

MEDIA RELEASE

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2015

21 July 2015

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 2015.

These figures have not been audited.

1H FY2015 RESULTS HIGHLIGHTS

1. Revenue decreased by 3% to \$97.1 million.
2. Net profit attributable to shareholders improved by 7% to \$31.7 million.
3. Earnings per share for first half of 2015 improved by 6% to 5.7 cents.
4. Net asset value per ordinary share was \$1.17 per share.

For more information, please contact:

Media

Mr Ang Lai Lee
Assistant General Manager
Group Corporate Communications
Keppel Corporation Limited
Tel: (65) 6413-6427 / 8233 9299
Email: lailee.ang@keppcorp.com

Investor Relations

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

This media release is also available at www.keppcorp.com and www.keppeltt.com.sg.

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD

(Co Reg No: 196500115G)

(Incorporated in the Republic of Singapore)

SECOND QUARTER 2015 FINANCIAL STATEMENTS**TABLE OF CONTENTS**

<u>Paragraph</u>	<u>Description</u>	<u>Page</u>
1(a)	GROUP PROFIT AND LOSS ACCOUNT	1
1(b)	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	3
1(c)(i)	BALANCE SHEETS	4
1(d)(i)	CONSOLIDATED STATEMENT OF CASH FLOWS	6
1(e)(i)	STATEMENTS OF CHANGES IN EQUITY	9
2	AUDIT	15
3	AUDITORS' REPORT	15
4	ACCOUNTING POLICIES	16
5	CHANGES IN ACCOUNTING POLICIES	16
6	EARNINGS PER ORDINARY SHARE	16
7	NET ASSET VALUE	16
8	REVIEW OF GROUP PERFORMANCE	17
9	VARIANCE FROM FORECAST STATEMENT	17
10	PROSPECTS	17
11 & 12	DIVIDENDS	18
13	SEGMENT ANALYSIS	19
14	REVIEW OF SEGMENT PERFORMANCE	21
15	INTERESTED PERSON TRANSACTIONS	22
	CONFIRMATION BY THE BOARD	23

Second Quarter 2015 Financial Statements

1 UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2015

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 2015.

1(a) GROUP PROFIT AND LOSS ACCOUNT for the second quarter and half year ended 30 June 2015

	Second Quarter			Half Year		
	2015 \$'000	2014 \$'000	+ / (-) %	2015 \$'000	2014 \$'000	+ / (-) %
REVENUE	49,128	51,278	(4.2)	97,058	99,989	(2.9)
Operating expenses	(46,834)	(45,280)	3.4	(91,097)	(87,711)	3.9
Other income	2,343	3,265	(28.2)	4,969	4,385	13.3
OPERATING PROFIT	4,637	9,263	(49.9)	10,930	16,663	(34.4)
Interest income	344	94	266.0	718	137	424.1
Interest expense	(2,905)	(3,049)	(4.7)	(5,526)	(5,471)	1.0
Share of results of associated companies and joint ventures	18,892	14,101	34.0	36,647	30,326	20.8
PROFIT BEFORE TAXATION	20,968	20,409	2.7	42,769	41,655	2.7
Taxation	(3,974)	(3,808)	4.4	(8,156)	(7,829)	4.2
PROFIT FOR THE PERIOD	<u>16,994</u>	<u>16,601</u>	2.4	<u>34,613</u>	<u>33,826</u>	2.3
Attributable to:						
Shareholders of the Company	15,877	14,283	11.2	31,659	29,711	6.6
Non-controlling interests	1,117	2,318	(51.8)	2,954	4,115	(28.2)
	<u>16,994</u>	<u>16,601</u>	2.4	<u>34,613</u>	<u>33,826</u>	2.3
Earnings per share						
- basic	2.9 cts	2.6 cts	11.5	5.7 cts	5.4 cts	5.6
- diluted	2.8 cts	2.6 cts	7.7	5.7 cts	5.3 cts	7.5

**1(a) GROUP PROFIT AND LOSS ACCOUNT (cont'd)
for the second quarter and half year ended 30 June 2015**

Notes to Group Profit and Loss Account

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

	Second Quarter			Half Year		
	2015 \$'000	2014 \$'000	+ /(-) %	2015 \$'000	2014 \$'000	+ /(-) %
Purchase of goods and services ^(a)	15,785	14,750	7.0	31,776	28,435	11.7
Staff costs ^(b)	14,470	12,310	17.5	28,820	24,194	19.1
Share-based payment expenses	589	418	40.9	1,197	837	43.0
Depreciation of fixed assets ^(c)	3,915	6,955	(43.7)	7,125	12,953	(45.0)
Rental of equipment and facilities expenses	8,856	7,897	12.1	15,897	15,528	2.4
Other operating expenses	3,219	2,950	9.1	6,282	5,764	9.0
Operating expenses	46,834	45,280	3.4	91,097	87,711	3.9
Other income ^(d)	2,343	3,265	(28.2)	4,969	4,385	13.3

Notes:

- (a) Purchase of goods and services increased due mainly to higher transportation costs and handling fees in the Logistics Division.
- (b) Staff costs increased due to higher head count in Logistics and Data Centre divisions.
- (c) Depreciation decreased due mainly to disposal of two data centre properties in December 2014, partly offset by depreciation charges on new logistics facilities.
- (d) Other income increased due largely to gain on disposal of fixed assets, partly offset by lower sundry income.

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

	Second Quarter			Half Year		
	2015 \$'000	2014 \$'000	+ /(-) %	2015 \$'000	2014 \$'000	+ /(-) %
Loss/(gain) on disposal of fixed assets	71	(1)	nm	(960)	(1)	>500.0
Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired	-	-	nm	-	(219)	nm
Provision for/(write-back of) doubtful debts and bad debts written off	2	91	(97.8)	(2)	83	nm
Fair value loss on forward foreign currency contracts	-	1,260	nm	-	1,676	nm
Write-back of provision for stock obsolescence	-	-	nm	-	(2)	nm
Foreign exchange (gain)/loss	(68)	(94)	(27.7)	402	(79)	nm

nm – not meaningful

**1(b) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the second quarter and half year ended 30 June 2015**

	Second Quarter			Half Year		
	2015 \$'000	2014 \$'000	+ /(-) %	2015 \$'000	2014 \$'000	+ /(-) %
Profit for the period	16,994	16,601	2.4	34,613	33,826	2.3
<u>Items that may be reclassified subsequently to profit and loss account:</u>						
Foreign currency translation						
- Exchange differences arising on consolidation	(3,786)	(2,567)	47.5	2,686	(2,675)	nm
- Realised and transferred to profit and loss account	-	-	nm	-	470	nm
Share of other comprehensive income/(expense) of associated companies						
- Cash flow hedge	440	-	nm	440	-	nm
- Foreign currency translation	(6,568)	(1,365)	381.2	(7,161)	473	nm
Other comprehensive expense for the period, net of tax	(9,914)	(3,932)	152.1	(4,035)	(1,732)	133.0
Total comprehensive income for the period	<u>7,080</u>	<u>12,669</u>	(44.1)	<u>30,578</u>	<u>32,094</u>	(4.7)
Attributable to:						
Shareholders of the Company	7,258	11,397	(36.3)	27,100	29,075	(6.8)
Non-controlling interests	(178)	1,272	nm	3,478	3,019	15.2
	<u>7,080</u>	<u>12,669</u>	(44.1)	<u>30,578</u>	<u>32,094</u>	(4.7)

nm – not meaningful

1(c)(i) **BALANCE SHEETS as at 30 June 2015**

	Group		Company	
	30.6.2015 \$'000	31.12.2014 \$'000	30.6.2015 \$'000	31.12.2014 \$'000
Share capital	78,246	76,741	78,246	76,741
Reserves	573,455	629,817	85,771	97,545
Share capital and reserves	651,701	706,558	164,017	174,286
Non-controlling interests	91,824	86,003	-	-
Capital employed	743,525	792,561	164,017	174,286
Represented by:				
<u>Non-current assets</u>				
Fixed assets	331,458	304,880	-	-
Investment properties	195,396	127,067	-	-
Investments				
Subsidiaries	-	-	88,959	88,959
Associated companies and joint ventures	545,322	542,450	34,572	34,572
Others	79	79	-	-
Intangibles	18,229	18,229	-	-
Long-term receivables	-	-	156,860	142,822
	<u>1,090,484</u>	<u>992,705</u>	<u>280,391</u>	<u>266,353</u>
<u>Current assets</u>				
Stocks	690	737	-	-
Debtors	85,214	124,925	876	255
Amounts owing by holding and related companies	1,375	1,625	2,472	20,492
Amounts owing by associated companies	1,116	2,308	-	-
Fixed deposits	144,478	221,026	5,174	12,562
Bank balances and cash	49,540	59,638	235	184
	<u>282,413</u>	<u>410,259</u>	<u>8,757</u>	<u>33,493</u>
<u>Current liabilities</u>				
Creditors	100,454	83,634	3,117	3,815
Amounts owing to holding and related companies	699	1,048	2,014	1,745
Amounts owing to associated companies	21,116	21,036	-	-
Short-term borrowings	126,864	53,405	-	-
Taxation	20,579	24,653	-	-
	<u>269,712</u>	<u>183,776</u>	<u>5,131</u>	<u>5,560</u>
Net current assets	12,701	226,483	3,626	27,933
<u>Non-current liabilities</u>				
Long-term borrowings	358,608	425,575	120,000	120,000
Deferred taxation	1,052	1,052	-	-
	<u>359,660</u>	<u>426,627</u>	<u>120,000</u>	<u>120,000</u>
Net assets	743,525	792,561	164,017	174,286

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

Amount repayable in one year or less, or on demand

As at 30.6.2015		As at 31.12.2014	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
2,385	124,479	2,076	51,329

Amount repayable after one year

As at 30.6.2015		As at 31.12.2014	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
65,713	292,895	59,726	365,849

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 \$130,015,000 (31 December 2014: \$116,990,000) to banks for loan facilities.

1(c)(iii) BALANCE SHEET ANALYSIS

Group shareholders' funds decreased by \$54.9 million to \$651.7 million as at 30 June 2015 due mainly to final and special dividends paid, partly offset by net profit for the period.

Group total assets of \$1,372.9 million as at 30 June 2015 were \$30.1 million lower than as at the previous year end. Fixed assets increased by \$26.6 million to \$331.5 million due mainly to construction of warehouses. Investment properties of \$195.4 million increased by \$68.3 million due to fit-out of a data centre in Singapore and acquisition of a data centre property in the Netherlands. Associated companies and joint ventures increased by \$2.9 million to \$545.3 million due to equity accounting for share of profits, partly offset by dividends received. Current assets decreased by \$127.8 million to \$282.4 million due largely to decrease in debtors, fixed deposits and bank balances. Debtors decreased due largely to reduction in deposits paid in the previous year for acquisition of the data centre property in the Netherlands.

Group total liabilities of \$629.4 million as at 30 June 2015 were \$19.0 million higher than as at the previous year end due mainly to increase in creditors and borrowings, partly offset by tax liabilities paid. Increase in creditors was due largely to increase in payables for fit-out of a data centre. Increase in borrowings was due to drawdown of existing loan facilities for capital expenditure on construction of warehouses.

Group total borrowings as at 30 June 2015 were \$485.5 million compared to \$479.0 million as at the previous year end. Short-term borrowings increased as certain long-term borrowings became due within 12 months.

1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS
for the second quarter and half year ended 30 June 2015

	<u>Second Quarter</u>		<u>Half Year</u>	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating profit	4,637	9,263	10,930	16,663
Adjustments for non-cash items:				
Depreciation of fixed assets	3,915	6,955	7,125	12,953
Share-based payment expenses	589	418	1,197	837
Loss/(gain) on disposal of fixed assets	71	(1)	(960)	(1)
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
Gain on dilution of interest in an associated company	(1,392)	(1,512)	(2,234)	(2,083)
Operating cash flows before changes in working capital	7,820	16,383	16,058	29,826
Working capital changes:				
Stocks	60	15	47	27
Debtors	3,130	(695)	1,545	2,442
Creditors	2,736	8,438	2,095	5,153
Amount due to associated companies	(1,881)	-	7,426	-
Cash flows from operations	11,865	24,141	27,171	37,448
Interest received	396	86	696	135
Interest paid	(3,146)	(2,746)	(6,707)	(5,685)
Income taxes paid	(5,892)	(870)	(6,813)	(1,214)
NET CASH FROM OPERATING ACTIVITIES	3,223	20,611	14,347	30,684
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiaries (Note A)	-	-	-	(13,983)
Additions to fixed assets	(8,849)	(39,924)	(32,151)	(64,633)
Addition to investment properties	(24,547)	-	(24,647)	-
Proceeds from disposal of fixed assets	69	1	1,331	1
Proceeds from capital reduction of a joint venture	-	2,000	-	2,000
Dividends received from associated companies	23,745	31,670	25,572	34,141
NET CASH USED IN INVESTING ACTIVITIES	(9,582)	(6,253)	(29,895)	(42,474)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from share issues	219	-	309	228
Proceeds from short-term loans	5,933	(227)	6,279	17,440
Repayment of short-term loans	(5,004)	(10,300)	(5,004)	(19,300)
Proceeds from long-term loans	1,311	63,080	9,222	79,661
Repayment of long-term loans	(1,426)	(6,675)	(1,954)	(7,169)
Contribution from non-controlling shareholders of subsidiaries	-	-	2,343	-
Dividends paid to shareholders of the company	(83,397)	(19,421)	(83,397)	(19,421)
Dividends paid to non-controlling shareholders of subsidiaries	-	(123)	-	(123)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(82,364)	26,334	(72,202)	51,316
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of period	284,043	79,064	280,664	80,178
Effect of exchange rate changes on cash and cash equivalents	(1,302)	(512)	1,104	(460)
Cash and cash equivalents as at end of period (Note B)	194,018	119,244	194,018	119,244

1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
for the second quarter and half year ended 30 June 2015

Notes to Consolidated Statement of Cash Flows

A. Acquisition of subsidiaries

The fair values of assets and liabilities of subsidiaries acquired were as follows:

	Second Quarter		Half Year	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'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
Add: Settlement of deferred payment	-	-	-	13,656
Less: Bank balances and cash acquired	-	-	-	(717)
Cash outflow on acquisition	-	-	-	13,983

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:

	Second Quarter		Half Year	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Fixed deposits	144,478	69,887	144,478	69,887
Bank balances and cash	49,540	49,357	49,540	49,357
	<u>194,018</u>	<u>119,244</u>	<u>194,018</u>	<u>119,244</u>

1(d)(ii) CASH FLOW ANALYSIS

Second Quarter

Net cash from operating activities for the quarter was \$3.2 million compared to \$20.6 million for the corresponding quarter last year due to lower cash flows from operations after working capital changes, partly offset by higher interest and taxes paid.

Net cash used in investing activities for the quarter was \$9.6 million due mainly to capital expenditure on construction of warehouses and investment properties, partly offset by dividends received from associated companies.

Net cash used in financing activities for the quarter was \$82.4 million due mainly to dividends paid to shareholders of the Company.

Half Year

Net cash from operating activities was \$14.3 million compared to \$30.7 million for the corresponding period last year due to lower cash flows from operations after working capital changes, partly offset by higher interest and taxes paid.

Net cash used in investing activities was \$29.9 million mainly for construction of warehouses and expenditure on investment properties. The outflow was partly offset by dividends received from associated companies.

Net cash used in financing activities was \$72.2 million mainly for dividends paid to shareholders of the Company, partly offset by net proceeds from loans and contribution from non-controlling shareholders of a subsidiary.

1(e)(i) STATEMENTS OF CHANGES IN EQUITY
for the second quarter and half year ended 30 June 2015

	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 2015	76,741	30,646	607,083	(7,912)	706,558	86,003	792,561
Total comprehensive income for the period							
Profit for the period	-	-	15,782	-	15,782	1,837	17,619
Other comprehensive income for the period *	-	-	-	4,060	4,060	1,819	5,879
Total comprehensive income for the period	-	-	15,782	4,060	19,842	3,656	23,498
Transactions with owners, recognised directly in equity							
<u>Contributions by and distributions to owners</u>							
Issue of shares	1,286	(1,196)	-	-	90	-	90
Cost of share-based payment	-	572	-	-	572	-	572
Total contributions by and distributions to owners	1,286	(624)	-	-	662	-	662
<u>Changes in ownership interests in subsidiaries</u>							
Cash contributed by non-controlling shareholders	-	-	-	-	-	2,343	2,343
Total changes in ownership interests in subsidiaries	-	-	-	-	-	2,343	2,343
Total transactions with owners	1,286	(624)	-	-	662	2,343	3,005
Share of reserves of associated companies	-	70	-	-	70	-	70
Balance at 31 March 2015	78,027	30,092	622,865	(3,852)	727,132	92,002	819,134

1(e)(i) STATEMENTS OF CHANGES IN EQUITY (cont'd)
for the second quarter and half year ended 30 June 2015

	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 31 March 2015	78,027	30,092	622,865	(3,852)	727,132	92,002	819,134
Total comprehensive income for the period							
Profit for the period	-	-	15,877	-	15,877	1,117	16,994
Other comprehensive income for the period *	-	440	-	(9,059)	(8,619)	(1,295)	(9,914)
Total comprehensive income for the period	-	440	15,877	(9,059)	7,258	(178)	7,080
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Issue of shares	219	-	-	-	219	-	219
Cost of share-based payment	-	552	-	-	552	-	552
Dividend paid for 2014	-	-	(83,397)	-	(83,397)	-	(83,397)
Total contributions by and distributions to owners	219	552	(83,397)	-	(82,626)	-	(82,626)
Total transactions with owners	219	552	(83,397)	-	(82,626)	-	(82,626)
Share of reserves of associated companies	-	(63)	-	-	(63)	-	(63)
Balance at 30 June 2015	78,246	31,021	555,345	(12,911)	651,701	91,824	743,525

1(e)(i) STATEMENTS OF CHANGES IN EQUITY (cont'd)
for the second quarter and half year ended 30 June 2015

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

1(e)(i) STATEMENTS OF CHANGES IN EQUITY (cont'd)
for the second quarter and half year ended 30 June 2015

	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 31 March 2014	76,693	29,986	395,371	(13,236)	488,814	79,914	568,728
Total comprehensive income for the period							
Profit for the period	-	-	14,283	-	14,283	2,318	16,601
Other comprehensive income for the period *	-	-	-	(2,886)	(2,886)	(1,046)	(3,932)
Total comprehensive income for the period	-	-	14,283	(2,886)	11,397	1,272	12,669
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
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)
Total transactions with owners	-	394	(19,421)	-	(19,027)	(123)	(19,150)
Share of reserves of associated companies	-	(12)	-	-	(12)	-	(12)
Balance 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.

**1(e)(i) STATEMENTS OF CHANGES IN EQUITY (cont'd)
for the second quarter and half year ended 30 June 2015**

	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserve \$'000	Total \$'000
Company				
Balance at 1 January 2015	76,741	5,884	91,661	174,286
Profit for the period, representing total comprehensive income for the period	-	-	1,587	1,587
Transactions with owners, recognised directly in equity				
Issue of shares	1,286	(1,196)	-	90
Cost of share-based payment	-	572	-	572
Total transactions with owners	1,286	(624)	-	662
Balance at 31 March 2015	78,027	5,260	93,248	176,535
Profit for the period, representing total comprehensive income for the period	-	-	70,108	70,108
Transactions with owners, recognised directly in equity				
Issue of shares	219	-	-	219
Cost of share-based payment	-	552	-	552
Dividend paid for 2014	-	-	(83,397)	(83,397)
Total transactions with owners	219	552	(83,397)	(82,626)
Balance at 30 June 2015	<u>78,246</u>	<u>5,812</u>	<u>79,959</u>	<u>164,017</u>
Balance at 1 January 2014	75,468	5,781	61,961	143,210
Profit for the period, representing total comprehensive income for the period	-	-	173	173
Transactions with owners, recognised directly in equity				
Issue of shares	1,225	(997)	-	228
Cost of share-based payment	-	395	-	395
Total transactions with owners	1,225	(602)	-	623
Balance 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
Transactions with owners, recognised directly in equity				
Cost of share-based payment	-	394	-	394
Dividend paid for 2013	-	-	(19,421)	(19,421)
Total transactions with owners	-	394	(19,421)	(19,027)
Balance at 30 June 2014	<u>76,693</u>	<u>5,573</u>	<u>45,818</u>	<u>128,084</u>

1(e)(ii) SHARE CAPITAL

Issued share capital and treasury shares

	<u>Number of shares</u>
Balance at 1 January 2015	554,911,837
Issue of shares under share option scheme	60,000
Issue of shares under restricted share plan and performance share plan	<u>866,150</u>
Balance at 31 March 2015	555,837,987
Issue of shares under share option scheme	<u>145,000</u>
Balance at 30 June 2015	<u><u>555,982,987</u></u>

As at 30 June 2015, the number of ordinary shares in issue was 555,982,987 of which none were held by the Company as treasury shares (30 June 2014: 554,876,837 ordinary shares of which none were held as treasury shares; 31 December 2014: 554,911,837 ordinary shares of which none were held as treasury shares).

Share Options

As at 30 June 2015, there were unexercised options for 595,000 (30 June 2014: 835,000) of unissued ordinary shares under the Company's Share Option Scheme. No unexercised option was cancelled during the six months ended 30 June 2015 (30 June 2014: 255,000).

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

As at 30 June 2015, the number of contingent shares granted and not released was 1,051,781 (30 June 2014: 1,057,000) 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 1,051,781 ordinary shares of the Company for KT&T RSP.

As at 30 June 2015, the number of restricted shares released but not vested was 887,915 (30 June 2014: 771,500) for KT&T RSP.

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

As at 30 June 2015, the number of contingent shares granted and not released was 490,000 (30 June 2014: 325,000) 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 735,000 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 30.6.15
	At 1.1.15	Adjustment upon release	Contingent shares granted	Released	Cancelled	
<u>KT&T RSP</u>						
7.4.14	1,015,000	-	-	(993,215)	(21,785)	-
10.4.15	-	-	1,077,281	-	(25,500)	1,051,781
	<u>1,015,000</u>	<u>-</u>	<u>1,077,281</u>	<u>(993,215)</u>	<u>(47,285)</u>	<u>1,051,781</u>
<u>KT&T PSP</u>						
2.7.12	75,000	23,250	-	(98,250)	-	-
3.4.13	125,000	-	-	-	-	125,000
7.4.14	125,000	-	-	-	-	125,000
10.4.15	-	-	240,000	-	-	240,000
	<u>325,000</u>	<u>23,250</u>	<u>240,000</u>	<u>(98,250)</u>	<u>-</u>	<u>490,000</u>

Awards released but not vested:

Date of Grant	Number of Shares				At 30.6.15
	At 1.1.15	Released	Vested	Cancelled	
<u>KT&T RSP</u>					
2.7.12	160,600	-	(154,000)	(6,600)	-
3.4.13	587,000	-	(283,000)	(38,400)	265,600
7.4.14	-	993,215	(330,900)	(40,000)	622,315
	<u>747,600</u>	<u>993,215</u>	<u>(767,900)</u>	<u>(85,000)</u>	<u>887,915</u>
<u>KT&T PSP</u>					
2.7.12	-	98,250	(98,250)	-	-
	<u>-</u>	<u>98,250</u>	<u>(98,250)</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 2014, 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 2015.

Amendments to FRS 19 Defined Benefit Plans: Employee Contributions
Improvements to FRSs (January 2014)
Improvements to FRSs (February 2014)

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		
	2015	2014	+/(-)%	2015	2014	+/(-)%
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)	2.9	2.6	11.5	5.7	5.4	5.6
- Weighted average number of shares ('000)	555,752	554,689	0.2	555,752	554,689	0.2
(ii) On a fully diluted basis (cents)	2.8	2.6	7.7	5.7	5.3	7.5
- Adjusted weighted average number of shares ('000)	557,917	556,751	0.2	557,917	556,751	0.2

7. NET ASSET VALUE

	GROUP			COMPANY		
	30.6.2015	31.12.2014	+/(-)%	30.6.2015	31.12.2014	+/(-)%
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (\$)	1.17	1.27	(7.9)	0.30	0.31	(3.2)

8. REVIEW OF GROUP PERFORMANCE

Second Quarter and Half Year

Group revenue in the second quarter and first half year was lower by 4% and 3% at \$49.1 million and \$97.1 million respectively compared to the corresponding period in 2014. This was due mainly to absence of revenue from the two data centre properties disposed in December 2014 to Keppel DC REIT, an associated company of the Group, partly offset by higher revenue from Logistics Division.

Operating profit for the second quarter and first half year was lower by \$4.6 million and \$5.7 million respectively due largely to disposal of the two data centre properties and lower contribution from the Logistics Division.

Profit before taxation for the second quarter and first half year of \$21.0 million and \$42.8 million increased by \$0.6 million and \$1.1 million respectively due mainly to higher share of results from associated companies, partly offset by lower operating profit.

After taking into account higher taxation and lower non-controlling interests, the Group's net profit attributable to shareholders for the second quarter and first half year was higher by \$1.6 million and \$1.9 million at \$15.9 million and \$31.7 million respectively.

9. VARIANCE FROM FORECAST STATEMENT

No forecast for the half year ended 30 June 2015 was previously provided.

10. PROSPECTS

Logistics Division expects its new warehouses in Tampines Logistics Hub (Singapore) and VSIP 1 (Vietnam) to achieve high occupancy. In China, the integrated river port in Sanshui continued to grow with higher throughput. The development of Tianjin Eco-city distribution centre and Lu'An logistics park is progressing and they are expected to be operational by end 2015 and early 2016 respectively.

In the Data Centre Division, Keppel DC REIT strengthened its portfolio with the acquisition of an 8,169sm data centre facility in Australia five months after its listing. With high occupancy across the data centres managed by the Group, our strategy remains to actively seek acquisitions and data centre development opportunities in Asia and Europe.

11. DIVIDENDS

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date Payable

Not applicable.

(d) Books Closure Date

Not applicable.

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

No dividend has been declared for the quarter ended 30 June 2015 (30 June 2014: Nil).

13. SEGMENT ANALYSIS

Half Year ended 30 June 2015

By business segments

	Logistics \$'000	Data Centre \$'000	Investments \$'000	Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	77,922	19,136	-	-	97,058
Inter-segment sales	50	-	-	(50)	-
Total	<u>77,972</u>	<u>19,136</u>	<u>-</u>	<u>(50)</u>	<u>97,058</u>
<u>Segment results</u>					
Operating profit/(loss)	7,927	6,840	(3,837)	-	10,930
Interest income	170	563	1,280	(1,295)	718
Interest expense	(1,252)	(3,048)	(2,521)	1,295	(5,526)
Share of results of associated companies and joint ventures	903	10,769	24,975	-	36,647
Profit before taxation	7,748	15,124	19,897	-	42,769
Taxation	(1,374)	(2,245)	(4,537)	-	(8,156)
Profit for the period	<u>6,374</u>	<u>12,879</u>	<u>15,360</u>	<u>-</u>	<u>34,613</u>
Attributable to:					
Shareholders of the Company	4,456	11,958	15,245	-	31,659
Non-controlling interests	1,918	921	115	-	2,954
	<u>6,374</u>	<u>12,879</u>	<u>15,360</u>	<u>-</u>	<u>34,613</u>
<u>Other Information</u>					
Segment assets	504,827	632,458	410,509	(174,897)	1,372,897
Segment liabilities	(221,396)	(364,332)	(218,541)	174,897	(629,372)
Net assets	<u>283,431</u>	<u>268,126</u>	<u>191,968</u>	<u>-</u>	<u>743,525</u>
Investment in associated companies and joint ventures	52,707	248,662	243,953	-	545,322
Additions to non-current assets	31,225	68,486	90	-	99,801
Depreciation	6,986	100	39	-	7,125

By geographical information

	Singapore \$'000	China \$'000	ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
External sales	53,099	29,280	9,510	5,169	97,058
Non-current assets	742,827	225,019	50,892	71,746	1,090,484

Information about major customers

No single external customer accounted for 10% or more of the Group's revenue for the half year ended 30 June 2015.

13. SEGMENT ANALYSIS (cont'd)

Half Year ended 30 June 2014

By 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)	-
Total	70,245	29,792	-	(48)	99,989
<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 joint ventures	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)
Profit for the period	8,665	10,889	14,272	-	33,826
Attributable to:					
Shareholders of the Company	7,539	8,102	14,070	-	29,711
Non-controlling interests	1,126	2,787	202	-	4,115
	8,665	10,889	14,272	-	33,826
<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)
Net assets	260,369	120,298	181,568	-	562,235
Investment in associated companies and joint ventures	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

By geographical information

	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

Information about major customers

No single external customer accounted for 10% or more of the Group's revenue for the half year ended 30 June 2014.

13. 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 segment 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 segment provides data centre co-location services, business continuity, disaster recovery, facility management and REIT management services. The Investments segment is the investment holding arm for various entities not within the Logistics and Data Centre segments.
- (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 2015 and 30 June 2014.

14. REVIEW OF SEGMENT PERFORMANCE

Logistics Division's revenue of \$77.9 million increased by \$7.7 million compared to the same period last year due to higher warehousing and port operations revenue. Operating profit decreased by \$0.5 million to \$7.9 million due largely to higher operating expenses from new and existing logistics facilities, partly offset by gain on disposal of fixed assets. Profit before taxation of \$7.7 million decreased by \$1.6 million due to lower operating profit, 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 \$4.5 million.

Data Centre Division's revenue of \$19.1 million was \$10.7 million lower compared to the same period last year due to the absence of revenue from the two data centre properties disposed in December 2014, partly offset by higher occupancy in a data centre property and higher REIT management fees. Consequently, operating profit decreased by \$4.6 million to \$6.8 million. Profit before taxation of \$15.1 million increased by \$1.9 million due to higher share of results of an associated company, partly offset by lower operating profit. Net profit attributable to shareholders was higher at \$12.0 million after taking into account lower taxation and non-controlling interests.

Investments Division's profit before taxation of \$19.9 million increased by \$0.8 million compared to the same period last year due to higher contributions from associated companies, partly offset by higher overheads. After taking into account lower taxation and non-controlling interests, net profit attributable to shareholders was higher at \$15.2 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 15 April 2015. 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)	
	2015 6 Months \$'000	2014 6 Months \$'000	2015 6 Months \$'000	2014 6 Months \$'000
<u>General Transactions</u>				
Keppel Corporation Limited Group	182	184	2,657	13,981
Singapore Telecommunications Limited Group	-	-	538	527
Mapletree Investments Pte Ltd Group	-	-	-	183
Starhub Ltd Group	-	-	-	498
Singapore Technologies Telemedia Pte Ltd Group	-	-	146	-
<u>Treasury Transactions</u>				
Keppel Corporation Limited Group	-	-	128,560	211,873
<u>Management Services</u>				
Keppel Corporation Limited Group	-	-	842	921
<u>Investment Transactions</u>				
Mapletree Investments Pte Ltd Group	14,000	-	-	-
	14,182	184	132,743	227,983

BY ORDER OF THE BOARD

KENNY LEE
Company Secretary
21 July 2015

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 2015 financial statements to be false or misleading in any material respect.

On behalf of the board of directors



LOH CHIN HUA
Chairman

Singapore, 21 July 2015



NEO BOON SIONG
Director