets	11,335	128,414	36	-	139,785
Depreciation	5,964	8,337	61	-	14,362
<u>Geographical Information</u>					
	Singapore \$'000	China \$'000	ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
External sales	85,055	30,877	3,400	2,534	121,866
Non-current assets	639,441	95,774	38,579	99,904	873,698

The nine months ended 30 September 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 nine months ended 30 September 2014 and 30 September 2013.

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

Logistics Division's revenue of \$107.6 million increased by \$23.9 million compared to the corresponding period in 2013 due to higher warehousing, distribution and port operations income. Consequently, operating profit increased by \$4.5 million to \$13.3 million. Profit before taxation of \$14.6 million was \$2.1 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 \$11.3 million.

Data Centre Division's revenue of \$46.0 million rose by \$7.9 million compared to the corresponding period in 2013. Operating profit improved by \$2.4 million to \$19.0 million due to higher revenue partly offset by higher property taxes and fair value loss on forward foreign currency contracts. Profit before taxation increased by \$0.2 million to \$21.8 million due to higher operating profit largely offset by higher interest expense. Net profit attributable to shareholders was \$14.7 million after taking into account higher taxation and non-controlling interests.

Investments Division's profit before taxation of \$29.7 million increased by \$3.2 million compared to the corresponding period in 2013 due to distributions received from other investments and higher contributions from associated companies, partly offset by higher overheads. After taking into account higher taxation, net profit attributable to shareholders was \$22.1 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 9 Months \$'000	2013 9 Months \$'000	2014 9 Months \$'000	2013 9 Months \$'000
<u>General Transactions</u>				
Keppel Corporation Limited Group	304	-	15,134	5,424
Singapore Telecommunications Limited Group	-	-	1,043	363
Mapletree Investments Pte Ltd Group	-	-	183	5,019
Starhub Ltd Group	-	-	498	-
<u>Treasury Transactions</u>				
Keppel Corporation Limited Group	-	-	214,848	112,266
<u>Management Services</u>				
Keppel Corporation Limited Group	-	-	921	706
Keppel Land Limited Group	-	79,450	-	-
	304	79,450	232,627	123,778

### BY ORDER OF THE BOARD

TOK BOON SHENG/KELVIN CHUA  
Company Secretaries  
17 October 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 third 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, 17 October 2014