

MEDIA RELEASE

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD UNAUDITED RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2014

20 January 2015

The Directors of Keppel Telecommunications & Transportation Ltd advise the following results of the Company and of the Group for the fourth quarter and financial year ended 31 December 2014.

These figures have not been audited.

FULL YEAR FY2014 RESULTS HIGHLIGHTS

1. Revenue grew by 35% to \$224.6 million.
2. Net profit attributable to shareholders increased by 290% to \$246.6 million, which included one-off gains from disposal of data centre assets and higher share of results from associated companies.
3. Earnings per share increased by 290% to 44.4 cents.
4. Net asset value per ordinary share increased by 49% from \$0.85 per share to \$1.27 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)

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Full Year Financial Statements and Dividend Announcement

1 UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2014

The Directors of **Keppel Telecommunications & Transportation Ltd** advise the following unaudited results of the Group for the fourth quarter and financial year ended 31 December 2014.

1(a) GROUP PROFIT AND LOSS ACCOUNT for the fourth quarter and financial year ended 31 December 2014

	Fourth Quarter			Full Year		
	2014 \$'000	2013 \$'000	+ / (-) %	2014 \$'000	2013 \$'000	+ / (-) %
REVENUE	70,924	44,997	57.6	224,563	166,863	34.6
Operating expenses	(55,984)	(35,972)	55.6	(191,134)	(140,800)	35.7
Other income	235,939	3,671	>500.0	245,474	7,225	>500.0
OPERATING PROFIT	250,879	12,696	>500.0	278,903	33,288	>500.0
Interest income	196	108	81.5	424	614	(30.9)
Interest expense	(3,137)	(2,028)	54.7	(11,868)	(7,505)	58.1
Share of results of associated companies and joint ventures	14,618	11,763	24.3	61,148	56,650	7.9
PROFIT BEFORE TAXATION	262,556	22,539	>500.0	328,607	83,047	295.7
Taxation	(8,917)	(2,715)	228.4	(20,418)	(13,367)	52.7
PROFIT FOR THE PERIOD	253,639	19,824	>500.0	308,189	69,680	342.3
Attributable to:						
Shareholders of the Company	198,398	17,732	>500.0	246,578	63,186	290.2
Non-controlling interests	55,241	2,092	>500.0	61,611	6,494	>500.0
	253,639	19,824	>500.0	308,189	69,680	342.3
Earnings per share						
- basic	35.8 cts	3.2 cts	>500.0	44.4 cts	11.4 cts	289.5
- diluted	35.6 cts	3.2 cts	>500.0	44.3 cts	11.4 cts	288.6

1(a) GROUP PROFIT AND LOSS ACCOUNT (cont'd)
for the fourth quarter and financial year ended 31 December 2014

Notes to Group Profit and Loss Account

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

	<u>Fourth Quarter</u>			<u>Full Year</u>		
	2014 \$'000	2013 \$'000	+ / (-) %	2014 \$'000	2013 \$'000	+ / (-) %
Purchase of goods and services ^(a)	17,787	11,648	52.7	62,043	42,980	44.4
Staff costs ^(b)	15,857	10,321	53.6	53,044	40,592	30.7
Share-based payment expenses	(148)	79	nm	1,250	1,114	12.2
Depreciation of fixed assets ^(c)	6,619	4,963	33.4	26,541	19,325	37.3
Rental of equipment and facilities expenses ^(d)	9,357	6,447	45.1	32,695	27,039	20.9
Other operating expenses ^(e)	6,512	2,514	159.0	15,561	9,750	59.6
Operating expenses	<u>55,984</u>	<u>35,972</u>	55.6	<u>191,134</u>	<u>140,800</u>	35.7
Other income ^(f)	<u>235,939</u>	<u>3,671</u>	>500.0	<u>245,474</u>	<u>7,225</u>	>500.0

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 increase in property tax.
- (e) Other operating expenses increased due to expenses incurred by new subsidiaries, higher general and administrative expenses and expenses incurred on disposal of fixed assets, subsidiaries and associated companies.
- (f) Other income increased due largely to higher gain on disposal of fixed assets, subsidiaries and associated companies, partly offset by impairment loss on fixed assets, fair value loss on forward foreign currency contracts and lower dilution gain in an associated company.

nm – not meaningful

1(a) GROUP PROFIT AND LOSS ACCOUNT (cont'd)
for the fourth quarter and financial year ended 31 December 2014

Notes to Group Profit and Loss Account (cont'd)

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

	Fourth Quarter			Full Year		
	2014 \$'000	2013 \$'000	+ /(-) %	2014 \$'000	2013 \$'000	+ /(-) %
(Gain)/loss on disposal of fixed assets ^(a)	(172,860)	25	nm	(172,853)	13	nm
Gain on disposal of subsidiaries and associated companies ^(b)	(65,614)	(1,789)	>500.0	(65,614)	(1,789)	>500.0
Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired	-	-	nm	(219)	-	nm
Gain on bargain purchase arising from acquisition of a subsidiary	(113)	-	nm	(113)	-	nm
Provision for/(write-back of) doubtful debts and bad debts written off	32	(1,398)	nm	111	(1,400)	nm
Write-back of provision for stock obsolescence	(1)	(18)	(94.4)	(3)	(192)	(98.4)
Impairment loss on fixed assets ^(c)	5,711	-	nm	5,711	-	nm
Impairment loss on investments	157	438	(64.2)	157	1,261	(87.5)
Fair value (gain)/loss on forward foreign currency contracts	(297)	(417)	(28.8)	510	(314)	nm
Foreign exchange loss/(gain)	1,082	(9)	nm	1,066	868	22.8

Notes:

- (a) The gain on disposal of fixed assets in the current year was attributable to the disposal of data centre properties in the Data Centre Division.
- (b) The gain on disposal of subsidiaries and associated companies in the current year was largely attributable to the divestment of a subsidiary and associated companies in the Data Centre Division. The subsidiary is Boxtel Investments Limited, which holds a 30% interest in Securus Guernsey 2 Limited. The associated companies are Citadel100 Datacenters Limited and Securus Data Property Fund Pte Ltd.
- (c) The impairment loss on fixed assets in the current year was made on a warehouse in the Singapore due to lower recoverable amount as lease extension was not granted.

(iii) Taxation in 2014 included a write-back of deferred taxation of \$15,038,000 (2013: \$141,000) and an under-provision of taxation of \$147,000 (2013: over-provision of \$264,000) in respect of prior years. Tax assets recognised under Group Relief System was \$887,000 (2013: \$2,844,000).

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

nm – not meaningful

1(b) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the fourth quarter and financial year ended 31 December 2014

	Fourth Quarter			Full Year		
	2014 \$'000	2013 \$'000	+ /(-) %	2014 \$'000	2013 \$'000	+ /(-) %
Profit for the period	<u>253,639</u>	<u>19,824</u>	>500.0	<u>308,189</u>	<u>69,680</u>	342.3
<u>Items that may be reclassified</u> <u>subsequently to profit and loss</u> <u>account:</u>						
Available-for-sale financial assets						
- Fair value changes	(157)	-	nm	(157)	(425)	(63.1)
- Realised and transferred to profit and loss account	157	-	nm	157	407	(61.4)
Foreign currency translation						
- Exchange differences arising on consolidation	3,551	(460)	nm	3,576	4,698	(23.9)
- Realised and transferred to profit and loss account	8,908	(1,372)	nm	9,378	(1,372)	nm
Share of other comprehensive income /(expense) of associated companies						
- Cash flow hedge	-	-	nm	-	38	nm
- Foreign currency translation	<u>(5,472)</u>	<u>(1,312)</u>	317.1	<u>(3,867)</u>	<u>(3,220)</u>	20.1
Other comprehensive income/(expense) for the period, net of tax	<u>6,987</u>	<u>(3,144)</u>	nm	<u>9,087</u>	<u>126</u>	>500.0
Total comprehensive income for the period	<u><u>260,626</u></u>	<u><u>16,680</u></u>	>500.0	<u><u>317,276</u></u>	<u><u>69,806</u></u>	354.5
Attributable to:						
Shareholders of the Company	203,906	14,707	>500.0	254,152	62,066	309.5
Non-controlling interests	<u>56,720</u>	<u>1,973</u>	>500.0	<u>63,124</u>	<u>7,740</u>	>500.0
	<u><u>260,626</u></u>	<u><u>16,680</u></u>	>500.0	<u><u>317,276</u></u>	<u><u>69,806</u></u>	354.5

nm – not meaningful

1(c)(i) **BALANCE SHEETS as at 31 December 2014**

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
SHARE CAPITAL	76,741	75,468	76,741	75,468
RESERVES	629,817	394,990	97,545	67,742
SHARE CAPITAL AND RESERVES	<u>706,558</u>	<u>470,458</u>	<u>174,286</u>	<u>143,210</u>
NON-CONTROLLING INTERESTS	86,003	74,430	-	-
CAPITAL EMPLOYED	<u><u>792,561</u></u>	<u><u>544,888</u></u>	<u><u>174,286</u></u>	<u><u>143,210</u></u>
Represented by:				
FIXED ASSETS	304,880	507,446	-	-
INVESTMENT PROPERTIES	127,067	-	-	-
INVESTMENTS				
Subsidiaries	-	-	88,959	87,307
Associated companies and joint ventures	542,450	462,776	34,572	34,572
Others	79	236	-	-
	<u>542,529</u>	<u>463,012</u>	<u>123,531</u>	<u>121,879</u>
INTANGIBLES	18,229	-	-	-
LONG-TERM RECEIVABLES	-	-	142,822	94,850
CURRENT ASSETS				
Stocks	737	754	-	-
Debtors	124,925	85,255	255	191
Amounts owing by holding and related companies	1,625	1,824	20,492	73,355
Amounts owing by associated companies	2,308	10,036	-	4,781
Fixed deposits	221,026	45,245	12,562	11,483
Bank balances and cash	59,638	34,933	184	231
	<u>410,259</u>	<u>178,047</u>	<u>33,493</u>	<u>90,041</u>
LESS: CURRENT LIABILITIES				
Creditors	83,634	85,652	3,815	3,331
Amounts owing to holding and related companies	1,048	790	1,745	1,749
Amounts owing to associated companies	21,036	13	-	-
Short-term borrowings	53,405	38,480	-	38,480
Taxation	24,653	1,389	-	-
	<u>183,776</u>	<u>126,324</u>	<u>5,560</u>	<u>43,560</u>
NET CURRENT ASSETS	<u>226,483</u>	<u>51,723</u>	<u>27,933</u>	<u>46,481</u>
NON-CURRENT LIABILITIES				
Long-term borrowings	425,575	461,203	120,000	120,000
Deferred taxation	1,052	16,090	-	-
	<u>426,627</u>	<u>477,293</u>	<u>120,000</u>	<u>120,000</u>
NET ASSETS	<u><u>792,561</u></u>	<u><u>544,888</u></u>	<u><u>174,286</u></u>	<u><u>143,210</u></u>

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

Amount repayable in one year or less, or on demand

As at 31.12.2014		As at 31.12.2013	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
2,076	51,329	-	38,480

Amount repayable after one year

As at 31.12.2014		As at 31.12.2013	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
59,726	365,849	12,607	448,596

The Group funds its operations from internal sources, banks and related companies.

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 \$116,990,000 (31 December 2013: \$63,516,000) to banks for loan facilities.

1(c)(iii) BALANCE SHEET ANALYSIS

Group shareholders' funds increased by \$236.1 million to \$706.6 million as at 31 December 2014 due mainly to retained profits for the year attributable largely to gain on disposal of fixed assets, subsidiary and associated companies in the Data Centre Division.

Group total assets of \$1,403.0 million as at 31 December 2014 were \$254.5 million higher than as at the previous year end. Fixed assets and investment properties decreased by \$75.5 million to \$431.9 million due mainly to disposal of two data centres in Singapore, partly offset by additions from construction of logistics warehouses, fit-out of a data centre and subsidiaries acquired. Intangibles as at year end comprise goodwill from acquisition of a subsidiary and management rights acquired during the year. Associated companies and joint ventures increased by \$79.7 million to \$542.5 million due to acquisition of Keppel DC REIT and equity accounting for share of profits, partly offset by disposal of associated companies and dividends received. Current assets increased by \$232.2 million to \$410.3 million due largely to advance payment made for purchase of investment properties and higher fixed deposits and bank balances, partly offset by lower dividend receivable from associated companies as at year end.

Group total liabilities of \$610.4 million as at 31 December 2014 were \$6.8 million higher than as at the previous year end due mainly to increase in taxation and amount due to associated companies, partly offset by decrease in borrowings. Increase in taxation was due largely to tax provisions made upon disposal of fixed assets and associated companies in the Data Centre Division. Increase in amount due to associated companies was due largely to advance received from an associated company. Decrease in borrowings was due to repayments made during the year, partly offset by new borrowings for capital expenditure. Group total borrowings as at 31 December 2014 were \$479.0 million compared to \$499.7 million as at previous year end.

1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS
for the fourth quarter and financial year ended 31 December 2014

	<u>Fourth Quarter</u>		<u>Full Year</u>	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating profit	250,879	12,696	278,903	33,288
Adjustments for non-cash items:				
Depreciation of fixed assets	6,619	4,963	26,541	19,325
Share-based payment expenses	(148)	79	1,250	1,114
(Gain)/loss on disposal of fixed assets	(172,860)	25	(172,853)	13
Gain on disposal of subsidiaries and associated companies	(65,614)	(1,789)	(65,614)	(1,789)
Impairment loss on fixed assets	5,711	-	5,711	-
Impairment loss on investments	157	438	157	1,261
Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired	-	-	(219)	-
Gain on bargain purchase arising from acquisition of a subsidiary	(113)	-	(113)	-
Fair value gain on forward foreign currency contracts	(807)	(417)	-	(314)
Gain on dilution of interest in an associated company	(201)	(126)	(3,345)	(3,895)
Translation of foreign companies	892	(148)	1,018	601
Operating cash flows before changes in working capital	24,515	15,721	71,436	49,604
Working capital changes:				
Stocks	(46)	(42)	17	(5)
Debtors	(482)	(5,001)	548	(7,648)
Creditors	5,381	(4,556)	13,644	1,392
Cash flows from operations	29,368	6,122	85,645	43,343
Interest received	182	84	413	511
Interest paid	(3,139)	(1,106)	(12,461)	(7,311)
Income taxes paid	(694)	(370)	(2,522)	(2,353)
Proceeds from tax losses transferred under group relief system	887	1,117	887	4,039
NET CASH FROM OPERATING ACTIVITIES	26,604	5,847	71,962	38,229
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiaries (Note A)	397	3,973	(17,000)	(13,180)
Investment in associated companies	(247,159)	(13,937)	(247,159)	(50,694)
Additions to fixed assets	(46,165)	(19,802)	(164,946)	(130,396)
Addition to investment properties	(48,045)	-	(48,045)	-
Addition to intangibles	(16,757)	-	(16,757)	-
Addition to other investments	-	(157)	-	(157)
Proceeds from disposal of subsidiaries (Note B)	45,525	-	45,525	-
Proceeds from disposal of associated companies	139,998	-	139,998	-
Proceeds from disposal of fixed assets	403,863	37	403,864	64
Proceeds from capital reduction of a joint venture	-	-	2,000	-
Dividends received from associated companies	46,787	1,833	105,566	33,124
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	278,444	(28,053)	203,046	(161,239)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from share issues	-	116	276	145
Proceeds from short-term loans	49,199	(50,400)	71,974	38,480
Repayment of short-term loans	(14,960)	-	(61,886)	(25,000)
Proceeds from long-term loans	20,995	62,900	111,693	132,900
Repayment of long-term loans	(137,223)	-	(144,889)	-
Funds from associated companies	21,025	-	21,025	1,000
Contribution from non-controlling shareholders of subsidiaries	-	-	5,487	11,406
Dividends paid to shareholders of the Company	-	-	(19,421)	(19,382)
Dividends paid to non-controlling shareholders of subsidiaries	(60,305)	(821)	(60,768)	(1,423)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(121,269)	11,795	(76,509)	138,126

1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
for the fourth quarter and financial year ended 31 December 2014

	<u>Fourth Quarter</u>		<u>Full Year</u>	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	183,779	(10,411)	198,499	15,116
Cash and cash equivalents at beginning of period	94,932	90,741	80,178	63,729
Effect of exchange rate changes on cash and cash equivalents	1,953	(152)	1,987	1,333
Cash and cash equivalents as at 31 December (Note C)	<u>280,664</u>	<u>80,178</u>	<u>280,664</u>	<u>80,178</u>

Notes to Consolidated Statement of Cash Flows

A. Acquisition of subsidiaries

During the financial year, the fair value of assets and liabilities of subsidiaries acquired were as follows:

	<u>Fourth Quarter</u>		<u>Full Year</u>	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Fixed assets	61	67,615	5,990	67,615
Stocks	-	312	-	312
Trade debtors	849	655	5,280	655
Other debtors	90	9	3,155	9
Bank balances and cash	640	3,732	1,357	3,732
Creditors	(913)	(879)	(5,140)	(879)
Short-term borrowings	-	-	(927)	-
Taxation	(15)	-	(101)	-
Long-term borrowings	-	(12,607)	(1,487)	(12,607)
Total identifiable net assets at fair value	712	58,837	8,127	58,837
Non-controlling interests measured at non-controlling interests' proportionate share of net identifiable assets	-	(23,535)	(3,737)	(23,535)
Amounts previously accounted for as associated companies	(356)	-	(4,243)	-
Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired	-	-	(219)	-
Goodwill arising from acquisition	-	-	1,472	-
Gain on bargain purchase arising from acquisition	(113)	-	(113)	-
Purchase consideration	243	35,302	1,287	35,302
Less: Advance payment made in prior period	-	(17,153)	-	-
Less: Deferred payment	-	(18,390)	-	(18,390)
Add: Settlement of deferred payment	-	-	17,070	-
Less: Bank balances and cash acquired	(640)	(3,732)	(1,357)	(3,732)
Cash (inflow)/outflow on acquisition	<u>(397)</u>	<u>(3,973)</u>	<u>17,000</u>	<u>13,180</u>

1(d)(i) **CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)**
for the fourth quarter and financial year ended 31 December 2014

Notes to Consolidated Statement of Cash Flows (cont'd)

B. Disposal of subsidiaries

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

	<u>Fourth Quarter</u>		<u>Full Year</u>	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Investment in an associated company	22,446	-	22,446	-
Debtors	-	123	-	123
Bank balances and cash	137	-	137	-
Creditors	(331)	-	(331)	-
Net assets disposed	22,252	123	22,252	123
Non-controlling interests	31	(90)	31	(90)
Cumulative foreign currency translation reserve realised	8,396	(1,248)	8,396	(1,248)
Net gain on disposal	14,983	1,215	14,983	1,215
Sale proceeds	45,662	-	45,662	-
Less: Bank balances and cash disposed	(137)	-	(137)	-
Cash inflow on disposal	<u>45,525</u>	<u>-</u>	<u>45,525</u>	<u>-</u>

C. Cash and cash equivalents

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

	<u>Fourth Quarter</u>		<u>Full Year</u>	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Fixed deposits	221,026	45,245	221,026	45,245
Bank balances and cash	59,638	34,933	59,638	34,933
	<u>280,664</u>	<u>80,178</u>	<u>280,664</u>	<u>80,178</u>

1(d)(ii) CASH FLOW ANALYSIS

Fourth Quarter

Net cash from operating activities was \$26.6 million compared to \$5.8 million last year due to higher operating cash flow and working capital changes, after taking into account higher interest charges.

Net cash from investing activities was \$278.4 million mainly due to proceeds from disposal of fixed assets, subsidiaries and associated companies and dividends received from associated companies, partly offset by investment in an associated company and capital expenditure on data centre assets and logistics facilities.

Net cash used in financing activities was \$121.3 million mainly from repayment of borrowings and dividends paid to non-controlling shareholders of subsidiaries, partly offset by drawdown of loans and advance received from an associated company.

Full Year

Net cash from operating activities was \$72.0 million compared to \$38.2 million last year due to higher operating cash flow after taking into account interest charges and working capital requirements.

Net cash from investing activities was \$203.0 million mainly due to proceeds from disposal of fixed assets, subsidiaries and associated companies, dividends received from associated companies and proceeds from capital reduction of a joint venture, partly offset by investment in subsidiaries, investment in an associated company and capital expenditure on data centre assets and logistics facilities.

Net cash used in financing activities was \$76.5 million mainly from repayment of borrowings and dividends paid to shareholders of the Company and non-controlling shareholders of subsidiaries, partly offset by drawdown of loans, advance received from an associated company and cash contributed by non-controlling shareholders of a subsidiary. Cash flow from borrowings during the year is a net repayment of \$23.1 million financed largely by proceeds from disposal of data centre assets, as compared to net proceeds of \$146.4 million in the previous year.

**1(e)(i) STATEMENTS OF CHANGES IN EQUITY
for the financial year ended 31 December 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
Group							
Balance at 1 January 2014	75,468	30,533	379,943	(15,486)	470,458	74,430	544,888
Total comprehensive income for the year							
Profit for the year	-	-	246,578	-	246,578	61,611	308,189
Other comprehensive income for the year *	-	-	-	7,574	7,574	1,513	9,087
Total comprehensive income for the year	-	-	246,578	7,574	254,152	63,124	317,276
Transactions with owners, recognised directly in equity							
<u>Contributions by and distributions to owners</u>							
Issue of shares	1,273	(997)	-	-	276	-	276
Cost of share-based payment	-	1,100	-	-	1,100	-	1,100
Transfer from revenue reserve to capital reserves	-	17	(17)	-	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	(60,768)	(60,768)
Dividend paid for 2013	-	-	(19,421)	-	(19,421)	-	(19,421)
Total contributions by and distributions to owners	1,273	120	(19,438)	-	(18,045)	(60,768)	(78,813)
<u>Changes in ownership interests in subsidiaries</u>							
Acquisition of subsidiaries	-	-	-	-	-	3,737	3,737
Disposal of subsidiaries	-	-	-	-	-	(7)	(7)
Cash contributed by non-controlling shareholders	-	-	-	-	-	5,487	5,487
Total changes in ownership interests in subsidiaries	-	-	-	-	-	9,217	9,217
Total transactions with owners	1,273	120	(19,438)	-	(18,045)	(51,551)	(69,596)
Share of reserves of associated companies	-	(7)	-	-	(7)	-	(7)
Balance at 31 December 2014	76,741	30,646	607,083	(7,912)	706,558	86,003	792,561

1(e)(i) STATEMENTS OF CHANGES IN EQUITY (cont'd)
for the financial year ended 31 December 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
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 year							
Profit for the year	-	-	63,186	-	63,186	6,494	69,680
Other comprehensive income for the year *	-	20	-	(1,140)	(1,120)	1,246	126
Total comprehensive income for the year	-	20	63,186	(1,140)	62,066	7,740	69,806
Transactions with owners, recognised directly in equity							
<u>Contributions by and distributions to owners</u>							
Issue of shares	903	(758)	-	-	145	-	145
Cost of share-based payment	-	974	-	-	974	-	974
Transfer from revenue reserve to capital reserves	-	70	(70)	-	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	(1,423)	(1,423)
Dividend paid for 2012	-	-	(19,382)	-	(19,382)	-	(19,382)
Total contributions by and distributions to owners	903	286	(19,452)	-	(18,263)	(1,423)	(19,686)
<u>Changes in ownership interests in subsidiaries</u>							
Acquisition of a subsidiary	-	-	-	-	-	23,535	23,535
Disposal of a subsidiary	-	-	-	-	-	(90)	(90)
Cash contributed by non-controlling shareholders	-	-	-	-	-	11,406	11,406
Total changes in ownership interests in subsidiaries	-	-	-	-	-	34,851	34,851
Total transactions with owners	903	286	(19,452)	-	(18,263)	33,428	15,165
Share of reserves of associated companies	-	(436)	-	-	(436)	-	(436)
Balance at 31 December 2013	75,468	30,533	379,943	(15,486)	470,458	74,430	544,888

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

1(e)(i) STATEMENTS OF CHANGES IN EQUITY (cont'd)
for the financial year ended 31 December 2014

	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserve \$'000	Total \$'000
<u>Company</u>				
Balance at 1 January 2014	75,468	5,781	61,961	143,210
Profit for the year, representing total comprehensive income for the year	-	-	49,121	49,121
<i>Transactions with owners, recognised directly in equity</i>				
Issue of shares	1,273	(997)	-	276
Cost of share-based payment	-	1,100	-	1,100
Dividend paid for 2013	-	-	(19,421)	(19,421)
Total transactions with owners	1,273	103	(19,421)	(18,045)
Balance at 31 December 2014	<u>76,741</u>	<u>5,884</u>	<u>91,661</u>	<u>174,286</u>
Balance at 1 January 2013	74,565	5,565	52,912	133,042
Profit for the year, representing total comprehensive income for the year	-	-	28,431	28,431
<i>Transactions with owners, recognised directly in equity</i>				
Issue of shares	903	(758)	-	145
Cost of share-based payment	-	974	-	974
Dividend paid for 2012	-	-	(19,382)	(19,382)
Total transactions with owners	903	216	(19,382)	(18,263)
Balance at 31 December 2013	<u>75,468</u>	<u>5,781</u>	<u>61,961</u>	<u>143,210</u>

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	220,000
Issue of shares under restricted share plan and performance share plan	<u>799,900</u>
Balance at 30 September 2014 and 31 December 2014	<u>554,911,837</u>

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

Share Options

As at 31 December 2014, there were unexercised options for 800,000 (31 December 2013: 1,275,000) of unissued ordinary shares under the Company's Share Option Scheme. Unexercised options of 255,000 unissued ordinary shares were cancelled during the financial year ended 31 December 2014 (31 December 2013: Nil).

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

As at 31 December 2014, the number of contingent shares granted and not released was 1,015,000 (31 December 2013: 1,042,000) 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 31 December 2014, the number of restricted shares released but not vested was 747,600 (31 December 2013: 546,700) for KT&T RSP.

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

As at 31 December 2014, the number of contingent shares granted and not released was 325,000 (31 December 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.

1(e)(ii) SHARE CAPITAL (cont'd)

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

Contingent awards:

Date of Grant	Number of Shares				At 31.12.14
	At 1.1.14	Contingent shares granted	Released	Cancelled	
KT&T RSP					
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>
KT&T PSP					
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 31.12.14
	At 1.1.14	Released	Vested	Cancelled	
KT&T RSP					
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>
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 year compared with those of the audited financial statements as at 31 December 2013, except as disclosed in paragraph 5.

5. CHANGES IN ACCOUNTING POLICIES

During the year, the Group adopted FRS 40 Investment Property for the accounting of new data centres and \$127.1 million of property, plant and equipments were transferred from fixed assets to investment properties.

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					
	Fourth Quarter			Full Year		
	2014	2013	+/(-)%	2014	2013	+/(-)%
Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders of the Company:-						
(i) Based on the weighted average number of shares (cents)	35.8	3.2	>500.0	44.4	11.4	289.5
- Weighted average number of shares ('000)	554,797	553,710	0.2	554,797	553,710	0.2
(ii) On a fully diluted basis (cents)	35.6	3.2	>500.0	44.3	11.4	288.6
- Adjusted weighted average number of shares ('000)	556,920	555,950	0.2	556,920	555,950	0.2

7. NET ASSET VALUE

	GROUP			COMPANY		
	2014	2013	+/(-)%	2014	2013	+/(-)%
Net asset value per ordinary share based on issued share capital at the end of the financial year (\$)	1.27	0.85	49.4	0.31	0.26	19.2

8. REVIEW OF GROUP PERFORMANCE

Fourth Quarter

Group revenue in the fourth quarter of \$70.9 million was 58% higher compared to the corresponding quarter in 2013 due mainly to higher revenue from Data Centre and Logistics Divisions.

Operating profit improved to \$250.9 million due largely to gains on disposal of the two data centre properties in Singapore and divestment of the associated companies: Citadel100 Datacenters Limited, Boxel Investments Limited and Securus Data Property Fund Pte Ltd. Excluding these one-off gains, operating results for the fourth quarter would be comparable to the same period last year.

Profit before taxation of \$262.6 million increased \$240.0 million as result of higher operating profit and share of results from associates companies, partly offset by higher interest expense.

Taxation increased due largely to tax provisions made on disposal of data centre assets.

After taking into account higher taxation and non-controlling interests, the Group's net profit attributable to shareholders increased by \$180.7 million to \$198.4 million.

Full Year

Group revenue of \$224.6 million increased by 35% compared to the previous year due mainly to higher revenue from Data Centre and Logistics divisions.

Operating profit improved to \$278.9 million due to higher operating results from Data Centre Division, gains on disposal of the two data centre properties in Singapore and divestment of Citadel100 Datacenters Limited, Boxel Investments Limited and Securus Data Property Fund Pte Ltd. Excluding the one-off gains, operating results for the full year would be 21% higher than last year due largely to sundry income and distributions from other investments during the year. Moving forward Data Centre Division will focus on developing Greenfield data centres and will derive income for managing the data centres of DC REIT.

Profit before taxation at \$328.6 million increased by 296% due to higher operating profit and higher share of results of associated companies, partly offset by higher interest expense.

Taxation increased 51% due largely to tax provisions made on disposal of data centre assets.

After taking into account higher taxation and non-controlling interests, the Group's net profit attributable to shareholders increased by 290% to \$246.6 million. Excluding the one-off gains, the net profit attributable to shareholders would be 14% higher than last year due largely to higher operating profit and share of results of associated companies.

9. VARIANCE FROM FORECAST STATEMENT

No forecast for the full year ended 31 December 2014 was previously provided.

10. PROSPECTS

The Group continued to maintain high occupancy at its Logistics facilities, and encouraging throughput at its integrated ports in China. Construction has been completed for the new warehouses at Tampines Logistics Park in Singapore and Vietnam Singapore Industrial Park in Vietnam, both are expected to be operational in the first quarter of 2015, while construction of Tianjin Eco-city Distribution Centre in China is nearing completion. The food logistics park project in Anhui, China is progressing for a targeted completion within the coming year. These new facilities will add to the logistics portfolio's contributions to the Group in 2015 and beyond.

In the fourth quarter, the Group strengthened its data centre footprint with the acquisition of Almere 2, a purpose-built data centre facility in the Netherlands, which will add more than 5,000 square metres of data centre space to meet growing demand for high-quality data centres in Europe.

On 12 December, Keppel DC REIT made a strong debut upon listing on the Main Board of Singapore Exchange ("SGX-ST"). Demand for the initial public offering ("IPO") of Keppel DC REIT was strong, with the international placement tranche of 207.4 million units more than 24 times subscribed and the public tranche of 53.8 million units almost 10 times subscribed. Keppel DC REIT was priced at the top of its offering range at \$0.93 per unit. The IPO raised \$512.9 million in total, making it the largest REIT IPO on the SGX-ST in 2014. The successful listing of Keppel DC REIT and divestment of data centre assets into the REIT have created a platform for the Group to continue to develop and grow its pipeline of data centre assets, and at the same time strengthen its operational capability going forward.

11. DIVIDENDS

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Directors are pleased to recommend a final dividend of 3.5 cents per share tax exempt one-tier (2013: 3.5 cents per share tax exempt one-tier) and a special dividend of 11.5 cents per share tax exempt one-tier in respect of the financial year ended 31 December 2014 for approval by shareholders at the next Annual General Meeting to be convened.

Name of Dividend	Special	Final
Dividend Type	Cash	Cash
Dividend per share (cents)	11.5	3.5
Tax rate	Tax-exempt (one-tier)	Tax-exempt (one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

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

(c) Date Payable

The proposed final and special dividends if approved at the Annual General Meeting, tentatively scheduled to be held on 15 April 2015, will be paid on 8 May 2015.

(d) Books Closure Date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 24 April 2015 at 5.00 p.m. for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares in the capital of the Company ("Shares") received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 24 April 2015 will be registered to determine shareholders' entitlement to the proposed final and special dividends. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with Shares at 5.00 p.m. on 24 April 2015 will be entitled to the proposed final and special dividends.

(e) Total Annual Dividend

Total annual dividend amounted to:

	2014	2013
	\$'000	\$'000
Final dividend	19,422*	19,421
Special dividend	63,815*	-
Total annual dividend	<u>83,237</u>	<u>19,421</u>

* Estimated based on share capital of 554,911,837 ordinary shares as at 31 December 2014.

12. SEGMENT ANALYSIS

2014

Business Segments

	Logistics \$'000	Data Centre \$'000	Investments \$'000	Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	148,706	75,857	-	-	224,563
Inter-segment sales	99	-	-	(99)	-
Total	148,805	75,857	-	(99)	224,563
<u>Segment results</u>					
Operating profit/(loss)	12,911	279,687	(13,695)	-	278,903
Interest income	237	206	2,626	(2,645)	424
Interest expense	(1,949)	(7,661)	(4,903)	2,645	(11,868)
Share of results of associated companies and joint ventures	3,412	8,422	49,314	-	61,148
Profit before taxation	14,611	280,654	33,342	-	328,607
Taxation	(2,129)	(9,084)	(9,205)	-	(20,418)
Profit for the year	12,482	271,570	24,137	-	308,189
Attributable to:					
Shareholders of the Company	9,854	212,882	23,842	-	246,578
Non-controlling interests	2,628	58,688	295	-	61,611
	12,482	271,570	24,137	-	308,189
<u>Other Information</u>					
Segment assets	467,955	688,793	423,522	(177,306)	1,402,964
Segment liabilities	(195,532)	(374,339)	(217,838)	177,306	(610,403)
Net assets	272,423	314,454	205,684	-	792,561
Investment in associated companies and joint ventures					
Investment in associated companies and joint ventures	52,512	246,941	242,997	-	542,450
Additions to non-current assets	107,648	343,392	15	-	451,055
Depreciation	10,863	15,599	79	-	26,541
Impairment loss on fixed assets	5,711	-	-	-	5,711
<u>Geographical Information</u>					
	Singapore \$'000	China \$'000	ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
External sales	144,155	54,289	20,339	5,780	224,563
Non-current assets	717,292	207,789	46,263	21,361	992,705

12. SEGMENT ANALYSIS (cont'd)

2013

Business Segments

	Logistics \$'000	Data Centre \$'000	Investments \$'000	Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	113,735	53,128	-	-	166,863
Inter-segment sales	2,207	287	-	(2,494)	-
Total	115,942	53,415	-	(2,494)	166,863
<u>Segment results</u>					
Operating profit/(loss)	12,623	24,537	(3,872)	-	33,288
Interest income	565	957	2,700	(3,608)	614
Interest expense	(543)	(5,571)	(4,999)	3,608	(7,505)
Share of results of associated companies and joint ventures	5,555	6,215	44,880	-	56,650
Profit before taxation	18,200	26,138	38,709	-	83,047
Taxation	(1,221)	(4,190)	(7,956)	-	(13,367)
Profit for the year	16,979	21,948	30,753	-	69,680
Attributable to:					
Shareholders of the Company	16,074	16,588	30,524	-	63,186
Non-controlling interests	905	5,360	229	-	6,494
	16,979	21,948	30,753	-	69,680
<u>Other Information</u>					
Segment assets	381,661	508,901	432,000	(174,057)	1,148,505
Segment liabilities	(127,565)	(400,258)	(249,851)	174,057	(603,617)
Net assets	254,096	108,643	182,149	-	544,888
Investment in associated companies and joint ventures					
	59,981	163,412	239,383	-	462,776
Additions to non-current assets	85,779	150,440	196	-	236,415
Depreciation	7,550	11,692	83	-	19,325
<u>Geographical Information</u>					
	Singapore \$'000	China \$'000	ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
External sales	116,387	42,476	4,456	3,544	166,863
Non-current assets	651,055	181,990	38,396	99,017	970,458

The full year 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.

12. SEGMENT ANALYSIS (cont'd)

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, data centre facility management services and REIT 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 financial year ended 31 December 2014 and 31 December 2013.

13. REVIEW OF SEGMENT PERFORMANCE

Logistics Division's revenue of \$148.7 million increased by \$35.0 million compared to last year due to higher warehousing, distribution and port operations income. Operating profit increased by \$0.3 million to \$12.9 million due largely to higher revenue partly offset by impairment made on a warehouse in Singapore. Profit before taxation of \$14.6 million decreased by \$3.6 million due to lower share of results of associated companies and higher interest expense. After taking into account higher taxation and higher non-controlling interests, net profit attributable to shareholders was lower at \$9.9 million.

Data Centre Division's revenue of \$75.9 million rose by \$22.7 million compared to last year. Operating profit improved by \$255.2 million to \$279.7 million due to higher revenue and gain from disposal of fixed assets, subsidiary and associated companies, partly offset by higher property taxes. Profit before taxation increased by \$254.5 million to \$280.7 million due to higher operating profit and share of results of associated companies, partly offset by higher interest expense. Net profit attributable to shareholders was higher at \$212.9 million after taking into account higher taxation and non-controlling interests.

Investments Division's profit before taxation of \$33.3 million decreased by \$5.4 million compared to last year due to higher overheads and loss on disposal of subsidiaries, partly offset by distributions received from other investments and higher contributions from associated companies. After taking into account higher taxation, net profit attributable to shareholders was lower at \$23.8 million.

14. BREAKDOWN OF SALES

	Group		
	2014 \$'000	2013 \$'000	+ / (-) %
<u>First Half</u>			
Sales reported for first half year	99,989	80,423	24.3
Operating profit after tax before deducting non-controlling interests reported for first half year	33,826	34,390	(1.6)
<u>Second Half</u>			
Sales reported for second half year	124,574	86,440	44.1
Operating profit after tax before deducting non-controlling interests reported for second half year	274,363	35,290	677.5

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 year, the following interested person transactions were entered into by the Group:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<u>General Transactions</u>				
Keppel Corporation Limited Group	445	-	19,311	13,445
Singapore Telecommunications Limited Group	-	-	1,137	1,563
Mapletree Investments Pte Ltd Group	-	-	183	5,019
Starhub Ltd Group	-	-	498	-
<u>Treasury Transactions</u>				
Keppel Corporation Limited Group	-	-	526,484	165,180
<u>Management Services</u>				
Keppel Corporation Limited Group	-	-	921	706
Keppel Land Limited Group	-	79,450	-	-
	445	79,450	548,534	185,913

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

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

BY ORDER OF THE BOARD

TOK BOON SHENG/KENNY LEE
Company Secretaries
20 January 2015