

MEDIA RELEASE

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015

20 October 2015

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 2015.

These figures have not been audited.

NINE MONTHS FY2015 RESULTS HIGHLIGHTS

1. Revenue decreased by 4% to \$148.0 million.
2. Net profit attributable to shareholders decreased by 3% to \$47.0 million.
3. Earnings per share was 8.4 cents.
4. Net asset value per ordinary share was \$1.20 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)

THIRD QUARTER 2015 FINANCIAL STATEMENTS

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Third Quarter 2015 Financial Statements

1 UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2015

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 2015.

1(a) GROUP PROFIT AND LOSS ACCOUNT for the third quarter and nine months ended 30 September 2015

	Third Quarter			Nine Months		
	2015 \$'000	2014 \$'000	+ / (-) %	2015 \$'000	2014 \$'000	+ / (-) %
REVENUE	50,914	53,650	(5.1)	147,972	153,639	(3.7)
Operating expenses	(45,208)	(47,439)	(4.7)	(136,305)	(135,150)	0.9
Other income	1,738	5,150	(66.3)	6,707	9,535	(29.7)
OPERATING PROFIT	7,444	11,361	(34.5)	18,374	28,024	(34.4)
Interest income	351	91	285.7	1,069	228	368.9
Interest expense	(3,126)	(3,260)	(4.1)	(8,652)	(8,731)	(0.9)
Share of results of associated companies and joint ventures	17,669	16,204	9.0	54,316	46,530	16.7
PROFIT BEFORE TAXATION	22,338	24,396	(8.4)	65,107	66,051	(1.4)
Taxation	(5,011)	(3,672)	36.5	(13,167)	(11,501)	14.5
PROFIT FOR THE PERIOD	<u>17,327</u>	<u>20,724</u>	(16.4)	<u>51,940</u>	<u>54,550</u>	(4.8)
Attributable to:						
Shareholders of the Company	15,308	18,469	(17.1)	46,967	48,180	(2.5)
Non-controlling interests	2,019	2,255	(10.5)	4,973	6,370	(21.9)
	<u>17,327</u>	<u>20,724</u>	(16.4)	<u>51,940</u>	<u>54,550</u>	(4.8)
Earnings per share						
- basic	2.8 cts	3.3 cts	(15.2)	8.4 cts	8.7 cts	(3.4)
- diluted	2.7 cts	3.3 cts	(18.2)	8.4 cts	8.7 cts	(3.4)

1(a) GROUP PROFIT AND LOSS ACCOUNT (cont'd)
for the third quarter and nine months ended 30 September 2015

Notes to Group Profit and Loss Account

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

	<u>Third Quarter</u>			<u>Nine Months</u>		
	2015 \$'000	2014 \$'000	+ / (-) %	2015 \$'000	2014 \$'000	+ / (-) %
Purchase of goods and services ^(a)	13,346	15,821	(15.6)	45,122	44,256	2.0
Staff costs ^(b)	15,469	12,993	19.1	44,289	37,187	19.1
Share-based payment expenses	381	561	(32.1)	1,578	1,398	12.9
Depreciation of fixed assets ^(c)	4,060	6,969	(41.7)	11,185	19,922	(43.9)
Equipment rental and facilities expenses ^(d)	9,226	7,810	18.1	25,123	23,338	7.6
Other operating expenses	<u>2,726</u>	<u>3,285</u>	(17.0)	<u>9,008</u>	<u>9,049</u>	(0.5)
Operating expenses	<u>45,208</u>	<u>47,439</u>	(4.7)	<u>136,305</u>	<u>135,150</u>	0.9
Other income ^(e)	<u>1,738</u>	<u>5,150</u>	(66.3)	<u>6,707</u>	<u>9,535</u>	(29.7)

Notes:

- (a) Purchase of goods and services for the quarter declined due to lower transportation costs and subcontract costs.
- (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) Equipment rental and facilities expenses increased due largely to higher maintenance expense incurred by Logistics and Data Centre divisions.
- (e) Other income decreased due largely to lower distributions received from other investments and lower sundry income.

1(a) **GROUP PROFIT AND LOSS ACCOUNT (cont'd)**
for the third quarter and nine months ended 30 September 2015

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

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

	<u>Third Quarter</u>			<u>Nine Months</u>		
	2015 \$'000	2014 \$'000	+ / (-) %	2015 \$'000	2014 \$'000	+ / (-) %
(Gain)/loss on disposal of fixed assets	(554)	8	nm	(1,514)	7	nm
Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired	-	-	nm	-	(219)	nm
(Write-back of)/provision for doubtful debts and bad debts written off	(2)	(4)	(50.0)	(4)	79	nm
Stocks written off and (write-back of) provision for stock obsolescence	31	-	nm	31	(2)	nm
Fair value (gain)/loss on forward foreign currency contracts	-	(869)	nm	-	807	nm
Foreign exchange loss/(gain)	141	63	123.8	543	(16)	nm

nm – not meaningful

1(b) **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
for the third quarter and nine months ended 30 September 2015

	Third Quarter			Nine Months		
	2015 \$'000	2014 \$'000	+ /(-) %	2015 \$'000	2014 \$'000	+ /(-) %
Profit for the period	17,327	20,724	(16.4)	51,940	54,550	(4.8)
<u>Items that may be reclassified</u> <u>subsequently to profit and loss</u> <u>account:</u>						
Foreign currency translation						
- Exchange differences arising on consolidation	3,116	2,700	15.4	5,802	25	>500.0
- Realised and transferred to profit and loss account	-	-	nm	-	470	nm
Share of other comprehensive income/(expense) of associated companies						
- Cash flow hedge	610	-	nm	1,050	-	nm
- Foreign currency translation	(1,374)	1,132	nm	(8,535)	1,605	nm
Other comprehensive income/(expense) for the period, net of tax	2,352	3,832	(38.6)	(1,683)	2,100	nm
Total comprehensive income for the period	19,679	24,556	(19.9)	50,257	56,650	(11.3)
Attributable to:						
Shareholders of the Company	16,767	21,171	(20.8)	43,867	50,246	(12.7)
Non-controlling interests	2,912	3,385	(14.0)	6,390	6,404	(0.2)
	19,679	24,556	(19.9)	50,257	56,650	(11.3)

nm – not meaningful

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

	Group		Company	
	30.9.2015 \$'000	31.12.2014 \$'000	30.9.2015 \$'000	31.12.2014 \$'000
Share capital	78,246	76,741	78,246	76,741
Reserves	590,562	629,817	97,191	97,545
Share capital and reserves	668,808	706,558	175,437	174,286
Non-controlling interests	94,736	86,003	-	-
Capital employed	763,544	792,561	175,437	174,286
Represented by:				
<u>Non-current assets</u>				
Fixed assets	340,155	304,880	-	-
Investment properties	205,857	127,067	-	-
Investments				
Subsidiaries	-	-	88,959	88,959
Associated companies and joint ventures	537,884	542,450	34,572	34,572
Others	79	79	-	-
Intangibles	18,229	18,229	-	-
Long-term receivables	-	-	156,860	142,822
	<u>1,102,204</u>	<u>992,705</u>	<u>280,391</u>	<u>266,353</u>
<u>Current assets</u>				
Stocks	632	737	-	-
Debtors	90,888	124,925	1,061	255
Amounts owing by holding and related companies	1,986	1,625	1,923	20,492
Amounts owing by associated companies	1,812	2,308	-	-
Fixed deposits	187,027	221,026	16,947	12,562
Bank balances and cash	40,230	59,638	248	184
	<u>322,575</u>	<u>410,259</u>	<u>20,179</u>	<u>33,493</u>
<u>Current liabilities</u>				
Creditors	101,939	83,634	2,232	3,815
Amounts owing to holding and related companies	998	1,048	2,901	1,745
Amounts owing to associated companies	21,220	21,036	-	-
Short-term borrowings	59,996	53,405	-	-
Taxation	17,942	24,653	-	-
	<u>202,095</u>	<u>183,776</u>	<u>5,133</u>	<u>5,560</u>
Net current assets	120,480	226,483	15,046	27,933
<u>Non-current liabilities</u>				
Long-term borrowings	458,088	425,575	120,000	120,000
Deferred taxation	1,052	1,052	-	-
	<u>459,140</u>	<u>426,627</u>	<u>120,000</u>	<u>120,000</u>
Net assets	763,544	792,561	175,437	174,286

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

Amount repayable in one year or less, or on demand

As at 30.9.2015		As at 31.12.2014	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
2,554	57,442	2,076	51,329

Amount repayable after one year

As at 30.9.2015		As at 31.12.2014	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
66,064	392,024	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 \$132,972,000 (31 December 2014: \$116,990,000) to banks for loan facilities.

1(c)(iii) BALANCE SHEET ANALYSIS

Group shareholders' funds decreased by \$37.8 million to \$668.8 million as at 30 September 2015 due mainly to final and special dividends paid, partly offset by net profit for the period.

The Group's total assets of \$1,424.8 million as at 30 September 2015 were \$21.8 million higher than as at the previous year end. Fixed assets increased by \$35.3 million to \$340.2 million due mainly to construction of warehouses and purchase of fittings and equipments. Investment properties of \$205.9 million increased by \$78.8 million due to fit-out of a data centre in Singapore and development of a data centre acquired in the Netherlands. Associated companies and joint ventures decreased by \$4.6 million to \$537.9 million due to dividends received, partly offset by equity accounting for share of profits. Current assets decreased by \$87.7 million to \$322.6 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 the acquisition of a data centre.

The Group's total liabilities of \$661.2 million as at 30 September 2015 were \$50.8 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 payables for capital expenditure and increase in accruals. Increase in borrowings was due to drawdown of existing loan facilities for capital expenditure. Group total borrowings as at 30 September 2015 were \$518.1 million compared to \$479.0 million as at the previous year end.

1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS
for the third quarter and nine months ended 30 September 2015

	Third Quarter		Nine Months	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating profit	7,444	11,361	18,374	28,024
Adjustments for non-cash items:				
Depreciation of fixed assets	4,060	6,969	11,185	19,922
Share-based payment expenses	381	561	1,578	1,398
(Gain)/loss on disposal of fixed assets	(554)	8	(1,514)	7
Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired	-	-	-	(219)
Fair value (gain)/loss on forward foreign currency contracts	-	(869)	-	807
Gain on dilution of interest in an associated company	(162)	(1,061)	(2,396)	(3,144)
Operating cash flows before changes in working capital	11,169	16,969	27,227	46,795
Working capital changes:				
Stocks	58	36	105	63
Debtors	(4,394)	(1,286)	(2,849)	1,156
Creditors	5,626	3,110	7,721	8,263
Amount due to associated companies	(2,189)	-	5,237	-
Cash flows from operations	10,270	18,829	37,441	56,277
Interest received	301	96	997	231
Interest paid	(3,589)	(3,637)	(10,296)	(9,322)
Income taxes paid	(5,155)	(614)	(11,968)	(1,828)
NET CASH FROM OPERATING ACTIVITIES	1,827	14,674	16,174	45,358
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiaries (Note A)	-	(3,414)	-	(17,397)
Additions to fixed assets	(5,044)	(54,148)	(37,195)	(118,781)
Addition to investment properties	(15,606)	-	(40,253)	-
Proceeds from disposal of fixed assets	88	-	1,419	1
Proceeds from capital reduction of a joint venture	-	-	-	2,000
Dividends received from associated companies	21,981	24,638	47,553	58,779
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	1,419	(32,924)	(28,476)	(75,398)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from share issues	-	48	309	276
Proceeds from short-term loans	4,572	5,335	10,851	22,775
Repayment of short-term loans	(762)	(27,626)	(5,766)	(46,926)
Proceeds from long-term loans	25,583	11,037	34,805	90,698
Repayment of long-term loans	(532)	(497)	(2,486)	(7,666)
Contribution from non-controlling shareholders of subsidiaries	-	5,487	2,343	5,487
Dividends paid to shareholders of the company	-	-	(83,397)	(19,421)
Dividends paid to non-controlling shareholders of subsidiaries	-	(340)	-	(463)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	28,861	(6,556)	(43,341)	44,760
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of period	194,018	119,244	280,664	80,178
Effect of exchange rate changes on cash and cash equivalents	1,132	494	2,236	34
Cash and cash equivalents as at end of period (Note B)	227,257	94,932	227,257	94,932

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

	<u>Third Quarter</u>		<u>Nine Months</u>	
	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	-	(3,414)	-	17,070
Less: Bank balances and cash acquired	-	-	-	(717)
Cash outflow on acquisition	-	(3,414)	-	17,397

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:

	<u>Third Quarter</u>		<u>Nine Months</u>	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Fixed deposits	187,027	50,751	187,027	50,751
Bank balances and cash	40,230	44,181	40,230	44,181
	<u>227,257</u>	<u>94,932</u>	<u>227,257</u>	<u>94,932</u>

1(d)(ii) CASH FLOW ANALYSIS

Third Quarter

Net cash from operating activities for the quarter was \$1.8 million compared to \$14.7 million for the corresponding quarter last year due to lower cash flows from operations after working capital changes and higher taxes paid.

Net cash from investing activities for the quarter was \$1.4 million due mainly to dividends received from associated companies, partly offset by capital expenditure on construction of warehouses and investment properties.

Net cash from financing activities for the quarter was \$28.9 million due mainly to a loan from a subsidiary's non-controlling shareholder and drawdown of existing loan facilities.

Nine Months

Net cash from operating activities was \$16.2 million compared to \$45.4 million for the corresponding period last year due to lower cash flows from operations after working capital changes and higher interests and taxes paid.

Net cash used in investing activities was \$28.5 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 \$43.3 million mainly for payment of dividends 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 third quarter and nine months ended 30 September 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	-	-	31,659	-	31,659	2,954	34,613
Other comprehensive income/(expense) for the period *	-	440	-	(4,999)	(4,559)	524	(4,035)
Total comprehensive income/(expense) for the period	-	440	31,659	(4,999)	27,100	3,478	30,578
Transactions with owners, recognised directly in equity							
<u>Contributions by and distributions to owners</u>							
Issue of shares	1,505	(1,196)	-	-	309	-	309
Cost of share-based payment	-	1,124	-	-	1,124	-	1,124
Dividend paid for 2014	-	-	(83,397)	-	(83,397)	-	(83,397)
Total contributions by and distributions to owners	1,505	(72)	(83,397)	-	(81,964)	-	(81,964)
<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	1,505	(72)	(83,397)	-	(81,964)	2,343	(79,621)
Share of reserves of associated companies	-	7	-	-	7	-	7
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 third quarter and nine months ended 30 September 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 30 June 2015	78,246	31,021	555,345	(12,911)	651,701	91,824	743,525
Total comprehensive income for the period							
Profit for the period	-	-	15,308	-	15,308	2,019	17,327
Other comprehensive income for the period *	-	610	-	849	1,459	893	2,352
Total comprehensive income for the period	-	610	15,308	849	16,767	2,912	19,679
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Cost of share-based payment	-	331	-	-	331	-	331
Total contributions by and distributions to owners	-	331	-	-	331	-	331
Total transactions with owners	-	331	-	-	331	-	331
Share of reserves of associated companies	-	9	-	-	9	-	9
Balance at 30 September 2015	78,246	31,971	570,653	(12,062)	668,808	94,736	763,544

1(e)(i) STATEMENTS OF CHANGES IN EQUITY (cont'd)
for the third quarter and nine months ended 30 September 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	-	-	29,711	-	29,711	4,115	33,826
Other comprehensive expense for the period *	-	-	-	(636)	(636)	(1,096)	(1,732)
Total comprehensive income/(expense) for the period	-	-	29,711	(636)	29,075	3,019	32,094
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	-	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
Total transactions with owners	1,225	(208)	(19,421)	-	(18,404)	3,614	(14,790)
Share of reserves of associated companies	-	43	-	-	43	-	43
Balance at 30 June 2014	76,693	30,368	390,233	(16,122)	481,172	81,063	562,235

1(e)(i) STATEMENTS OF CHANGES IN EQUITY (cont'd)
for the third quarter and nine months ended 30 September 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 30 June 2014	76,693	30,368	390,233	(16,122)	481,172	81,063	562,235
Total comprehensive income for the period							
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
Total comprehensive income for the period	-	-	18,469	2,702	21,171	3,385	24,556
Transactions with owners, recognised directly in equity							
<u>Contributions 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 contributed by non-controlling shareholders	-	-	-	-	-	5,487	5,487
Total changes in ownership interests in subsidiaries	-	-	-	-	-	5,487	5,487
Total transactions with owners	48	536	-	-	584	5,147	5,731
Share of reserves of associated companies	-	(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.

1(e)(i) STATEMENTS OF CHANGES IN EQUITY (cont'd)
for the third quarter and nine months ended 30 September 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	-	-	71,695	71,695
Transactions with owners, recognised directly in equity				
Issue of shares	1,505	(1,196)	-	309
Cost of share-based payment	-	1,124	-	1,124
Dividend paid for 2014	-	-	(83,397)	(83,397)
Total transactions with owners	1,505	(72)	(83,397)	(81,964)
Balance at 30 June 2015	78,246	5,812	79,959	164,017
Profit for the period, representing total comprehensive income for the period	-	-	11,089	11,089
Transactions with owners, recognised directly in equity				
Cost of share-based payment	-	331	-	331
Total transactions with owners	-	331	-	331
Balance at 30 September 2015	<u>78,246</u>	<u>6,143</u>	<u>91,048</u>	<u>175,437</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
Transactions with owners, recognised directly in equity				
Issue of shares	1,225	(997)	-	228
Cost of share-based payment	-	789	-	789
Dividend paid for 2013	-	-	(19,421)	(19,421)
Total transactions with owners	1,225	(208)	(19,421)	(18,404)
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
Transactions with owners, recognised directly in equity				
Issue of shares	48	-	-	48
Cost of share-based payment	-	536	-	536
Total transactions with owners	48	536	-	584
Balance at 30 September 2014	<u>76,741</u>	<u>6,109</u>	<u>51,544</u>	<u>134,394</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	205,000
Issue of shares under restricted share plan and performance share plan	<u>866,150</u>
Balance at 30 June 2015 and 30 September 2015	<u><u>555,982,987</u></u>

As at 30 September 2015, the number of ordinary shares in issue was 555,982,987 of which none were held by the Company as treasury shares (30 September 2014: 554,911,837 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 September 2015, there were unexercised options for 595,000 (30 September 2014: 800,000) of unissued ordinary shares under the Company's Share Option Scheme. No unexercised option was cancelled during the nine months ended 30 September 2015 (30 September 2014: 255,000).

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

As at 30 September 2015, the number of contingent shares granted and not released was 1,051,781 (30 September 2014: 1,015,000) 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 September 2015, the number of restricted shares released but not vested was 887,915 (30 September 2014: 747,600) for KT&T RSP.

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

As at 30 September 2015, the number of contingent shares granted and not released was 490,000 (30 September 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 30.9.15
	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 30.9.15
	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					
	Third Quarter			Nine Months		
	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)	2.8	3.3	(15.2)	8.4	8.7	(3.4)
- Weighted average number of shares ('000)	555,829	554,759	0.2	555,829	554,759	0.2
(ii) On a fully diluted basis (cents)	2.7	3.3	(18.2)	8.4	8.7	(3.4)
- Adjusted weighted average number of shares ('000)	557,989	556,747	0.2	557,989	556,747	0.2

7. NET ASSET VALUE

	GROUP			COMPANY		
	30.9.2015	31.12.2014	+/(-)%	30.9.2015	31.12.2014	+/(-)%
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (\$)	1.20	1.27	(5.5)	0.32	0.31	3.2

8. REVIEW OF GROUP PERFORMANCE

Third Quarter and Nine Months

Group revenue in the third quarter and nine months was lower by 5% and 4% at \$50.9 million and \$148.0 million respectively compared to the corresponding periods 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 third quarter and nine months was lower by \$3.9 million and \$9.7 million respectively compared to the corresponding periods in 2014 due largely to the absence of contribution from the two data centre properties, lower contribution from the Logistics Division and lower other income, partly offset by higher contribution from a data centre in Singapore. Other income decreased due largely to lower distributions received from other investments and lower sundry income.

Profit before taxation for the third quarter and nine months of \$22.3 million and \$65.1 million decreased by \$2.1 million and \$0.9 million respectively due mainly to lower operating profit, partly offset by higher share of results from associated companies.

After taking into account higher taxation and lower non-controlling interests, the Group's net profit attributable to shareholders for the third quarter and nine months was lower by \$3.2 million and \$1.2 million at \$15.3 million and \$47.0 million respectively.

9. VARIANCE FROM FORECAST STATEMENT

No forecast for the nine months ended 30 September 2015 was previously provided.

10. PROSPECTS

The Logistics Division remains focused on improving occupancy at its warehouses in Southeast Asia and operational efficiency at its integrated river ports in China despite the challenging market outlook. The warehouse at Tampines Logistics Park commenced operations in 2Q 2015 and has already achieved an occupancy rate of more than 60% with commitments of over 70%. Marketing efforts are being ramped up at the Tianjin Eco-city distribution centre and Lu'An logistics park in China to ensure strong take-up rate when they commence operations at the end of the year, and early next year, respectively.

The Data Centre Division has maintained near-full occupancy at its facilities. Fit-out works for customers at Almere Data Centre 2 in the Netherlands have progressed as planned, and operations had commenced. During the quarter, the division signed a conditional agreement to acquire a property in Singapore for data centre development, subject to approvals from the relevant authorities. The division continues to pursue opportunities to expand, riding on the growing data centre demand.

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 period ended 30 September 2015 (30 September 2014: Nil).

13. SEGMENT ANALYSIS

Nine months ended 30 September 2015

By business segments

	Logistics \$'000	Data Centre \$'000	Investments \$'000	Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	116,030	31,942	-	-	147,972
Inter-segment sales	74	-	-	(74)	-
Total	116,104	31,942	-	(74)	147,972
<u>Segment results</u>					
Operating profit/(loss)	10,857	14,418	(6,901)	-	18,374
Interest income	264	825	1,986	(2,006)	1,069
Interest expense	(2,082)	(4,753)	(3,823)	2,006	(8,652)
Share of results of associated companies and joint ventures	1,066	15,750	37,500	-	54,316
Profit before taxation	10,105	26,240	28,762	-	65,107
Taxation	(2,112)	(4,291)	(6,764)	-	(13,167)
Profit for the period	7,993	21,949	21,998	-	51,940
Attributable to:					
Shareholders of the Company	5,251	19,807	21,909	-	46,967
Non-controlling interests	2,742	2,142	89	-	4,973
	7,993	21,949	21,998	-	51,940
<u>Other Information</u>					
Segment assets	518,105	664,133	419,157	(176,616)	1,424,779
Segment liabilities	(228,910)	(389,030)	(219,911)	176,616	(661,235)
Net assets	289,195	275,103	199,246	-	763,544
Investment in associated companies and joint ventures	54,226	242,213	241,445	-	537,884
Additions to non-current assets	41,479	78,952	90	-	120,521
Depreciation	10,982	149	54	-	11,185

By geographical information

	Singapore \$'000	China \$'000	ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
External sales	83,375	43,708	13,138	7,751	147,972
Non-current assets	736,946	233,123	51,439	80,696	1,102,204

Information about major customers

No single external customer accounted for 10% or more of the Group's revenue for the nine months ended 30 September 2015.

13. SEGMENT ANALYSIS (cont'd)

Nine months ended 30 September 2014

By 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)	-
Total	107,707	46,004	-	(72)	153,639
<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 joint ventures	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)
Profit for the period	13,424	18,766	22,360	-	54,550
Attributable to:					
Shareholders of the Company	11,309	14,734	22,137	-	48,180
Non-controlling interests	2,115	4,032	223	-	6,370
	13,424	18,766	22,360	-	54,550
<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)
Net assets	268,445	127,426	196,581	-	592,452
Investment in associated companies and joint ventures	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

By geographical information

	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

Information about major customers

No single external customer accounted for 10% or more of the Group's revenue for the nine months ended 30 September 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 nine months ended 30 September 2015 and 30 September 2014.

14. REVIEW OF SEGMENT PERFORMANCE

Logistics Division's revenue of \$116.0 million increased by \$8.4 million compared to the same period last year due to higher warehousing and port operations revenue. Operating profit decreased by \$2.4 million to \$10.9 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 \$10.1 million decreased by \$4.5 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 \$5.3 million.

Data Centre Division's revenue of \$31.9 million was \$14.1 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 Datahub 2 and higher REIT management fees. Consequently, operating profit decreased by \$4.5 million to \$14.4 million. Profit before taxation of \$26.2 million increased by \$4.4 million due to higher share of results of an associated company, higher interest income and lower interest expense, partly offset by lower operating profit. Net profit attributable to shareholders was higher at \$19.8 million after taking into account higher taxation and lower non-controlling interests.

Investments Division's profit before taxation of \$28.8 million decreased by \$0.9 million compared to the same period last year due to higher overheads, lower distributions from other investments and lower sundry income, partly offset by higher contributions from associated companies. After taking into account lower taxation and lower non-controlling interests, net profit attributable to shareholders was lower at \$21.9 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 9 Months \$'000	2014 9 Months \$'000	2015 9 Months \$'000	2014 9 Months \$'000
<u>General Transactions</u>				
Keppel Corporation Limited Group	312	304	3,738	15,134
Singapore Telecommunications Limited Group	-	-	1,306	1,043
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	-	-	145,332	214,848
<u>Management Services</u>				
Keppel Corporation Limited Group	67,334	-	842	921
<u>Investment Transactions</u>				
Mapletree Investments Pte Ltd Group	14,000	-	-	-
	81,646	304	151,364	232,627

BY ORDER OF THE BOARD

KENNY LEE
Company Secretary
20 October 2015

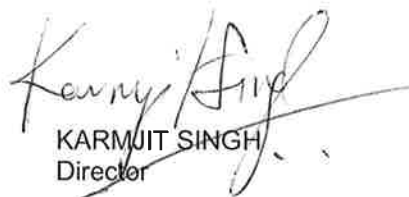
Confirmation by the Board

We, LOH CHIN HUA and KARMIJIT SINGH 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 2015 financial statements to be false or misleading in any material respect.

On behalf of the board of directors



LOH CHIN HUA
Chairman



KARMIJIT SINGH
Director

Singapore, 20 October 2015