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KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

19 January 2016

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 2015.

These figures have not been audited.

FY2015 RESULTS HIGHLIGHTS

1. Revenue was lower by 11% to \$200.6 million.
2. The divestment of assets in 2014 comprising mainly sale of data centre assets to Keppel DC REIT contributed \$186.4 million to the Group's 2014 net profit attributable to shareholders. Excluding the divestment gains in 2014, net profit attributable to shareholders was higher by \$31.3 million at \$91.5 million.
3. Earnings per share was 16.5 cents.
4. Net asset value per ordinary share increased by 2% from \$1.27 per share to \$1.30 per share.

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KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD

(Co Reg No: 196500115G)

(Incorporated in the Republic of Singapore)

FULL YEAR 2015 FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

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Full Year 2015 Financial Statements and Dividend Announcement

1 UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 2015.

1(a) GROUP PROFIT AND LOSS ACCOUNT for the fourth quarter and financial year ended 31 December 2015

	Fourth Quarter			Full Year		
	2015 \$'000	2014 \$'000	+/(-) %	2015 \$'000	2014 \$'000	+/(-) %
REVENUE	52,594	70,924	(25.8)	200,566	224,563	(10.7)
Operating expenses	(44,446)	(55,984)	(20.6)	(180,751)	(191,134)	(5.4)
Other income	27,676	235,939	(88.3)	34,383	245,474	(86.0)
OPERATING PROFIT	35,824	250,879	(85.7)	54,198	278,903	(80.6)
Interest income	742	196	278.6	1,811	424	327.1
Interest expense	(3,580)	(3,137)	14.1	(12,232)	(11,868)	3.1
Share of results of associated companies and joint ventures	31,516	14,618	115.6	85,832	61,148	40.4
PROFIT BEFORE TAXATION	64,502	262,556	(75.4)	129,609	328,607	(60.6)
Taxation	(10,456)	(8,917)	17.3	(23,623)	(20,418)	15.7
PROFIT FOR THE PERIOD	<u>54,046</u>	<u>253,639</u>	(78.7)	<u>105,986</u>	<u>308,189</u>	(65.6)
Attributable to:						
Shareholders of the Company	44,514	198,398	(77.6)	91,481	246,578	(62.9)
Non-controlling interests	9,532	55,241	(82.7)	14,505	61,611	(76.5)
	<u>54,046</u>	<u>253,639</u>	(78.7)	<u>105,986</u>	<u>308,189</u>	(65.6)
Earnings per share						
- basic	8.0 cts	35.8 cts	(77.7)	16.5 cts	44.4 cts	(62.8)
- diluted	8.0 cts	35.6 cts	(77.5)	16.4 cts	44.3 cts	(63.0)

1(a) **GROUP PROFIT AND LOSS ACCOUNT (cont'd)**
for the fourth quarter and financial year ended 31 December 2015

Notes to Group Profit and Loss Account

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

	<u>Fourth Quarter</u>			<u>Full Year</u>		
	2015 \$'000	2014 \$'000	+ /(-) %	2015 \$'000	2014 \$'000	+ /(-) %
Purchase of goods and services ^(a)	13,002	17,787	(26.9)	58,124	62,043	(6.3)
Staff costs ^(b)	14,051	15,857	(11.4)	58,340	53,044	10.0
Share-based payment expenses	273	(148)	nm	1,851	1,250	48.1
Depreciation of fixed assets ^(c)	5,239	6,619	(20.8)	16,424	26,541	(38.1)
Equipment rental and facilities expenses	8,716	9,357	(6.9)	33,839	32,695	3.5
Other operating expenses ^(d)	3,165	6,512	(51.4)	12,173	15,561	(21.8)
Operating expenses	<u>44,446</u>	<u>55,984</u>	(20.6)	<u>180,751</u>	<u>191,134</u>	(5.4)
Other income ^(e)	<u>27,676</u>	<u>235,939</u>	(88.3)	<u>34,383</u>	<u>245,474</u>	(86.0)

Notes:

- (a) Purchase of goods and services declined due to lower transportation costs and subcontract costs.
- (b) Staff costs for the year 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 operating expenses decreased due mainly to absence of expenses incurred on the transactions relating to the disposal of fixed assets, subsidiaries and associated companies in 2014.
- (e) Other income decreased due largely to lower gain on disposal of fixed assets, subsidiaries and associated companies and higher impairment losses, partly offset by higher distribution from other investments and fair value gain on investment properties.

nm – not meaningful

1(a) **GROUP PROFIT AND LOSS ACCOUNT (cont'd)**
for the fourth quarter and financial year ended 31 December 2015

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

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

	Fourth Quarter			Full Year		
	2015 \$'000	2014 \$'000	+/(-) %	2015 \$'000	2014 \$'000	+/(-) %
Gain on disposal of fixed assets ^(a)	(16)	(172,860)	(100.0)	(1,530)	(172,853)	(99.1)
Gain on disposal of subsidiaries and associated companies ^(b)	-	(65,614)	nm	-	(65,614)	nm
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/(write-back of) for doubtful debts and bad debts written off	3	32	(90.6)	(1)	111	nm
Stocks written off/(write-back of provision for stock obsolescence)	1	(1)	nm	32	(3)	nm
Impairment loss on fixed assets ^(c)	-	5,711	nm	-	5,711	nm
Impairment loss on investments ^(d)	8,962	157	>500.0	8,962	157	>500.0
Goodwill written off ^(e)	1,472	-	nm	1,472	-	nm
Fair value (gain)/loss on forward foreign currency contracts	-	(297)	nm	-	510	nm
Fair value gain on investment properties ^(f)	(32,133)	-	nm	(32,133)	-	nm
Foreign exchange (gain)/loss	(209)	1,082	nm	334	1,066	(68.7)

Notes:

- (a) The decrease in gain on disposal of fixed assets was due mainly to absence of gains from the disposal of data centre properties in the Data Centre Division.
- (b) The gain on disposal of subsidiaries and associated companies in 2014 was attributable to the divestment of a subsidiary and associated companies in the Data Centre Division.
- (c) The impairment loss on fixed assets in 2014 was attributed to impairment losses provided on a warehouse in the Logistics Division.
- (d) The impairment loss on investments in the current year was provided on the Group's investment in an associated company as a result of weaker economic outlook.
- (e) The goodwill that was written off relates to the goodwill allocated to the Group's operations in Vietnam.
- (f) The fair value gain on investment properties was attributable to the data centres in the Data Centre division.

(iii) Taxation included under-provision of taxation of \$622,000 (2014: \$147,000) in respect of prior years.

nm – not meaningful

1(b) **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
for the fourth quarter and financial year ended 31 December 2015

	Fourth Quarter			Full Year		
	2015 \$'000	2014 \$'000	+ /(-) %	2015 \$'000	2014 \$'000	+ /(-) %
Profit for the period	54,046	253,639	(78.7)	105,986	308,189	(65.6)
<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	9,772	(157)	nm	9,772	(157)	nm
- Realised and transferred to profit and loss account	-	157	nm	-	157	nm
Cash flow hedge						
- Fair value changes	(101)	-	nm	(101)	-	nm
- Realised and transferred to profit and loss account	59	-	nm	59	-	nm
Foreign currency translation						
- Exchange differences arising on consolidation	(1,422)	3,551	nm	4,380	3,576	22.5
- Realised and transferred to profit and loss account	-	8,908	nm	-	9,378	nm
Share of other comprehensive (expense)/income of associated companies						
- Cash flow hedge	(108)	-	nm	942	-	nm
- Foreign currency translation	168	(5,472)	nm	(8,367)	(3,867)	116.4
Other comprehensive income for the period, net of tax	8,368	6,987	19.8	6,685	9,087	(26.4)
Total comprehensive income for the period	62,414	260,626	(76.1)	112,671	317,276	(64.5)
Attributable to:						
Shareholders of the Company	53,366	203,906	(73.8)	97,233	254,152	(61.7)
Non-controlling interests	9,048	56,720	(84.0)	15,438	63,124	(75.5)
	62,414	260,626	(76.1)	112,671	317,276	(64.5)

nm – not meaningful

1(c)(i) **BALANCE SHEETS as at 31 December 2015**

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Share capital	78,246	76,741	78,246	76,741
Reserves	644,263	629,817	101,610	97,545
Share capital and reserves	722,509	706,558	179,856	174,286
Non-controlling interests	102,013	86,003	-	-
Capital employed	<u>824,522</u>	<u>792,561</u>	<u>179,856</u>	<u>174,286</u>
Represented by:				
<u>Non-current assets</u>				
Fixed assets	356,152	304,880	-	-
Investment properties	288,643	127,067	-	-
Investments				
Subsidiaries	-	-	98,141	88,959
Associated companies and joint ventures	557,372	542,450	34,572	34,572
Others	9,851	79	-	-
Intangibles	16,757	18,229	-	-
Long-term receivables	-	-	156,860	142,822
	<u>1,228,775</u>	<u>992,705</u>	<u>289,573</u>	<u>266,353</u>
<u>Current assets</u>				
Stocks	631	737	-	-
Debtors	77,122	124,925	194	255
Amounts owing by holding and related companies	1,665	1,625	14,284	20,492
Amounts owing by associated companies	2,867	2,308	-	-
Fixed deposits	144,136	221,026	10,513	12,562
Bank balances and cash	44,371	59,638	181	184
	<u>270,792</u>	<u>410,259</u>	<u>25,172</u>	<u>33,493</u>
<u>Current liabilities</u>				
Creditors	96,147	82,967	3,961	3,815
Amounts owing to holding and related companies	1,274	1,048	10,928	1,745
Amounts owing to associated companies	28,755	21,036	-	-
Short-term borrowings	59,855	53,405	-	-
Taxation	16,272	24,653	-	-
	<u>202,303</u>	<u>183,109</u>	<u>14,889</u>	<u>5,560</u>
Net current assets	<u>68,489</u>	<u>227,150</u>	<u>10,283</u>	<u>27,933</u>
<u>Non-current liabilities</u>				
Long-term borrowings	455,538	425,575	120,000	120,000
Deferred taxation	9,798	1,052	-	-
Other non-current liabilities	7,406	667	-	-
	<u>472,742</u>	<u>427,294</u>	<u>120,000</u>	<u>120,000</u>
Net assets	<u>824,522</u>	<u>792,561</u>	<u>179,856</u>	<u>174,286</u>

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

Amount repayable in one year or less, or on demand

As at 31.12.2015		As at 31.12.2014	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
2,664	57,191	2,076	51,329

Amount repayable after one year

As at 31.12.2015		As at 31.12.2014	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
65,787	389,751	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 \$129,832,000 (31 December 2014: \$116,990,000) to banks for loan facilities.

1(c)(iii) BALANCE SHEET ANALYSIS

Group shareholders' funds increased by \$16.0 million to \$722.5 million as at 31 December 2015 due mainly to net profit for the year, partly offset by final and special dividends paid.

The Group's total assets of \$1,499.6 million as at 31 December 2015 were \$96.6 million higher than as at the previous year end. Fixed assets increased by \$51.3 million to \$356.2 million due mainly to construction of warehouses and purchase of fittings and equipment. Investment properties of \$288.6 million increased by \$161.6 million due to fit-out of a data centre in Singapore, development of a data centre acquired in the Netherlands and fair value gains for the year. Associated companies and joint ventures increased by \$14.9 million to \$557.4 million due to equity accounting for share of profits, partly offset by dividends received. Current assets decreased by \$139.5 million to \$270.8 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 in the Netherlands.

The Group's total liabilities of \$675.0 million as at 31 December 2015 were \$64.6 million higher than as at the previous year end due mainly to increase in creditors, amount due to associated companies, borrowings, deferred taxation and other non-current liabilities, partly offset by tax liabilities paid. Increase in creditors was due largely to payables for capital expenditure. Increase in amount due to associated companies was due largely to trade payables owing to Keppel DC REIT. Increase in borrowings was due to drawdown of existing loan facilities for capital expenditure. Increase in other non-current liabilities was due largely to recognition of a finance lease and deferred income on development grants received. The Group's total borrowings as at 31 December 2015 were \$515.4 million compared to \$479.0 million as at the previous year end.

1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS
for the fourth quarter and financial year ended 31 December 2015

	Fourth Quarter		Full Year	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating profit	35,824	250,879	54,198	278,903
Adjustments:				
Depreciation of fixed assets	5,239	6,619	16,424	26,541
Share-based payment expenses	273	(148)	1,851	1,250
Gain on disposal of fixed assets	(16)	(172,860)	(1,530)	(172,853)
Gain on disposal of subsidiaries and associated companies	-	(65,614)	-	(65,614)
Gain on bargain purchase arising from acquisition of a subsidiary	-	(113)	-	(113)
Impairment loss on fixed assets	-	5,711	-	5,711
Impairment loss on investments	8,962	157	8,962	157
Goodwill written off	1,472	-	1,472	-
Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired	-	-	-	(219)
Fair value gain on forward foreign currency contracts	-	(807)	-	-
Fair value gain on investment properties	(32,133)	-	(32,133)	-
Distributions received from other investments	(4,375)	(1,064)	(4,375)	(1,064)
Gain on dilution of interest in an associated company	(68)	(201)	(2,464)	(3,345)
Operating cash flows before changes in working capital	15,178	22,559	42,405	69,354
Working capital changes:				
Stocks	1	(46)	106	17
Debtors	3,877	410	1,028	1,566
Creditors	(6,255)	5,381	1,466	13,644
Amount due to associated companies	(254)	-	4,983	-
Cash flows from operations	12,547	28,304	49,988	84,581
Interest received	715	182	1,712	413
Interest paid	(3,316)	(3,139)	(13,612)	(12,461)
Income taxes paid	(1,467)	(694)	(13,435)	(2,522)
Proceeds from tax losses transferred under group relief system	1,077	887	1,077	887
NET CASH FROM OPERATING ACTIVITIES	9,556	25,540	25,730	70,898
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiaries (Note A)	-	397	-	(17,000)
Investment in associated companies	-	(247,159)	-	(247,159)
Additions to fixed assets	(21,757)	(46,165)	(58,952)	(164,946)
Additions to investment properties	(31,090)	(48,045)	(71,343)	(48,045)
Addition to intangibles	-	(16,757)	-	(16,757)
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	91	403,863	1,510	403,864
Proceeds from capital reduction of a joint venture	-	-	-	2,000
Distributions received from other investments	4,375	1,064	4,375	1,064
Dividends received from associated companies	647	46,787	48,200	105,566
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	(47,734)	279,508	(76,210)	204,110
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from share issues	-	-	309	276
Proceeds from short-term loans	4,671	49,199	15,522	71,974
Repayment of short-term loans	(2,891)	(14,960)	(8,657)	(61,886)
Proceeds from long-term loans	397	20,995	35,202	111,693
Repayment of long-term loans	(1,426)	(137,223)	(3,912)	(144,889)
Repayment of lease liabilities	(324)	-	(324)	-
Funds from associated companies	-	21,025	-	21,025
Contribution from non-controlling shareholders of subsidiaries	-	-	2,343	5,487
Dividends paid to shareholders of the company	-	-	(83,397)	(19,421)
Dividends paid to non-controlling shareholders of subsidiaries	(856)	(60,305)	(856)	(60,768)
NET CASH USED IN FINANCING ACTIVITIES	(429)	(121,269)	(43,770)	(76,509)

1(d)(i) **CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)**
for the fourth quarter and financial year ended 31 December 2015

	<u>Fourth Quarter</u>		<u>Full Year</u>	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(38,607)	183,779	(94,250)	198,499
Cash and cash equivalents at beginning of period	227,257	94,932	280,664	80,178
Effect of exchange rate changes on cash and cash equivalents	(143)	1,953	2,093	1,987
Cash and cash equivalents as at 31 December (Note C)	<u>188,507</u>	<u>280,664</u>	<u>188,507</u>	<u>280,664</u>

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>Fourth Quarter</u>		<u>Full Year</u>	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Fixed assets	-	61	-	5,990
Trade debtors	-	849	-	5,280
Other debtors	-	90	-	3,155
Bank balances and cash	-	640	-	1,357
Creditors	-	(913)	-	(5,140)
Short-term borrowings	-	-	-	(927)
Taxation	-	(15)	-	(101)
Long-term borrowings	-	-	-	(1,487)
Total identifiable net assets at fair value	-	712	-	8,127
Non-controlling interests measured at non-controlling interests' proportionate share of net identifiable assets	-	-	-	(3,737)
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	-	1,287
Add: Settlement of deferred payment	-	-	-	17,070
Less: Bank balances and cash acquired	-	(640)	-	(1,357)
Cash (inflow)/outflow on acquisition	<u>-</u>	<u>(397)</u>	<u>-</u>	<u>17,000</u>

1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
for the fourth quarter and financial year ended 31 December 2015

B. Disposal of subsidiaries

The assets and liabilities of subsidiaries disposed were as follows:

	Fourth Quarter		Full Year	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Investment in an associated company	-	22,446	-	22,446
Bank balances and cash	-	137	-	137
Creditors	-	(331)	-	(331)
Net assets disposed	-	22,252	-	22,252
Non-controlling interests	-	31	-	31
Cumulative foreign currency translation reserve realised	-	8,396	-	8,396
Net gain on disposal	-	14,983	-	14,983
Sale proceeds	-	45,662	-	45,662
Less: Bank balances and cash disposed	-	(137)	-	(137)
Cash inflow on disposal	-	45,525	-	45,525

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:

	Fourth Quarter		Full Year	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Fixed deposits	144,136	221,026	144,136	221,026
Bank balances and cash	44,371	59,638	44,371	59,638
	188,507	280,664	188,507	280,664

1(d)(ii) CASH FLOW ANALYSIS

Fourth Quarter

Net cash from operating activities for the quarter was \$9.6 million compared to \$25.5 million for the corresponding quarter last year due mainly to lower cash flows from operations after working capital changes.

Net cash used in investing activities for the quarter was \$47.7 million due mainly to capital expenditure on construction of warehouses and investment properties, partly offset by distributions received from other investments and dividends received from associated companies.

Net cash used in financing activities for the quarter was \$0.4 million for dividends paid to non-controlling shareholders of subsidiaries and repayment of lease liabilities, partly offset by net proceeds from loans.

Full Year

Net cash from operating activities was \$25.7 million compared to \$70.9 million last year due to lower cash flows from operations after working capital changes and higher taxes paid.

Net cash used in investing activities was \$76.2 million mainly for construction of warehouses and expenditure on investment properties. The outflow was partly offset by distributions from other investments and dividends received from associated companies.

Net cash used in financing activities was \$43.8 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 financial year ended 31 December 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 year							
Profit for the year	-	-	91,481	-	91,481	14,505	105,986
Other comprehensive income/(expense) for the year *	-	10,672	-	(4,920)	5,752	933	6,685
Total comprehensive income/(expense) for the year	-	10,672	91,481	(4,920)	97,233	15,438	112,671
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Issue of shares	1,505	(1,196)	-	-	309	-	309
Cost of share-based payment	-	1,686	-	-	1,686	-	1,686
Transfer from revenue reserve to capital reserves	-	209	(209)	-	-	-	-
Dividend paid to non-controlling shareholders	-	-	-	-	-	(1,732)	(1,732)
Dividend paid for 2014	-	-	(83,397)	-	(83,397)	-	(83,397)
Total contributions by and distributions to owners	1,505	699	(83,606)	-	(81,402)	(1,732)	(83,134)
Changes in ownership interests in subsidiaries							
Capital reduction in a subsidiary	-	-	-	-	-	(39)	(39)
Cash contributed by non-controlling shareholders	-	-	-	-	-	2,343	2,343
Total changes in ownership interests in subsidiaries	-	-	-	-	-	2,304	2,304
Total transactions with owners	1,505	699	(83,606)	-	(81,402)	572	(80,830)
Share of reserves of associated companies	-	198	(78)	-	120	-	120
Balance at 31 December 2015	78,246	42,215	614,880	(12,832)	722,509	102,013	824,522

1(e)(i) STATEMENTS OF CHANGES IN EQUITY (cont'd)
for the financial year ended 31 December 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 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							
Contributions by and distributions to owners							
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)	-	-	-	-
Dividend 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)
Changes in ownership interests in subsidiaries							
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

* 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 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 year, representing total comprehensive income for the year	-	-	86,972	86,972
Transactions with owners, recognised directly in equity				
Issue of shares	1,505	(1,196)	-	309
Cost of share-based payment	-	1,686	-	1,686
Dividend paid for 2014	-	-	(83,397)	(83,397)
Total transactions with owners	1,505	490	(83,397)	(81,402)
Balance at 31 December 2015	<u>78,246</u>	<u>6,374</u>	<u>95,236</u>	<u>179,856</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
Transactions with owners, recognised directly in equity				
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>

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 September 2015 and 31 December 2015	<u><u>555,982,987</u></u>

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

Share Options

As at 31 December 2015, there were unexercised options for 595,000 (31 December 2014: 800,000) of unissued ordinary shares under the Company's Share Option Scheme. No unexercised option was cancelled during the financial year ended 31 December 2015 (31 December 2014: 255,000).

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

As at 31 December 2015, the number of contingent shares granted and not released was 1,001,781 (31 December 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 1,001,781 ordinary shares of the Company for KT&T RSP.

As at 31 December 2015, the number of restricted shares released but not vested was 841,415 (31 December 2014: 747,600) for KT&T RSP.

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

As at 31 December 2015, the number of contingent shares granted and not released was 490,000 (31 December 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 31.12.15
	At 1.1.15	Contingent shares granted	Adjustment upon release	Released	Cancelled	
<u>KT&T RSP</u>						
7.4.14	1,015,000	-	-	(993,215)	(21,785)	-
10.4.15	-	1,077,281	-	-	(75,500)	1,001,781
	<u>1,015,000</u>	<u>1,077,281</u>	<u>-</u>	<u>(993,215)</u>	<u>(97,285)</u>	<u>1,001,781</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>240,000</u>	<u>23,250</u>	<u>(98,250)</u>	<u>-</u>	<u>490,000</u>

Awards released but not vested:

Date of Grant	Number of Shares				At 31.12.15
	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)	(51,600)	252,400
7.4.14	-	993,215	(330,900)	(73,300)	589,015
	<u>747,600</u>	<u>993,215</u>	<u>(767,900)</u>	<u>(131,500)</u>	<u>841,415</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 year 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 adopted the new/revised FRSs that are effective for annual periods beginning on or after 1 January 2015. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

The following are the new or amended FRSs that are relevant to the Group:

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

The adoption of the above amended FRSs did not have any significant impact on the financial statements of the Group.

6. EARNINGS PER ORDINARY SHARE

	GROUP					
	Fourth Quarter			Full 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)	8.0	35.8	(77.7)	16.5	44.4	(62.8)
- Weighted average number of shares ('000)	555,867	554,797	0.2	555,867	554,797	0.2
(ii) On a fully diluted basis (cents)	8.0	35.6	(77.5)	16.4	44.3	(63.0)
- Adjusted weighted average number of shares ('000)	558,164	556,920	0.2	558,164	556,920	0.2

7. NET ASSET VALUE

	GROUP			COMPANY		
	2015	2014	+/(-)%	2015	2014	+/(-)%
Net asset value per ordinary share based on issued share capital as at the end of the financial year (\$)	1.30	1.27	2.4	0.32	0.31	3.2

8. REVIEW OF GROUP PERFORMANCE

Fourth Quarter and Full Year

The divestment of assets in 2014 comprising mainly sale of data centre assets to Keppel DC REIT contributed \$238.5 million to the Group's 2014 operating profit, \$238.5 million to profit before taxation and \$186.4 million to net profit attributable to shareholders respectively. The variance explanation below excludes gains from the above divestment of assets in 2014.

Group revenue in the fourth quarter and full year was lower by 26% and 11% at \$52.6 million and \$200.6 million respectively due mainly to absence of revenue from the two divested data centre properties and management fees received in the initial public offering of Keppel DC REIT in December 2014.

Operating profit in the fourth quarter and full year was higher by \$23.4 million and \$13.8 million at \$35.8 million and \$54.2 million respectively due largely to fair value gains on investment properties and distributions received from other investments, partly offset by impairment losses and lower contribution from the Logistics and Data Centre Divisions.

Profit before taxation for the fourth quarter and full year was higher by \$40.4 million and \$39.5 million at \$64.5 million and \$129.6 million respectively as a result of higher operating profit and 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 fourth quarter and full year was higher by \$32.5 million and \$31.3 million at \$44.5 million and \$91.5 million respectively.

9. VARIANCE FROM FORECAST STATEMENT

No forecast for the financial year ended 31 December 2015 was previously provided.

10. PROSPECTS

The Logistics Division had a challenging year in Southeast Asia and China. Cargo throughput in China was encouraging at Sanshui Port but were lower at Wuhu Sanshan Port and Lanshi Port. Throughput is expected to face downward pressure given the slowdown in import and export activities in the markets we operate in. Tianjin Eco-city distribution centre and Lu'an food logistics park are expected to commence operations in 2016 and have made progress in building up customer pipelines. Occupancy at the new warehouse in Vietnam is near-full and at the Singapore Tampines Logistics Hub, has improved. The Division will continue to focus on driving sales and managing costs.

During the quarter, Data Centre Division has completed the acquisition of a property in Singapore for new development into a Tier III centre providing approximately 183,000 sq ft of gross floor area. High occupancy was maintained at the assets managed by the Group. Keppel DC REIT announced its first acquisition in Germany with a forward purchase of a data centre to be developed. The acquisition is immediately DPU accretive and will increase the REIT's assets under management to approximately S\$1.2 billion upon the completion of the data centre. Our latest data centre development in Tampines has progressed well, with healthy take-up and will be ready to be injected into the REIT in 2016, in line with our strategy to grow our data centre business in a capital efficient manner. The Division will continue to seek new data centre development and acquisition opportunities in these markets.

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 (2014: final dividend of 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 2015 for approval by shareholders at the next Annual General Meeting to be convened.

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

(c) Date Payable

The proposed final dividends if approved at the Annual General Meeting, tentatively scheduled to be held on 15 April 2016, will be paid on 10 May 2016.

(d) Books Closure Date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 25 April 2016 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 25 April 2016 will be registered to determine shareholders' entitlement to the proposed final dividends. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with Shares at 5.00 p.m. on 25 April 2016 will be entitled to the proposed final dividends.

(e) Total Annual Dividend

Total annual dividend amounted to:

	2015	2014
	\$'000	\$'000
Final dividend	19,459*	19,459
Special dividend	-	63,938
Total annual dividend	<u>19,459</u>	<u>83,397</u>

* Estimated based on share capital of 555,982,987 ordinary shares as at 31 December 2015.

12. SEGMENT ANALYSIS

2015

By business segments

	Logistics \$'000	Data Centre \$'000	Investments \$'000	Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	155,375	45,191	-	-	200,566
Inter-segment sales	99	-	-	(99)	-
Total	<u>155,474</u>	<u>45,191</u>	<u>-</u>	<u>(99)</u>	<u>200,566</u>
<u>Segment results</u>					
Operating profit/(loss)	13,429	53,843	(13,074)	-	54,198
Interest income	694	1,153	2,762	(2,798)	1,811
Interest expense	(3,040)	(6,747)	(5,243)	2,798	(12,232)
Share of results of associated companies and joint ventures	<u>1,774</u>	<u>34,034</u>	<u>50,024</u>	<u>-</u>	<u>85,832</u>
Profit before taxation	12,857	82,283	34,469	-	129,609
Taxation	<u>(6,249)</u>	<u>(7,199)</u>	<u>(10,175)</u>	<u>-</u>	<u>(23,623)</u>
Profit for the year	<u>6,608</u>	<u>75,084</u>	<u>24,294</u>	<u>-</u>	<u>105,986</u>
Attributable to:					
Shareholders of the Company	4,589	62,709	24,183	-	91,481
Non-controlling interests	<u>2,019</u>	<u>12,375</u>	<u>111</u>	<u>-</u>	<u>14,505</u>
	<u>6,608</u>	<u>75,084</u>	<u>24,294</u>	<u>-</u>	<u>105,986</u>
<u>Other Information</u>					
Segment assets	532,397	722,388	434,802	(190,020)	1,499,567
Segment liabilities	<u>(246,692)</u>	<u>(395,004)</u>	<u>(223,369)</u>	<u>190,020</u>	<u>(675,045)</u>
Net assets	<u>285,705</u>	<u>327,384</u>	<u>211,433</u>	<u>-</u>	<u>824,522</u>
Investment in associated companies and joint ventures	55,114	260,157	242,101	-	557,372
Additions to non-current assets	63,189	129,842	107	-	193,138
Depreciation	16,156	198	70	-	16,424
Fair value gain on investment properties	-	32,133	-	-	32,133
Impairment loss on investments	-	-	8,962	-	8,962
Goodwill written off	1,472	-	-	-	1,472

By geographical information

	Singapore \$'000	China \$'000	ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
External sales	113,622	59,559	15,594	11,791	200,566
Non-current assets	833,294	250,369	42,450	102,662	1,228,775

Information about major customers

No single external customer accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2015.

12. SEGMENT ANALYSIS (cont'd)

2014

By 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	<u>148,805</u>	<u>75,857</u>	<u>-</u>	<u>(99)</u>	<u>224,563</u>
<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	<u>3,412</u>	<u>8,422</u>	<u>49,314</u>	<u>-</u>	<u>61,148</u>
Profit before taxation	14,611	280,654	33,342	-	328,607
Taxation	<u>(2,129)</u>	<u>(9,084)</u>	<u>(9,205)</u>	<u>-</u>	<u>(20,418)</u>
Profit for the year	<u>12,482</u>	<u>271,570</u>	<u>24,137</u>	<u>-</u>	<u>308,189</u>
Attributable to:					
Shareholders of the Company	9,854	212,882	23,842	-	246,578
Non-controlling interests	<u>2,628</u>	<u>58,688</u>	<u>295</u>	<u>-</u>	<u>61,611</u>
	<u>12,482</u>	<u>271,570</u>	<u>24,137</u>	<u>-</u>	<u>308,189</u>
<u>Other Information</u>					
Segment assets	467,955	688,793	423,522	(177,306)	1,402,964
Segment liabilities	<u>(195,532)</u>	<u>(374,339)</u>	<u>(217,838)</u>	<u>177,306</u>	<u>(610,403)</u>
Net assets	<u>272,423</u>	<u>314,454</u>	<u>205,684</u>	<u>-</u>	<u>792,561</u>
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

By geographical information

	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

Information about major customers

No single external customer accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2014.

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 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 financial year ended 31 December 2015 and 31 December 2014.

13. REVIEW OF SEGMENT PERFORMANCE

Logistics Division's revenue of \$155.4 million increased by \$6.7 million compared to last year due to higher warehousing and port operations revenue. Operating profit increased by \$0.5 million to \$13.4 million due largely to gain on disposal of fixed assets and absence of impairment loss on a warehouse made in 2014, partly offset by goodwill written off and higher depreciation and operating expenses from new and existing logistics facilities. Profit before taxation of \$12.9 million decreased by \$1.8 million due to lower share of results of associated companies and higher interest expense, partly offset by higher operating profit. After taking into account higher taxation and lower non-controlling interests, net profit attributable to shareholders was lower at \$4.6 million.

Data Centre Division's revenue of \$45.2 million was \$30.7 million lower compared to last year due to the absence of revenue from the two divested data centre properties and management fees received in the initial public offering of Keppel DC REIT in December 2014, partly offset by revenue arising from higher occupancy in the data centres and REIT management fees. Operating profit decreased by \$225.8 million to \$53.8 million due largely to the absence of contribution from the two divested data centre properties, gains on disposal and management fees, partly offset by fair value gains and higher contribution from data centre operations. Profit before taxation of \$82.3 million decreased by \$198.4 million due to lower operating profit, partly offset by higher share of results of an associated company, higher interest income and lower interest expense. Net profit attributable to shareholders was lower at \$62.7 million after taking into account lower taxation and lower non-controlling interests.

Investments Division's profit before taxation of \$34.5 million increased by \$1.1 million compared to last year due to lower overheads, higher distribution from other investments, higher contributions from associated companies and absence of loss on disposal of subsidiaries made in 2014, partly offset by provision of impairment loss on investment in an associated company. After taking into account higher taxation and lower non-controlling interests, net profit attributable to shareholders was higher at \$24.2 million.

14. BREAKDOWN OF SALES

	<u>Group</u>		
	2015	2014	+ / (-)
	\$'000	\$'000	%
<u>First Half</u>			
Sales reported for first half year	97,058	99,989	(2.9)
Operating profit after tax before deducting non-controlling interests reported for first half year	34,613	33,826	2.3
<u>Second Half</u>			
Sales reported for second half year	103,508	124,574	(16.9)
Operating profit after tax before deducting non-controlling interests reported for second half year	71,373	274,363	(74.0)

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 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)	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<u>General Transactions</u>				
Keppel Corporation Limited Group	539	445	4,256	19,311
Singapore Telecommunications Limited Group	-	-	1,396	1,137
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	-	-	125,820	526,484
<u>Management Services</u>				
Keppel Corporation Limited Group	67,334	-	842	921
<u>Investment Transactions</u>				
Mapletree Investments Pte Ltd Group	14,000	-	-	-
	81,873	445	132,460	548,534

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.

17. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

KENNY LEE
Company Secretary
19 January 2016