Keppel T&T

Value Talent Accountability Safety Discipline
Innovation Execution Integrity
Can Do
Focus Experience
Enterprise
People-Centredness Customer Focus Integrity
Accountability Integrity Innovation
Safety Execution Focus Readiness
Accountability
Discipline Focus Talent Value
Partnerships Safety
Can Do
People-Centredness Focus
Collective Strength
Enterprise Can Do Integrity
Innovation Discipline
Safety Value Readiness Talent
Integrity Focus Can Do Collective
Strength Value
Efficiency Readiness
Accountability
Innovation Discipline Readiness Value
Accountability Execution Safety
Enterprise Value Talent Innovation
Discipline Integrity Readiness
Can Do Collective Strength
Focus Connectivity
Readiness
People-Centredness Preparedness
Accountability Enterprise Innovation Can Do
Innovation Talent Customer Focus Value
Collective Strength Discipline Agility

Harnessing Strengths

Report to Shareholders 2015

Harnessing Strengths

The Keppel Group harnesses and synergises the distinctive strengths of its multi businesses to capture opportunities arising from the global demand for energy, sustainable urbanisation and connectivity. Our strong culture and enduring values drive our people to strive for execution excellence and operational efficiency. With financial discipline and sharp focus on optimising returns, we will seize opportunities as well as innovate solutions and services to build a long-term and competitive position and capture sustainable returns for our stakeholders.

Vision

To be a leading service provider, building reliable connections and solutions for the benefit of all our stakeholders.

Mission

Guided by the Group's operating principles and core values, we will execute our businesses in Logistics, Infocomm Technology and Investments profitably, safely and responsibly.

Operating Principles

1. Best value propositions to customers.
2. Tapping and developing best talents from our global workforce.
3. Cultivating a spirit of innovation and enterprise.
4. Executing our projects well.
5. Being financially disciplined to earn best risk-adjusted returns.
6. Clarity of focus and operating within our core competence.
7. Being prepared for the future.

Key Figures for 2015

Revenue

$200.6m

Revenue decreased by 11%
Revenue decreased due mainly 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.

Net Profit

$91.5m

Net profit attributable to shareholders decreased by 63%
Net profit attributable to shareholders decreased due mainly to absence of gains on the sale of data centre assets which contributed $186.4 million to the Group's profit in 2014. Excluding the divestment gains in 2014, net profit attributable to shareholders was higher by $31.3 million at $91.5 million.

Return on Equity

12.8%

Return on Equity decreased from 41.9% to 12.8%
Lower Return on Equity due mainly to the decline in net profit and higher equity.

Earnings Per Share

16.5cts

Earnings Per Share decreased from 44.4 cents to 16.5 cents
Lower Earnings Per Share due mainly to decline in net profit.

Economic Value Added

$13.3m

Economic Value Added decreased from $235.3 million to $13.3 million
Lower Economic Value Added due mainly to absence of gains on the sale of data centre assets.

Shareholders' funds

$722.5m

Shareholders' funds increased by 2%

Net Asset Value Per Share

$1.30

Net Asset Value grew from $1.27 to $1.30 per share

Gearing Ratio

0.40x

Gearing increased from 0.25 times to 0.40 times

Chairman's Statement

Loh Chin Hua
Chairman

The Group will continue to build resiliency in its businesses and harness strengths from the strong foundations laid over the years to generate value for its stakeholders.

Key Performance 2015

- Group revenue of $200.6 million was 11% lower than that of 2014. Group net profit of $91.5 million was lower than last year's, due to the absence of one-off gains from the spin-off of data centre assets.
- Excluding the one-off divestment gains in 2014, net profit attributable to shareholders was higher by $31.3 million at $91.5 million.
- The Group recorded a Return on Equity of 12.8% and the Economic Value Added was $13.3 million.

Data Centre Division

$45.2m

Data Centre Division's revenue was $45.2 millon in 2015 after the divestment of two data centres.

Logistics Division

$155.4m

Logistics Division's revenue increased slightly by 4% to $155.4 million due to business expansion.

Dear Shareholders,

2015 was a challenging year for Keppel Telecommunications and Transportation (Keppel T&T) as global consumption and trade slowed, directly impacting the export-led Southeast Asia economies. Despite the headwinds, I am pleased to report that Keppel T&T achieved a creditable performance.

Keppel T&T reported Group revenue of $200.6 million and net profit of $91.5 million. Group revenue was 11% lower than that of 2014, while net profit was 63% lower than last year's due to the absence of one-off gains from the divestment of data centre assets. Following the divestment of its data centre assets to Keppel DC REIT, the Data Centre Division's revenue fell 40% to $45.2 million in 2015, while the Logistics Division's revenue increased slightly by 4% to $155.4 million along with the expansion of the business. Excluding the one-off divestment gains in 2014, net profit attributable to shareholders was higher by $31.3 million at $91.5 million.

Earnings per Share decreased by 63% to 16.5 cents. Net Asset Value per Ordinary Share grew 2% to $1.30. The Group recorded a Return on Equity of 12.8% and the Economic Value Added was $13.3 million. To support the Group's growth plan and project developments, the Group's net gearing has increased from 0.25 times to 0.40 times as of 31 December 2015.

Dividend

The Board is pleased to recommend a final dividend of 3.5 cents per share.

2015 In Review

2015 saw only a slight and gradual pickup in advanced economies such as US and Eurozone. China experienced a sharper growth slowdown and Japan's economy remained sluggish, which in turn dampened the growth of most Southeast Asian economies.

Despite the challenging external environment, the Group's key businesses have performed well. Keppel T&T maintained its steadfast commitment to high standards of corporate governance and transparency. I am pleased to share that Keppel T&T received the Silver Award for Best Investor Relations in the Mid-Cap Category at the Singapore Corporate Awards. As a testament to its operational and business excellence, Keppel Logistics was named the Best Land Freight Forwarder in Singapore, at the ASEAN Transport and Logistics Awards 2015.

Logistics

Competition in the logistics sector was intense in the markets where we operate, resulting in margin pressure despite higher occupancy rates in our warehouses.

In April 2015, operations commenced at the new Tampines Logistics Hub in Singapore, with 348,400 sq ft of warehouse space. Equipped with a modern storage and conveyor system the facility is serving several customers in the e-commerce and publishing sectors. In Vietnam, Indo-Trans Keppel Logistics commenced operations at the new facility in Vietnam-Singapore Industrial Park 1 with 109,800 sq ft of warehouse space, and expanded its facility in Bac Ninh province with 40,400 sq ft of warehouse space. Both facilities have enjoyed healthy take-up rates in their first year of operations. Keppel Logistics' joint venture company in Indonesia, Keppel Puninar Logistics, has expanded its logistics operations to Jakarta, Medan and Balikpapan to serve new customers in e-commerce, consumer, retail and food sectors. Keppel Puninar Logistics is well positioned to expand alongside Indonesia's growth.

Cargo throughput in China was encouraging at Sanshui Port but was lower at Wuhu Sanshan Port and Lanshi Port. Throughput is expected to face downward pressure given the slowdown in import and export activities in these markets. The new Tianjin Eco-City Integrated Distribution Centre has been completed and is on track to commence operations in 2016. In addition, the Keppel Wanjiang International Cold Chain Logistics Park in Anhui is nearing completion and is expected to provide retail, warehousing and distribution services to customers in 2016.

Data Centre

Robust and increasing demand for cloud and colocation hosting continues to underpin the Data Centre Division's growth strategy. In 2015, the Division expanded its presence in its target markets.

In October 2015, the Division celebrated the opening of Almere Data Centre 2, its first greenfield data centre development in Europe. Located next to the existing Almere Data Centre in Almere, the Netherlands, the data centre has net lettable area of approximately 118,000 sq ft and is well positioned to tap the strong growth of the European data centre industry. In Singapore, Keppel Datahub 2 is undergoing its final phase of fit-out. With strong demand for high quality data centre space, the Division started the development of its fourth data centre in Singapore - Keppel Datahub 3 located in Tampines.

Chairman's Statement

Keppel DC REIT, the Division's associated company, announced in 2015, the maiden acquisition of Intellicentre 2 in Sydney, Australia and the forward purchase of maincubes Data Centre in Offenbach am Main, Germany, which is expected to be completed in 2018. The performance of Keppel DC REIT was also creditable. Distributable income for the financial period from 12 December 2014 to 31 December 2015 was $60.4 million, a 1.9% increase from the IPO forecast of $59.3 million while distribution per unit was 6.84 cents, up 1.9% from the forecast of 6.71 cents. This translates to an annualised distribution yield of 7.0% based on the IPO price of $0.93 per unit. As at 31 December 2015, the portfolio was valued at approximately $1.07 billion.

Investments

M1 remained a major contributor to the Group's bottom line. In 2015, M1 delivered a healthy result, with service revenue of $822.3 million, and net profit after tax increased by 1.5% to $178.5 million.

During the year, M1 continued to enhance customer experience to strengthen its market position. It launched Voice over Long Term Evolution (LTE) which provided customers with faster connection and higher quality voice calls. For product differentiation, M1 initiated mySIM postpaid plans for customers who do not require handsets, and M1 Data Passport which enables customers to utilise their existing mobile bundle while using overseas roaming. In the enterprise segment, M1 introduced a mobile Point of Sale solution to support the retail sector and introduced new fibre services to offer speeds of up to 10 Gbps. These continued efforts led M1 to be rated as the Best 4G experience telecommunication provider in the 2015 IDA survey.

Looking Ahead

The Group remains optimistic on the potential and robust growth in the global data centre market and continual demand for quality logistics services across Asia. The Group will continue to build resiliency in its businesses with new capabilities and service offerings, harness strengths from the strong foundations laid over the years, draw synergies from Keppel Group of Companies to explore at new opportunities and exercise prudence in future investments in order to create value for its stakeholders.

Harnessing Strengths

On 25 January 2016, Keppel T&T received notification of Keppel Corporation Limited's (Keppel Corporation) intention to consolidate its interests in all four of its subsidiaries in business trust management, real estate investment trust management and fund management under Keppel Capital Holdings Pte. Ltd. This includes Keppel T&T's interests in Keppel DC REIT Management.

The proposed consolidation will help to strengthen Keppel T&T's capital recycling platform and create an expanded capital platform for co-investing in new assets. It will also improve the performance of the DC REIT Manager through centralising certain non-regulated support functions and creating a larger platform that will enhance recruitment and retention of talent, as well as sharing of best practices. In the long run, Keppel T&T will also benefit from our improved investment returns from the DC REIT.

As this is an interested person transaction, the independent directors will be assessing the proposal with the counsel of an independent financial adviser.

Appreciation

On behalf of the Group, I would like to extend my appreciation to our Shareholders for the continued support and confidence. I would also like to thank the Board of Directors for their unwavering commitment in guiding the Group's businesses. In addition, I would like to express our heartfelt appreciation to Professor Bernard Tan, who retired from the Board during the year, as well as to Mr Wee Sin Tho and Mr Tan Boon Huat who will be retiring at the upcoming Annual General Meeting, for their invaluable contributions.

At the same time, the Group welcomed Mrs Lee Ai Ming to the Board. Her experience and individual expertise will undoubtedly strengthen and grow the Group's businesses.

As part of Keppel's career development framework and succession planning, our management team saw the appointment of Ms Tan Eng Hwa, the former General Manager of Group Internal Audit at Keppel Corporation, as Chief Financial Officer. Eng Hwa took over from Ms Chan Shui Har, whom we would like to thank for her years of service to the Group. The management team was also strengthened with the appointment of Mr Desmond Gay Kah Meng as Chief Executive Officer of Keppel Logistics (Southeast Asia & Australia) and Mr Wong Wai Meng as Chief Executive Officer of Keppel Data Centres.

The Board and I would like to express our sincere appreciation to all our valued customers and business associates for their continuous support and confidence in the Company, and to the management and staff for their valued contributions to Keppel T&T.

Loh Chin Hua
Chairman
16 February 2016

Group Financial Highlights

Net Profit

$91.5m

Net profit attributable to shareholders decreased by 63%
Excluding the divestment gains of $186.4 million in 2014, net profit attributable to shareholders was higher by $31.3 million at $91.5 million.

Shareholders' Funds

$722.5m

Shareholders' funds increased by 2%

Gearing Ratio

0.40x

Gearing increased from 0.25 times to 0.40 times

	2015 $'000	2014 $'000	Change %
For the year			
Revenue	**200,566**	224,563	(11)
Operating profit	**54,198**	278,903	(81)
Profit before tax	**129,609**	328,607	(61)
Net profit	**91,481**	246,578	(63)
At year-end			
Shareholders' funds	**722,509**	706,558	2
Non-controlling interests	**102,013**	86,003	19
Capital employed	**824,522**	792,561	4
Net borrowings	**326,886**	198,316	65
Per share			
Earnings (cents):			
Profit before tax	**20.0**	47.9	(58)
Net profit	**16.5**	44.4	(63)
Net asset value ($)	**1.30**	1.27	2
Net tangible assets ($)	**1.27**	1.24	2
Financial ratios			
Return on shareholders' funds (%):			
Profit before tax	**15.5**	45.2	(66)
Net profit	**12.8**	41.9	(69)
Net gearing (times)	**0.40**	0.25	60
Personnel			
Number of employees	**1,514**	1,502	1
Total wages, salaries and related benefits	**60,191**	54,294	11

Group Quarterly Results ($'000)

	2015					2014				
	1Q	**2Q**	**3Q**	**4Q**	**Total**	1Q	2Q	3Q	4Q	Total
Revenue	**47,930**	**49,128**	**50,914**	**52,594**	**200,566**	48,711	51,278	53,650	70,924	224,563
Operating profit	**6,293**	**4,637**	**7,444**	**35,824**	**54,198**	7,400	9,263	11,361	250,879	278,903
Profit before tax	**21,801**	**20,968**	**22,338**	**64,502**	**129,609**	21,246	20,409	24,396	262,556	328,607
Net profit	**15,782**	**15,877**	**15,308**	**44,514**	**91,481**	15,428	14,283	18,469	198,398	246,578

Board of Directors

Loh Chin Hua age 54
Non-Executive Chairman

Date of first appointment as a director:
1 December 2013
Date of last re-election as a director:
30 April 2014
Length of service as a director
(as at 31 December 2015):
2 years 1 month

Board Committee(s) served on:
Nominating Committee (Member);
Remuneration Committee (Member)

Academic & Professional Qualification(s):
Bachelor in Property Administration, Auckland University; Presidential Key Executive MBA, Pepperdine University; Chartered Financial Analyst

Present Directorships (as at 1 January 2016):
Listed companies
Keppel Corporation Limited;
KrisEnergy Ltd

Other principal directorships
Keppel Offshore & Marine Ltd (Chairman); Keppel Land Limited (Chairman); Keppel Infrastructure Holdings Pte. Ltd. (Chairman); Alpha Investment Partners Limited (Chairman)

Major Appointments (other than directorships):
Chief Executive Officer,
Keppel Corporation Limited

Past Directorships held over the preceding 5 years (from 1 January 2011 to 31 December 2015):
Keppel REIT Management Limited (Manager of Keppel REIT);
Keppel Energy Pte Ltd; Keppel Land China Limited; Various fund companies under management of Alpha Investment Partners Limited

Others:
Nil

Thomas Pang Thieng Hwi age 51
Executive Director and Chief Executive Officer

Date of first appointment as a director:
1 July 2014
Date of last re-election as a director:
15 April 2015
Length of service as a director
(as at 31 December 2015):
1 year 6 months

Board Committee(s) served on:
Board Safety Committee (Member)

Academic & Professional Qualification(s):
Bachelor of Arts (Engineering, 2nd Upper Honours), University of Cambridge (UK); Master of Arts (Honorary Award), University of Cambridge (UK)

Present Directorships (as at 1 January 2016):
Listed companies
SVOA Public Company Ltd; Keppel DC REIT Management Pte. Ltd. (Manager of Keppel DC REIT)

Other principal directorships
Keppel Data Centres Pte Ltd; Keppel Data Centres Holding Pte Ltd; Keppel Datahub Pte Ltd; Keppel Digihub Ltd; Keppel Logistics Pte Ltd; Radiance Communications Pte Ltd (Chairman); Keppel Logistics (Tianjin Eco-City) Ltd; Keppel Anhui Food Logistics Park Pte Ltd; Keppel Jilin Food Logistics Park Pte. Limited; Indo-Trans Keppel Logistics Vietnam Co. Ltd; Asia Airfreight Terminal Company Limited;

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2011 to 31 December 2015):
Keppel Seghers Newater Development Co. Pte Ltd; Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd; Senoko Waste-To-Energy Pte Ltd; Caspian Rigbuilders Pte Ltd

Others:
Nil

Wee Sin Tho age 67
Independent Director

Date of first appointment as a director:
1 February 2005
Date of last re-election as a director:
30 April 2014
Length of service as a director
(as at 31 December 2015):
10 years 11 months

Board Committee(s) served on:
Board Risk Committee (Chairman);
Audit Committee (Member)

Academic & Professional Qualification(s):
Bachelor of Social Sciences (Hons), University of Singapore

Present Directorships (as at 1 January 2016):
Listed companies
UOL Group Limited

Other principal directorships
Farrer Way Pte Ltd; LEAP Philanthropy Ltd (formerly known as Asia Refuge Catalyst (Philanthropy) Ltd); The National Art Gallery, Singapore; Acru China+ Absolute Return Fund Limited

Major Appointments (other than directorships):
Senior Advisor, Office of the President, National University of Singapore

Past Directorships held over the preceding 5 years (from 1 January 2011 to 31 December 2015):
Hwa Hong Corporation Limited

Others:
Previously Chief Executive Officer of HLG Capital Bhd

Tan Boon Huat age 64
Independent Director

Date of first appointment as a director:
17 January 2007
Date of last re-election as a director:
30 April 2014
Length of service as a director
(as at 31 December 2015):
8 years 11 months

Board Committee(s) served on:
Board Safety Committee (Chairman); Remuneration Committee (Chairman) Board Risk Committee (Member);

Academic & Professional Qualification(s):
BSc Forestry, University of British Columbia; MSc in Management Science (Distinction), Imperial College, University of London

Present Directorships (as at 1 January 2016):
Listed companies
Nil

Other principal directorships
Nil

Major Appointments (other than directorships):
Senior Advisor, SAS Institute Pte Ltd; Corporate Advisor, Dimensions International College Pte Ltd

Past Directorships held over the preceding 5 years (from 1 January 2011 to 31 December 2015):
Singapore Sports Council; National Arts Council; Health Promotion Board; Housing and Development Board; SEF Group Ltd

Others:
Chief Executive Director of the People's Association prior to retirement from the Administrative Service

Neo Boon Siong age 58
Independent Director

Date of first appointment as a director:
2 May 2012
Date of last re-election as a director:
15 April 2015
Length of service as a director
(as at 31 December 2015):
3 years 8 months

Board Committee(s) served on:
Audit Committee (Chairman); Board Risk Committee (Member)

Academic & Professional Qualification(s):
Bachelor of Accountancy (Honours), National University of Singapore; MBA, University of Pittsburgh, USA; PhD, University of Pittsburgh, USA; Certified Public Accountant (Singapore)

Present Directorships (as at 1 January 2016):
Listed companies
k1 Ventures Limited; OUE Hospitality REIT Management Pte. Ltd. (Manager of OUE Hospitality Real Estate Investment Trust); OUE Hospitality Trust Management Pte. Ltd. (Trustee-Manager of OUE Hospitality Business Trust)

Other principal directorships
J. Lauritzen Singapore Pte. Ltd

Major Appointments (other than directorships):
Professor, Nanyang Business School, Nanyang Technological University

Past Directorships held over the preceding 5 years (from 1 January 2011 to 31 December 2015):
Oversea-Chinese Banking Corporation Limited; The Great Eastern Life Assurance Company Limited; The Overseas Assurance Corporation Limited; Keppel Offshore & Marine Ltd; Great Eastern Holdings Limited

Others:
Fellow of the Civil Service College; Fellow of the Centre for Liveable Cities; Founder Director of the Information Management Research Centre (IMARC) in Nanyang Technological University; Founder Director of the Asia Competitiveness Institute in National University of Singapore; Dean, Nanyang Business School, Nanyang Technological University (2001 to 2005); Professor, Lee Kuan Yew School of Public Policy (2006 to 2010)

Board of Directors

Karmjit Singh age 68
Independent Director

Date of first appointment as a director:
1 October 2010
Date of last re-election as a director:
15 April 2015
Length of service as a director
(as at 31 December 2015):
5 years 3 months

Board Committee(s) served on:
Nominating Committee (Chairman);
Audit Committee (Member);
Board Safety Committee (Member)

Academic & Professional Qualification(s):
Bachelor of Arts in Geography (Honours-Gold Medallist), National University of Singapore

Present Directorships (as at 1 January 2016):
Listed companies
Nil

Other principal directorships
JCS-Echigo Pte Ltd

Major Appointments (other than directorships):
Chairman of the Chartered Institute of Logistics and Transport, Singapore; Member of the Public Transport Council; Chairman Advisory Council for E Commerce, SingPost

Past Directorships held over the preceding 5 years (from 1 January 2011 to 31 December 2015):
Nil

Others:
Former Chief Operating Officer of SATS Ltd (2004 to 2009, when he retired); Former consultant to the President and Chief Executive Officer of SATS Ltd (after his retirement in 2009 until September 2010); Former Chief Executive of SATS Airport Services Pte Ltd (1998 to 2004); Former Chairman of Asia Airfreight Terminal Co Ltd.; Advisor to CEO/SVP NIIT Technologies; Served on the Working Group for Logistics as part of the Government's Economic Review Committee; Former Board Member of T-LIAP—The Logistics Institute Asia Pacific; Advisor to Group CEO, Celebi Aviation Holdings.

Khor Poh Hwa age 65
Independent Director

Date of first appointment as a director:
1 July 2014
Date of last re-election as a director:
15 April 2015
Length of service as a director
(as at 31 December 2015):
1 year 6 months

Board Committee(s) served on:
Audit Committee (Member);
Remuneration Committee (Member)

Academic & Professional Qualification(s):
Bachelor of Engineering (Civil), University of Singapore
Master of Science (Civil Engineering), National University of Singapore

Present Directorships (as at 1 January 2016):
Listed companies
Hock Lian Seng Holdings Limited

Other principal directorships
Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd.; Singapore-Tianjin Eco-City Investment Holdings Pte. Ltd; Keppel Group Eco-City Investment Pte. Ltd.; Substantial Enterprises Limited

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2011 to 31 December 2015):
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust); Keppel Land Limited; Keppel Land China Limited

Others:
Nil

Lim Chin Leong age 61
Independent Director

Date of first appointment as a director:
1 September 2014
Date of last re-election as a director:
15 April 2015
Length of service as a director
(as at 31 December 2015):
1 year 4 months

Board Committee(s) served on:
Nominating Committee (Member);
Board Safety Committee (Member);
Remuneration Committee (Member)

Academic & Professional Qualification(s):
Bachelor of Electrical Engineering, University of Singapore

Present Directorships (as at 1 January 2016):
Listed companies
None

Other principal directorships
Keppel Offshore & Marine Ltd;
iRock Technology Limited

Major Appointments (other than directorships):
Advisor, iRock Technology Limited

Past Directorships held over the preceding 5 years (from 1 January 2011 to 31 December 2015):
Cadenze Agriculture Environmental Resources Pte. Ltd; Imagi International Holdings Limited

Others:
Nil

Lee Ai Ming age 61
Independent Director

Date of first appointment as a director:
1 August 2015
Length of service as a director
(as at 31 December 2015):
less than 1 year

Board Committee(s) served on:
Nil

Academic & Professional Qualification(s):
Bachelor of Laws (Honours), University of Singapore

Present Directorships (as at 1 January 2016):
Listed companies
HTL International Holdings Ltd

Other principal directorships
Agri-Veterinary Authority of Singapore;
Addvision Pte. Ltd.; Visodand Pte. Ltd.

Major Appointments (other than directorships):
Consultant, Rodyk & Davidson LLP

Past Directorships held over the preceding 5 years (from 1 January 2011 to 31 December 2015):
Keppel Land Limited; Keppel REIT Management Limited (Manager of Keppel REIT); Keppel Land China Limited

Others:
Justice of the Peace
Advocate & Solicitor of the Supreme Court of Singapore

Chan Hon Chew age 51
Non-Executive Director

Date of first appointment as a director:
1 June 2014
Date of last re-election as a director:
15 April 2015
Length of service as a director
(as at 31 December 2015):
1 year 7 months

Board Committee(s) served on:
Audit Committee (Member)

Academic & Professional Qualification(s):
Bachelor of Accountancy (Honours); Chartered Financial Analyst, Member of the Institute of Chartered Accountants Australia and Institute of the Singapore Chartered Accountants

Present Directorships (as at 1 January 2016):
Listed companies
Keppel DC REIT Management Pte. Ltd. (as Manager of Keppel DC REIT) (Chairman)

Other principal directorships
Keppel Land Limited; Keppel Infrastructure Holdings Pte. Ltd.; Keppel Offshore & Marine Ltd; Singapore Tianjin Eco-City Investment Holdings Pte Ltd

Major Appointments (other than directorships):
Chief Financial Officer,
Keppel Corporation Limited

Past Directorships held over the preceding 5 years (from 1 January 2011 to 31 December 2015):
Tiger Airways Holdings Limited;
Virgin Atlantic Limited (Alternate Director); Virgin Atlantic Airways Limited (Alternate Director); Virgin Travel Group Limited (Alternative Director); Singapore Aviation & General Insurance Company (Pte) Ltd;
RCMS Properties Private Limited

Others:
Nil

Senior Management

The following are the Senior Management of the Company and its principal subsidiaries:

Corporate Office

Thomas Pang Thieng Hwi, 51
Chief Executive Officer

Bachelor of Arts (Engineering, 2nd Upper Honours), University of Cambridge (UK); Master of Arts (Honorary Award), University of Cambridge (UK)

Mr Thomas Pang is an executive director and the Chief Executive Officer (CEO) of Keppel T&T, a position he has held since July 2014. From June 2010 to June 2014, he was the CEO of Keppel Infrastructure Fund Management Pte. Ltd. (KIFM), the Trustee-Manager of Keppel Infrastructure Trust (KIT).

He joined Keppel Offshore & Marine Ltd in 2002 as a Senior Manager (Merger Integration Office) to assist in the merger integration of Keppel FELS Limited and Keppel Shipyard Limited. He was promoted to General Manager (Corporate Development) in 2007 and oversaw the investment, mergers and acquisitions and strategic planning of Keppel Offshore & Marine Ltd.

Prior to that, he was an Investment Manager with Vertex Management (United Kingdom) from 1998 to 2001. Mr Thomas Pang was also the Vice President (Central USA) of the Singapore Tourism Board from 1995 to 1998, as well as Assistant Head (Services Group, Enterprise Development Division) at the Economic Development Board of Singapore from 1988 to 1995, where he was responsible for local enterprise development.

Past principal directorships in the last five years (from 1 January 2011 to 31 December 2015)
Keppel Seghers Newater Development Co Pte Ltd; Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd; Senoko Waste-To-Energy Pte Ltd; Caspian Rigbuilders Pte Ltd

Chan Shui Har (Ms), 63
Deputy Chief Executive Officer

Bachelor of Accountancy Degree, University of Singapore; Diploma with distinction (Specialisation in Financial Management), Research Institute for Management Science in Delft, The Netherlands; Fellow of the Institute of Singapore Chartered Accountants.

Ms Chan Shui Har is the Deputy Chief Executive Officer of Keppel T&T. Ms Chan, who has been with Keppel Group for 26 years, was previously the Deputy Chief Executive Officer of Evergro Properties Limited. Prior to this, Ms Chan was the General Manager of a listed real estate company and was responsible for group asset management, hospitality and corporate planning. She was in charge of businesses in Singapore, Malaysia, Indonesia and China. She was also previously the General Manager of Property Investment and Development at Keppel Land Limited.

Past principal directorships in the last five years (from 1 January 2011 to 31 December 2015)
Keppel Data Centre Investment Management Pte Ltd (now known as Keppel DC REIT Management Pte Ltd); Keppel Anhui Food Logistics Park Pte Ltd

Tan Eng Hwa (Ms), 56
Chief Financial Officer
(effective on 1 January 2016)

Bachelor of Social Sciences (Economics and Statistics, 2nd Upper Honours), National University of Singapore.

Ms Tan Eng Hwa is the Chief Financial Officer of Keppel T&T. She was previously the General Manager of Group Internal Audit at Keppel Corporation. Prior to joining Keppel in 2007, she was the Global Retail Financial Operations Advisor at ExxonMobil. Her career at ExxonMobil spanned over 23 years covering different markets in various leadership roles supervising IT system implementation, business analysis, marketing distribution and planning, financial reporting and audit functions.

Past principal directorships in the last five years (from 1 January 2011 to 31 December 2015)
Nil

Data Centre Division

Data Centre

Wong Wai Meng, 47
Chief Executive Officer
(effective on 18 January 2016)

Bachelor of Engineering (Electrical and Electronic Engineering, 1st Class Honours), Nanyang Technological University; Honorary Secretary in the Executive Committee Council of Singapore IT (SiTF; Senior Member in the Singapore Computer Society)

Mr Wong Wai Meng is the Chief Executive Officer of Keppel Data Centres. He has more than 20 years of experience in the Information and Communications Technology (ICT) industry. Prior to joining Keppel T&T, he was Vice President of BT Advise BT Global Services across Asia Pacific, Middle East, Africa and Turkey (AMEA) where he managed the company's practices in business consulting, systems integration, software development, networking, mobility, collaboration and security. He was also CEO of the BT Frontline group of companies where he played a critical role in the integration of BT Frontline into BT Global Services.

Past principal directorships in the last five years (from 1 January 2011 to 31 December 2015)
Nil

Keppel DC REIT

Chua Hsien Yang, 38
Chief Executive Officer

Bachelor of Engineering (Civil) Degree, University of Canterbury; Master of Business Administration, University of Western Australia.

Mr Chua Hsien Yang is the Chief Executive Officer of Keppel DC REIT Management Pte Ltd (Manager of Keppel DC REIT). Mr Chua has 14 years of experience in fund management, business development and asset management in the real estate and hospitality sectors within the Asia-Pacific region.

Prior to joining the Manager, Mr Chua held the position of Senior Vice President of Keppel REIT Management Limited since 2008, where he headed the investment team. He was also previously with Ascott Residence Trust Management Limited as Director of Business Development and Asset Management, and with Hotel Plaza Limited (now known as Pan Pacific Hotels Group Limited) as Assistant Vice President of Asset Management.

Past principal directorships in the last five years (from 1 January 2011 to 31 December 2015)
Mirvac 8 Chifley Pty Limited; Mirvac (Old Treasury) Pty Limited

Logistics Division

Southeast Asia & Australia

Desmond Gay Kah Meng, 55
Chief Executive Officer
(effective on 1 December 2015)

Bachelor of Business Administration, Roosevelt University, Chicago, Illinois, USA; Master of Business Administration (with a major in Finance), Roosevelt University, Chicago, Illinois, USA

Mr Desmond Gay is the Chief Executive Officer of Keppel Logistics Pte Ltd, a wholly owned subsidiary of Keppel T&T, which offers integrated third-party logistics solutions. Prior to his appointment, Mr Desmond Gay was the CEO of JGL Group Ltd, an Asia-based third-party logistics provider of integrated forwarding and logistics solutions, spanning over nine countries. As an industry veteran with more than 20 years of experience in the logistics industry, he held increasingly senior management positions in companies including Air Express International, DHL Danzas Air and Ocean, DHL Exel Supply Chain within Deutsche Post AG, DTW Logistics Group (former joint venture partner of FEDEX China) and Jacobson Companies.

Past principal directorships in the last five years (from 1 January 2011 to 31 December 2015)
JGL Holding (S) Pte Ltd; Jacobson Global Logistics (S) Pte Ltd; JGL Group Limited; Jacobson Global Logistics (Hong Kong) Limited

China

Vincent Ko Woon Chun, 63
Chief Executive Officer

Bachelor of Commerce (Accounting), Nanyang University; Fellow of the Institute of Certified Public Accountants of Singapore; Diploma in Management Studies, the University of Chicago Graduate School of Business

Mr Vincent Ko is the Chief Executive Officer, Logistics China of Keppel T&T. He started his career when he joined the Keppel Group in March 1980 as an Accountant with Keppel Shipyard Limited. During his career with the Keppel Group, he has held various management appointments in Singapore, China and Hong Kong with Keppel Land International Ltd, Straits Steamship Company Ltd (now known as Keppel Land Limited) and Keppel Corporation Limited. He was appointed as the Company's Divisional Director, China Business Unit in January 1998 and in February 2004 assumed the position of Executive Director. He is also Executive Chairman and Chief Executive Officer for Keppel Logistics (Foshan) Limited and Keppel Logistics (Hong Kong) Ltd and is a director of various other Keppel T&T subsidiaries.

Past principal directorships in the last five years (from 1 January 2011 to 31 December 2015)
Nil

Key Executives

Corporate Services

Henry Goh
Financial Controller

Jennifer Tan Nguek Ting
General Manager,
Human Resources

Ngiam Share Ching
General Manager,
Strategic & Business Development

Paul Lee Chia Hsiung
Head, Information Technology

Data Centre

Chng Hak Kiat
Chief Operating Officer (Asia Pacific)
Keppel Data Centres

Ong Kok Chye
Head, Investment
Keppel Data Centres

Karl Hennessy
Chief Operating Officer (Europe)
Keppel Data Centres

Stuart Kennedy
General Manager
iSeek-KDC Services Pty Ltd

Keppel DC REIT

Andy Gwee Wei Yong
Head, Finance
Keppel DC REIT Management Pte Ltd

Anthea Lee Meng Hoon
Head, Investment & Asset Management
Keppel DC REIT Management Pte Ltd

Maritz Bin Mansor
Head, Corporate Services
Keppel DC REIT Management Pte Ltd

Gary Watson
General Manager
Citadel 100 Datacenters Limited,
Dublin, Ireland

Keppel Logistics Southeast Asia & Australia

Desmond Boo Yong Kwee
General Manager, Business Development
Keppel Logistics Pte Ltd

Darren Lee Kian Peng
General Manager, Contract Logistics
Keppel Logistics Pte Ltd

Oh Kheng Huat
General Manager, Strategic Business Unit
Keppel Logistics Pte Ltd

Au Yong Kong Seng
General Manager, Projects
Keppel Logistics Pte Ltd

Tan Kok Leong
General Manager
Indo-Trans Keppel Logistics Vietnam Co. Ltd

Yap Chor Hian
President Director
PT Keppel Puninar Logistics

Ooi Choon Peen
General Manager
Keppel Logistics (M) Sdn Bhd

Mark Adrian Newell
Operations Manager
Keppel Logistics (Australia) Pty Ltd

China

Alen Ng Say Kai
Senior General Manager
China Business Unit

Kenny Pan Jian Ping
General Manager
Keppel Logistics (Foshan) Limited

Victor Pang Kok Min
General Manager
Keppel Logistics (Tianjin Eco-City) Ltd

Tan Hoe Lai
General Manager
Keppel Wanjiang International Coldchain Logistics Park (Anhui) Co., Ltd

Timothy Tan Tit Chee
General Manager
Jilin Sino-Singapore Food Zone International Logistics Co. Ltd

Kuang Ping Jian
General Manager
Wuhu Sanshan Port Co. Ltd

Corporate Structure

Keppel Telecommunications & Transportation Ltd

- **Logistics**
  - KEPPEL LOGISTICS PTE LTD
    - Keppel Logistics (M) Sdn Bhd
    - Keppel Logistics (Australia) Pty Ltd
    - Indo-Trans Keppel Logistics Vietnam Co Ltd
    - ITL Keppel Tanimex Logistics Company Ltd
    - PT Keppel Puninar Logistics
  - KEPPEL LOGISTICS (FOSHAN) LIMITED
    - Foshan Keppel Customs Declaration Company Limited
      - Foshan Keppel Shipping Agency Company Limited
    - Keppel Logistics (Foshan Sanshui Port) Company Limited
      - Keppel Warehousing Service (Foshan Sanshui Port) Company Limited
  - STEAMERS (HK) LIMITED
    - Keppel Logistics (Hong Kong) Limited
      - Keppel International Freight Forwarding (Shenzhen) Limited
  - KEPPEL TIANJIN LOGISTICS PTE LTD
    - Keppel Logistics (Tianjin Eco-city) Limited
  - KEPPEL JILIN FOOD LOGISTICS PARK PTE LIMITED
    - Jilin Sino-Singapore Food Zone International Logistics Co Ltd
  - KEPPEL ANHUI FOOD LOGISTICS PARK PTE LTD
    - Keppel Wanjiang International Coldchain Logistics Park (Anhui) Co Ltd
  - Asia Airfreight Terminal Company Limited
  - Wuhu Sanshan Port Co Ltd
- **Data Centre**
  - KEPPEL DATA CENTRES PTE LTD
    - Keppel Data Centres Holding Pte Ltd
      - Keppel Datahub Pte Ltd
      - Keppel Datahub 2 Pte Ltd
      - Keppel Datahub 3 Pte Ltd
      - Keppel Digihub Ltd
      - Keppel Almere Pte Ltd
        - Keppel Data Centre Almere BV
      - iseek-KDC Services Pty Ltd
    - Keppel Data Centre Facility Management Pte Ltd
    - Keppel DC REIT Management Pte Ltd
    - Keppel DC Investment Holdings Pte Ltd
      - Keppel DC REIT
- **Investments**
  - Keppel Communications Pte Ltd #
    - Keppel Telecoms Pte Ltd
      - M1 Limited
    - Radiance Converged Solutions Sdn Bhd
      - Trisilco Radiance Communications Sdn Bhd
    - Radiance Communications Pte Ltd
      - Trisilco Radiance Communications Sdn Bhd
    - Business Online Public Company Limited
  - APSILON VENTURES PTE LTD
    - SVOA Public Company Limited
    - Advanced Research Group Company Limited
    - ARIP Public Company Limited
    - ABIKS Development Co Ltd
  - ADFACT PTE LTD
    - Computer Generated Solutions Inc

■ Subsidiary Companies
■ Associated Companies
■ Jointly Controlled Entities
\# Held by Keppel Data Centres Pte Ltd

The complete list of subsidiaries and significant associated companies is available on Keppel Telecommunications & Transportation's website www.keppeltt.com.sg

Business Structure

Keppel Telecommunications & Transportation Ltd

- **Logistics**
  - THIRD-PARTY LOGISTICS
  - SUPPLY CHAIN SOLUTIONS
  - LOGISTICS INFRASTRUCTURE
- **Data Centre**
  - DESIGN, BUILD, OWN & OPERATE
  - FACILITY MANAGEMENT
  - REIT, FUND MANAGEMENT
- **Investments**

Harnessing Strengths

With extensive networks and best-in-class capabilities, Keppel T&T continues to grow our businesses around the world. Harnessing strengths from strong foundations, we endeavour to create value for our stakeholders.

Experience

As one of the leading industry players in data centres and logistics in Asia Pacific, we have amassed decades of collective specialised knowledge and expertise.

In 2015, the Keppel T&T Group added 498,600 sq ft of warehouse space and commenced operations at new facilities in Singapore and Vietnam. With a proven track record, we acquired new customers in key markets and expanded our footprint.

Partnerships

At Keppel T&T, we build lasting partnerships with all stakeholders.

Strong customer relationship is one of the cornerstones of our business. Customer commitments have enabled the Data Centre Division to expand. In 2015, the Division celebrated the opening of Almere Data Centre 2 in the Netherlands and announced the development of the fourth data centre in Singapore.

Efficiency

We continuously remain agile and deliver the best value proposition to our stakeholders.

In April 2015, Keppel Logistics commenced operations in its new four-storey ramp-up warehouse at Tampines. Equipped with a modern storage and automated conveyor system, tracking and handling systems, and environmentally-friendly building features, the new facility offers efficient and cost-effective solutions to its clients.

Connectivity

Keppel T&T Group connects people and businesses.

To better support the networking needs of our customers, Keppel Data Centres has selected Epsilon to deliver local access networks in Singapore, IP Transit services and global connectivity. By offering infrastructure as a service, we strive to provide our valued clients with enhanced connectivity and flexibility to scale their cloud services globally.

Keppel T&T Network

Our network spans 10 countries and 25 cities in Asia Pacific and Europe.

Logistics

Australia
- Brisbane

China
- Foshan, Guangdong
- Hong Kong
- Jilin City, Jilin
- Lu'an, Anhui
- Shenzhen, Guangdong
- Tianjin
- Wuhu, Anhui

Indonesia
- Jakarta
- Medan
- Balikpapan

Malaysia
- Kluang, Johor
- Shah Alam, Selangor

Singapore

Vietnam
- Bac Ninh
- Binh Duong
- Hanoi
- Ho Chi Minh City
- Long An

Data Centre

Australia
- Brisbane
- Sydney

Germany
- Offenbach am Main

Ireland
- Dublin

Malaysia
- Cyberjaya, Selangor

Singapore

The Netherlands
- Almere

United Kingdom
- London

Logistics
Data Centre

Business Review

Logistics

Through innovation and adoption of new technology, we continue to deliver sophisticated and efficient logistics services to our customers in Asia Pacific.

Revenue

$155.4m

In 2015, revenue for the Division increased by 4% to $155.4 million compared to that of last year.

Warehouse Expansion

498,600 sq ft

Logistics Division commenced operations at the new warehouses in Singapore and Vietnam with total warehouse space of 498,600 sq ft.

Market Review

Southeast Asia

2015 was a challenging year for the export-led economies in Southeast Asia, due to the slowdown in China, drop in commodity prices, and slow recovery from the region's key trading partners such as Japan and the Eurozone. Nevertheless, with a rising middle income population, the outlook for consumption and investment activities in Southeast Asia remains promising. Growth in Southeast Asia, though moderate, still outperformed many regions worldwide.

Demand for logistics services and warehouse space in the region remained strong but competition in the sector was intensified with new capacity added to the markets. The Division achieved improved occupancy rates in most of its facilities across Southeast Asia but faced margin pressure.

The business managed to secure new customers and obtained healthy occupancy for its new warehouse facilities in Singapore and Vietnam. In addition, Keppel Puninar Logistics, a joint venture (JV) in Indonesia, has expanded its network of warehouses in the country to three cities, namely Jakarta, Medan and Balikpapan.

China

China experienced another year of slowdown in growth. Export and import have been hit by slow recovery in external trade and softened domestic consumption, after a period of overheated growth.

Cargo throughput in China was encouraging at Sanshui Port but was lower at Wuhu Sanshan Port and Lanshi Port. Throughput is expected to face downward pressure given the slowdown in import and export activities in these markets. The Tianjin Eco-City Integrated Distribution Centre has been completed. Together with Keppel Wanjiang Coldchain Logistics Park Phase 1, they will start to provide cold chain and ambient logistics services to customers in 2016. The new logistics facilities in China will fuel the Division for future growth.

Earnings Highlights ($'000)

	2015	2014	% Increase/ (Decrease)
Logistics			
Revenue	**155,375**	148,706	4
Operating profit	**13,429**	12,911	4
Profit before tax	**12,857**	14,611	(12)
Net profit	**4,589**	9,854	(53)
Assets employed	**285,705**	272,423	5

01

01 Keppel Logistics commenced operations in its new four-storey ramp-up warehouse facility at Tampines Logistics Hub in April 2015.

Earnings and Financial Review

In 2015, revenue for the Division increased by 4% to $155.4 million compared to last year, due to higher income generated from warehousing and port operations. Pre-tax profit of $12.9 million in 2015 is lower compared to $14.6 million in 2014 due to the lower share of results from 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 for 2015 was lower at $4.6 million.

Business Review

Singapore

Due to market competition and an increase in the supply of warehouse space, Keppel Logistics faced margin pressure while maintaining healthy occupancy at its warehouses in 2015. Keppel Logistics commenced operations in its new four-storey ramp-up warehouse facility at Tampines Logistics Hub in April 2015. It has improved occupancy rate in the first year of operations.

Keppel Logistics also secured new customers in the healthcare and e-commerce sectors, and maintained its leadership position in serving Fast Moving Consumers Goods (FMCG) and publishing clients.

For its operational and business excellence, Keppel Logistics was named the Best Land Freight Forwarder in Singapore at the ASEAN Transport and Logistics Awards 2015.

The Division will continue to explore ways to enhance and redevelop its existing facilities to meet the needs of its customers.

Malaysia

Both warehouses in Shah Alam and Kluang continued to enjoy near full occupancy in 2015. The Division is planning to take up an additional 45,000 sq ft new warehouse facility next to the existing Shah Alam warehouse. The Division will leverage this new facility to pursue new customers in Shah Alam and the Klang Valley region, and will explore other locations to grow its footprint.

Significant Events

February
Indo-Trans Keppel Logistics Vietnam (ITKL) officially opened its new distribution centre with 109,800 sq ft of warehouse space in Vietnam Singapore Industrial Park 1, Binh Duong province.

April
Operations commenced at Tampines Logistics Hub in Singapore.

October
ITKL completed the extension of a warehouse in Bac Ninh province (Vietnam) with 40,400 sq ft for a key customer in the electronics sector.

Keppel Logistics received the ASEAN Transport and Logistics Awards 2015, for being the Best Land Freight Forwarder in Singapore.

December
Keppel Puninar Logistics (KPL) commenced operations at a 78,000 sq ft e-fulfilment centre for one of the leading e-commerce players in Indonesia.

Business Review
Logistics

01

Keppel Logistics was named the Best Land Freight Forwarder in Singapore at the ASEAN Transport and Logistics Awards 2015.

Vietnam
In February 2015, Indo-Trans Keppel Logistics Vietnam Co Ltd (ITKL) commenced operations in its new warehouse facility with 109,800 sq ft of warehouse space in Vietnam-Singapore Industrial Park 1 (Binh Duong province).

ITKL also completed the expansion of its Tien Son warehouse facility in Bac Ninh Province in the same year for a key customer in the electronics sector. Both warehouses enjoyed healthy take-up rates. All of the company's other warehouses continued to operate at near full occupancy.

Vietnam recorded a five-year high GDP growth of 6.5%. The country's growing position as a manufacturing base will continue to fuel demand for logistics services. The business will focus on growing its capabilities, especially in distribution and trucking services, and exploring strategic locations to expand its distribution network and storage capacity.

Indonesia
Keppel Puninar Logistics, a joint venture with PT Puninar Jaya (Puninar Logistics), expanded its client base in the FMCG, e-commerce and food sectors. The company now has logistics operations in Jakarta (Java), Medan (Sumatra) and Balikpapan (Kalimantan). The company will continue to target customers in the above sectors as well as the healthcare sector, and to identify strategic locations to grow its network in the country.

Australia
The Division expanded its publishing client base by securing an additional leading publisher in its warehouse facility in Brisbane, Australia. The Division will explore new service offerings with existing customers, while actively looking for other business opportunities in the country.

China
Foshan, Guangdong Province
Throughput at Lanshi Port continued to be affected by the traffic control measures in the city. The port handled 177,200 TEUs in 2015, which is 12% lower compared to that of the previous year.

Meanwhile, the Division's second integrated port logistics facility in Foshan, Sanshui Port achieved a total throughput of 175,600 TEUs. This represents a significant year-on-year growth of 25%. Over the year, Sanshui Port has continuously enhanced its service offerings to better serve its clients from the manufacturing and trading sectors.

The Division expects to harness more synergies between the two ports to strengthen its position in the Pearl River Delta.

Wuhu, Anhui Province

Keppel T&T's joint venture with Sinotrans Ltd, Wuhu Sanshan Port in Wuhu City, has achieved a total throughput of 4.5 million tonnes for 2015. The port is strengthening its capabilities to capture the demand along the Yangtze River, a major trade and transportation route in China.

Tianjin City

The new integrated distribution centre in Sino-Singapore Tianjin Eco-City has been completed and is awaiting approvals from relevant authorities. Equipped with cold room facilities and environmentally-friendly features, the business will start to provide warehousing and distribution services to its customers in 2016.

Lu'an City, Anhui Province

Keppel Wanjiang International Coldchain Logistics Park is a 33-hectare park located in Lu'an City, Anhui Province. The joint venture company is 60% owned by Keppel T&T, with minority stakes held by private investors and the Lu'an City Jin'an District Government. Phase 1 of the logistics park is nearing completion and is expected to commence operations in 2016. Synergies are expected between the logistics park and Wuhu Sanshan Port to better serve the customers in central China.

Jilin City, Jilin Province

The Sino-Singapore Jilin Food Zone International Logistics Park is a 70:30 collaboration between Keppel T&T and the Jilin City Government respectively. It is located within the 1,450 km^2 Jilin Food Zone in Jilin City, Jilin Province. Construction has been slowed down for the logistics park to keep pace with the overall development of the Jilin Food Zone.

02

01 *ITKL expanded its Tien Son warehouse in Bac Niah, Vietnam by 40,400 sq ft.*

02 *Wuhu Sanshan Port achieved a total throughput of 4.5 million tonnes for 2015.*

Business Review
Logistics

01

01 *The key growth drivers for logistics services, fuelled by investment, intra-Asia trade and consumption demand in Southeast Asia and China, will likely remain.*

Outloook
Growth in China is expected to remain moderate as the country continued its transition towards a more balanced and sustainable growth model. The Central Government has released China's 13th Five-Year Plan, emphasising the continuation of economic reforms. With policies like "One Belt One Road", China is spearheading the building of trade corridors linking China and Europe via land and sea routes.

In Southeast Asia, the formation of the ASEAN Economic Community (AEC) on 31 December 2015 marks a historic milestone. The AEC is formed to enhance intra-ASEAN trade and establish a more globally competitive single market and production base. In the meantime, other projects and initiatives to integrate the wider Asia Pacific region are also gaining traction, especially the free trade agreements included in the Regional Comprehensive Economic Partnership and the Trans-Pacific Partnership. These initiatives, once implemented, will undoubtedly boost trade and enhance economic growth in the region.

The key growth drivers for logistics services, fuelled by investment, intra-Asia trade and consumption demand in Southeast Asia and China, will likely remain. The Division will focus on these targeted markets to deliver high value logistics services to its customers through innovation and adoption of new technology.

Logistics Facilities Owned

Location	Held by	Effective interest (%)	Warehouse area (sq ft)	Capacity of container yard (TEUs)	Tenure
27 Benoi Sector, Singapore	Keppel Logistics Pte Ltd	100	269,100	3,500	25-year leasehold (expiring in 2019)
7 Gul Circle, Singapore	Keppel Logistics Pte Ltd	100	645,800	–	43-year leasehold (expiring in 2040)
44 Benoi Road, Singapore	Keppel Logistics Pte Ltd	100	213,100	–	20-year leasehold (expiring in 2030)
9 Gul Circle, Singapore	Keppel Logistics Pte Ltd	100	425,200	3,000	30-year leasehold (expiring in 2033)
27 Greenwich Drive, Singapore	Keppel Logistics Pte Ltd	100	348,400	–	30-year leasehold (expiring in 2043)
Colombo, Sri Lanka	Trans-ware Logistics (Pvt) Ltd	25	40,000	3,000	Freehold
Bac Ninh, Vietnam	Indo-Trans Keppel Logistics Vietnam Co Ltd	51	83,600	–	40-year leasehold (expiring in 2049)
Ho Chi Minh City, Vietnam	Indo-Trans Keppel Logistics Vietnam Co Ltd	51	42,000	–	40-year leasehold (expiring in 2045)
Binh Duong, Vietnam	Indo-Trans Keppel Logistics Vietnam Co Ltd	51	109,800	–	41-year leasehold (expiring in 2048)
Foshan, Guangdong, People's Republic of China	Keppel Logistics (Foshan) Limited	70	434,900	7,500	50-year leasehold (expiring in 2044)
Nanhai, Guangdong, People's Republic of China	Keppel Logistics (Foshan) Limited	70	376,700	–	30-year leasehold (expiring in 2038)
Sanshui, Guangdong, People's Republic of China	Keppel Logistics (Foshan Sanshui Port) Company Limited	42	29,400*	6,768	50-year leasehold (expiring in 2048)
Wuhu, Anhui, People's Republic of China	Wuhu Sanshan Port Co Ltd	50	107,600	5,000	50-year leasehold (expiring in 2062)
Jilin City, Jilin, People's Republic of China (under construction)	Jilin Sino-Singapore Food Zone International Logistics Co Ltd	70	under construction	–	50-year leasehold (expiring in 2062)
Lu'an City, Anhui Province, People's Republic of China (under construction)	Keppel Wanjiang International Coldchain Logistics Park (Anhui) Co Ltd	60	1,503,400 (built-up areas for commercial purposes, under construction)	–	50-year leasehold (expiring in 2063)
Tianjin, People's Republic of China	Keppel Logistics (Tianjin Eco-City) Limited	100	141,000	–	47-year leasehold (expiring in 2060)

* Including 22,300 sq ft of warehouse area owned by Keppel Warehousing Services (Foshan Sanshui Port) Company Limited.

Business Review

Data Centre

959,700 sq ft

Keppel T&T and Keppel DC REIT will own and manage a combined portfolio of 13 data centres with more than 959,700 sq ft of lettable area.

118,000 sq ft

Almere Data Centre 2, Keppel Data Centres Holding's first greenfield data centre development in Europe, is a high quality Tier III colocation data centre with approximately 118,000 sq ft of lettable area.

The global trend of digitisation wave fuels demand for data centre space and presents more opportunities for our Data Centre Division.

Market Review

Companies are increasingly fulfilling their computing requirements through cloud and colocation hosting, which will result in lower storage of data in their own systems. This has led to trends such as migration to colocation services, and the consolidation of the data centres through mergers and acquisitions, as well as partnerships. A recent research by Allied Analytics showed that the global colocation market is expected to reach US$51.8 billion by 2020, with a 12.4% Compounded Annual Growth Rate (CAGR) between 2015 and 2020. The Asian colocation market is expected to grow the fastest amongst all regions, with a CAGR of 14.3% during this period.

With the inclusion of data centres under development and the portfolio of assets owned through Keppel Data Centres Holding (KDCH) and Keppel DC REIT, Keppel T&T will own and manage a combined portfolio of 13 data centres with approximately 959,700 sq ft of lettable area. The Division is well positioned to capture the growth in data centre demand.

Earnings and Financial Review

The 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 generated from current data centre operations and REIT management fees. Similarly, profit before tax decreased by $198.4 million to $82.3 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.

Earnings Highlights ($'000)

	2015	2014	% Increase/ (Decrease)
Data Centre			
Revenue	**45,191**	75,857	(40)
Operating profit	**53,843**	279,687	(81)
Profit before tax	**82,283**	280,654	(71)
Net profit	**62,709**	212,882	(71)
Assets employed	**327,384**	314,454	4

Business Review
Keppel Data Centres

After the sale of the data centres to Keppel DC REIT in December 2014, KDCH continued to operate as the Facility Manager of KDCH's and Keppel DC REIT's assets in Singapore. With strong customer demand in the pipeline, Keppel Datahub 2 is in the midst of its final phase of fit-out. Keppel Datahub and Keppel Datahub 2 have also attained ISO 9001:2008 Quality Management Certificate. The Division will continue to focus on providing new value added services to its customers.

In October 2015, the Division celebrated the opening of Almere Data Centre 2, its first data centre development in Europe. The new facility is a high quality Tier III colocation data centre with lettable area of approximately 118,000 sq ft. It features service availability of up to 99.98%, full redundancy for power and cooling and is designed to deliver power density of more than 1.5 kW to 2kW per square metre to the customers.

The Division is actively pursuing new development opportunities. In November 2015, KDCH acquired a property in Singapore for the development of Keppel Datahub 3 (KDH3). Once completed, this will be Keppel's second largest data centre in Singapore, with GFA of approximately 183,000 sq ft.

01 Keppel DC REIT made its maiden acquisition in May 2015 by acquiring Intellicentre 2 in Sydney.

01

Significant Events

May
Keppel DC REIT entered into a sale and purchase agreement with Macquarie Telecom to acquire the shell and core building of Intellicentre 2 in Sydney, Australia, marking its maiden acquisition post-IPO.

October
Keppel DC REIT entered into a forward sale and purchase agreement to acquire maincubes Data Centre, which is expected to be completed in 2018.

Keppel Data Centres Holding (KDCH) officially opened Almere Data Centre 2, a Tier III high quality colocation data centre with lettable area of approximately 118,000 sq ft in the Netherlands.

November
KDCH completed the acquisition of Keppel Datahub 3 as part of its plans to build its fourth data centre in Singapore.

Business Review

Data Centre

Data Centre Facilities Owned

Facilities	Effective interest (%)	Land area (sm)	Tenure
Keppel Datahub 3	70	6,800	30-year lease (expiring in 2020) with option for another 30 years
Keppel Datahub 2	70	5,000	30-year lease (expiring in 2022) with option for another 30 years
Almere Data Centre 2	70	9,300	Freehold

Keppel DC REIT Management

Keppel DC REIT Management (KDCRM) is the manager of Keppel DC REIT which was listed on the Main Board of the Singapore Exchange in December 2014.

In 2015, the REIT announced its maiden acquisition of Intellicentre 2 in Sydney, Australia, as well as the forward purchase of maincubes Data Centre in Offenbach am Main, Germany, which is expected to be completed in 2018. The REIT has a diversified portfolio of nine high-quality data centre assets in Asia Pacific and Europe (excluding the maincubes Data Centre development) valued at approximately $1.07 billion as at 31 December 2015.

As both acquisitions in the year are backed by long leases, they complement the REIT's portfolio by enhancing its income stream stability and extending the Weighted Average Lease Expiry (WALE). As at end 2015, the portfolio's WALE was 8.7 years.

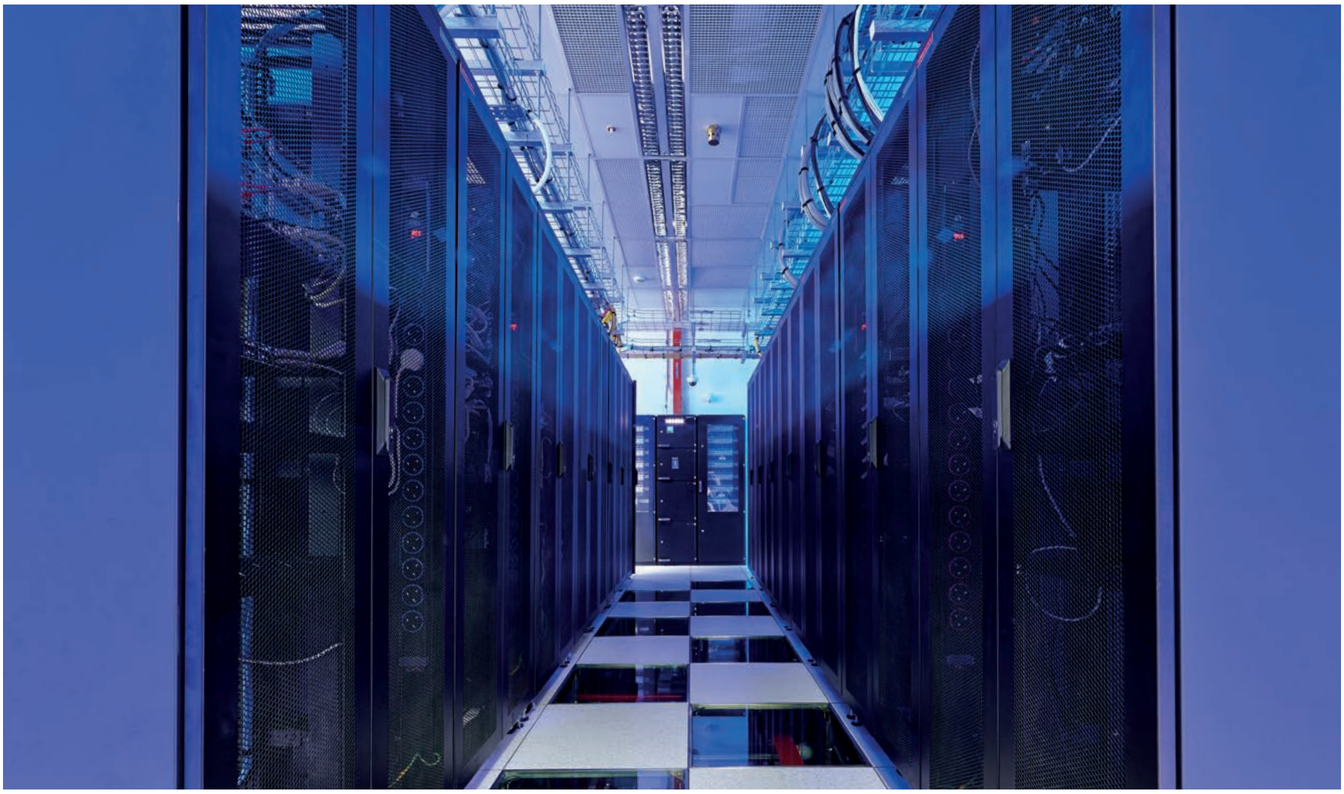
KDCRM will continue to evaluate third-party acquisition opportunities in Asia Pacific and Europe, on top of its Rights of First Refusal pipeline. Acquisitions will be pursued with the key objectives of providing Unitholders with stable distributions as well as long-term growth.

On the capital management front, KDCRM will continue to employ an optimal mix of debt and equity in financing acquisitions, and utilise appropriate hedging strategies to manage interest rate and foreign currency risks for the REIT.

01

01 *In 2015, Keppel DC REIT entered into the forward purchase of maincubes Data Centre in Germany as shown in the artist's impression (pictured).*

02 *Keppel Datahub 2's energy efficient features (pictured) earned many accolades as it continues to tailor to customers' needs through environmentally-friendly means.*



02

The Division is well positioned to capture the growing demand for data centres with its established technical expertise and track record

Outlook

In 2016, market drivers for data centres are expected to remain positive. According to an International Data Corporation research, the cloud ecosystem is projected to grow at a CAGR of 68% in the Asia Pacific region and 70% in the Europe, Middle East and Africa (EMEA) region, leading to strong demand for storage needs from colocation providers. Other demand drivers include requirement for higher rack density, flexibility and scalability of offerings.

These trends present opportunities for the Division to grow through its Development Company-REIT platform. The Division will continue to explore more value-added services to customers and remain focused on brown and greenfield development projects to expand its portfolio of quality data centre assets. Upon attaining near full occupancy, these new development assets will be offered to the REIT for capital recycling.

Business Review
Data Centre

01

01 *The Group's planned fourth data centre (Keppel Datahub 3) in Singapore will be developed in close proximity to its existing data centres (pictured).*

Keppel DC REIT's Portfolio (as at 31 December 2015)

Asia Pacific

Property	Keppel Digihub (S25)	Keppel Datahub (T25)	Basis Bay Data Centre	Gore Hill Data Centre	Intellicentre 2	iseek Data Centre
Location	Singapore	Singapore	Cyberjaya, Malaysia	Sydney, Australia	Sydney, Australia	Brisbane, Australia
Land Lease Title	Leasehold (Expiring 2025, with option to extend by 30 years)	Leasehold (Expiring 2021, with option to extend by 30 years)	Freehold	Freehold	Freehold	Leasehold (Expiring 2040, with option to extend by 7 years)
Keppel DC REIT's Ownership Interest	100%	100%	99%	100%	100%	100%
Land Area (sq ft)	78,928	53,820	64,809	72,032	215,612	41,559
Gross Floor Area (sq ft)	225,945	106,726	88,600	127,283	–	28,955
Lettable Area (sq ft)	109,574	36,888	48,680	90,955	87,930	12,389
Number of Clients[2]	20	4	1	3	1	1
Lease Type	Keppel lease/ Colocation	Keppel lease/ Colocation	Double-net lease (Fully fitted)	Triple-net lease (Shell & core)/ Colocation	Triple-net lease (Shell & core)	Double-net lease (Fully fitted)
Facility Manager	Keppel Digihub[3]	Keppel Datahub[4]	–	iseek-KDC[5]	–	–
Occupancy Rate (%)	85.7%	100%	100%	100%	100%	100%
Appraised Value (S$mil)[6]	275.0	179.0	37.5	202.8	48.0	29.9
Age of Building (years)[7]	2.3	5.3	7.3	5.3	3.6	6.3

Europe

Property	GV7 Data Centre	Almere Data Centre	Citadel 100 Data Centre	maincubes Data Centre (under development)
Location	London, United Kingdom	Almere, The Netherlands	Dublin, Ireland	Offenbach am Main, Germany
Land Lease Title	Leasehold (Expiring 2183)	Freehold	Leasehold (Expiring 2041)	Freehold
Keppel DC REIT's Ownership Interest	100%	100%	100%	100%
Land Area (sq ft)	N.A.[1]	85,358	218,236	60,235
Gross Floor Area (sq ft)	34,848	–	125,044	–
Lettable Area (sq ft)	24,972	118,403	68,118	126,800
Number of Clients[2]	1	1	9	1
Lease Type	Triple-net lease (Fully fitted)	Double-net lease (Fully fitted)	Colocation	Triple-net lease (Fully fitted)
Facility Manager	–	–	–	–
Occupancy Rate (%)	100%	100%	77.4%	100%
Appraised Value (S$mil)[6]	82.2	129.7	87.2	127.4
Age of Building (years)[7]	15.5	8.3	16.3	Building is under development; completion expected in 2018

(1) For GV7 Data Centre, neither the lease nor the registered title of the Property refers, nor are they required to refer, to the land area of the Property.
(2) Clients shall refer to those contracted under service level agreements with Keppel DC REIT and / or its subsidiaries with the exceptions of S25 and T25 where clients refers to those who contracted with Keppel Digihub and Keppel Datahub respectively.
(3) Keppel DC REIT outsources facilities management of S25 to Keppel Digihub. Keppel Digihub is a wholly-owned subsidiary of Keppel Data Centres Holding, a joint venture company held indirectly by Keppel Telecommunications and Transportation Ltd and Keppel Land Limited in the proportion of 70% and 30% respectively.
(4) Keppel DC REIT outsources facilities management of T25 to Keppel Datahub. Keppel Datahub is a wholly-owned subsidiary of Keppel Data Centres Holding, a joint venture company held indirectly by Keppel Telecommunications and Transportation Ltd and Keppel Land Limited in the proportion of 70% and 30% respectively.
(5) Keppel DC REIT outsources facilities management to iseek-KDC in respect of the colocation space in the remaining portion of the premises at Gore Hill Data Centre which is used by the two end-clients. iseek-KDC is 60% owned by Keppel Telecommunications and Transportation Ltd and 40% owned by iseek Pty Ltd.
(6) Based on an exchange rate of S$1.00 = A$0.986, S$1.00 = £0.462, S$1.00 = RM3.097, S$1.00 = €0.659 as at 31 December 2015.
(7) Calculated from date of Temporary Occupation Permit (TOP) or refurbishment, whichever is later.

Business Review

Investments

As at end of 2015, M1's total customer base was 2.06 million.

Net Profit

$24.2m

Net profit attributable to shareholders was higher at $24.2 million.

Earnings and Financial Review

Pre-tax profit of the Division increased by $1.1 million to $34.5 million compared to 2014 due to lower overheads, higher distributions from other investments and 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 tax and lower non-controlling interests, net profit attributable to shareholders was higher at $24.2 million.

Operations Review

During the year, Keppel T&T maintained its shareholdings in key investments that generate healthy returns and continued to assess conditions to divest other non-core investments at the appropriate time.

M1 remained the Group's key investment in terms of contribution to its bottom line. M1 recorded service revenue of $822.3 million in 2015, 1.1% lower than last year's due to lower revenue generated from international call services.

Net profit after tax increased 1.5% to $178.5 million.

As at end of 2015, M1's total customer base was 2.06 million. During the year, mobile customer base increased 76,000 to 1.93 million while fibre customer base grew 25,000 to 128,000. Overall mobile market share increased to 23.4% as at end of November 2015, compared to 22.9% as at end of 2014.

In 2015, M1 continued to focus on delivering superior customer experience, improving its business processes and managing costs, as well as investing for future growth. This has led M1's mobile network to be recognised in IDA's network survey as delivering the best 4G experience[1] . M1 was also honoured with the Award of Excellence in IT sector at the Singapore Productivity Awards 2015[2], and further extended its lead at consulting firm Frost & Sullivan's 2015 Customer Experience study.

Key products and services launched during the year include the well-received mySIM postpaid plans, which offered the best

Earnings Highlights ($'000)

	2015	2014	% Increase/ (Decrease)
Investments			
Profit before tax	**34,469**	33,342	3
Net profit	**24,183**	23,842	1
Assets employed	**211,433**	205,684	3

01 *M1's mobile network was recognised in IDA's network survey as delivering the best 4G experience in 2015.*

01

value plans for customers who prefer to buy their own smartphones and the flexibility to decide how often they wish to upgrade them. M1's Data Passport service, which enables customers to use their existing mobile data bundle for overseas roaming across 29 countries, has also led to a 45% increase in data roaming users year-on-year.

In the corporate segment, M1 introduced an innovative mobile Point of Sale solution that transforms smartphones and tablets into terminals that accept card payments, and further expanded its suite of XGPON connectivity services to offer speeds of up to 10Gbps. M1 also worked with Keppel Land Limited to launch the M1-Keppel Smart Lives programme to provide smart living solutions for Keppel Land's residential and commercial properties.

Based on the current economic outlook, M1 anticipates stable performance for the year 2016.

[1] Results from MyConnection SG Pilot, from October 2014 to March 2015, based on the 90th percentile of data sessions tested across all operators

[2] Organised by Singapore Business Federation (SBF) with the judging panel for the Awards comprising SBF, SPRING Singapore, Singapore National Employers Federation, Singapore Retail Association, Singapore Infocomm Technology Federation and DP Information Group

Financial Review

The Group will continue to focus on driving sales and remain prudent in managing costs as well as improving efficiency.

Group's Net Profit

$91.5m

The Group's net profit attributable to shareholders excluding the gains from divestment of assets in 2014 was higher by $31.3 million at $91.5 million.

Overview

The Group's revenue of $200.6 million was lower by 11% due mainly 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.

The divestment in 2014 comprising mainly the sale of data centre assets to Keppel DC REIT, which contributed $238.5 million to the Group's operating profit and profit before tax, and $186.4 million to net profit attributable to shareholders respectively.

Excluding the gains from the divestment of assets in 2014, the Group's operating profit at $54.2 million in 2015 was higher by $13.8 million. This was due largely to fair value gains on data centre investment properties and distributions received from other investments, partly offset by impairment losses and lower contribution from the Logistics Division. As a result of higher operating profit and share of results from associated companies, the Group's profit before tax at $129.6 million was higher by $39.5 million.

After taking into account higher taxation expense and lower non-controlling interests, the Group's net profit attributable to shareholders excluding the gains from divestment of assets in 2014 was higher by $31.3 million at $91.5 million.

Due to the absence of divestment gains, both Earnings per share (EPS) and Return on Equity (ROE) were lower at 16.5 cents and 12.8% respectively.

The Group generated a net operating cash flow of $25.7 million in 2015, compared to $70.9 million in 2014. Cash flow from investing activities reduced due mainly to lower dividend income from associated companies. Free cash flow excluding expansionary acquisitions, capital expenditure, major investments and

Overview

	2015 $'000	2014 $'000	Change %
Revenue	**200,566**	224,563	(11)
Operating profit	**54,198**	278,903	(81)
Profit before tax	**129,609**	328,607	(61)
Net profit	**91,481**	246,578	(63)
Operating cash flow	**25,730**	70,898	(64)
Free cash flow*	**75,960**	144,543	(47)
Earnings per share (EPS)	**16.5cts**	44.4cts	(63)
Return on equity (ROE)	**12.8%**	41.9%	(69)
Total distribution to shareholders (per share)	**3.5cts**	15.0cts	(77)

* Free cash flow has been adjusted to exclude expansionary acquisitions, capital expenditure, major investments and divestments.

divestments at $76.0 million decreased 47% as compared to $144.5 million in the previous year after taking into account lower cash flow from operating and investing activities.

For the financial year 2015, the Group is proposing a final dividend of 3.5 cents per share.

The Group will continue to grow its Logistics and Data Centre businesses organically and geographically, carrying out expansion logistics projects in Singapore and China as well as remain focused on developing data centre assets and managing data centres of Keppel DC REIT. The Group will continue to focus on driving sales and remain prudent in managing costs as well as improving efficiency.

Information on the Group's five-year performance is set out on pages 41 to 45.

Revenue

Group revenue of $200.6 million was 11% or $24.0 million lower than that of 2014.

Revenue from Logistics Division increased by 4% to $155.4 million due to higher warehousing and port operations income. The Data Centre Division's revenue of $45.2 million dropped by 40% or $30.7 million compared to $75.9 million in 2014 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.

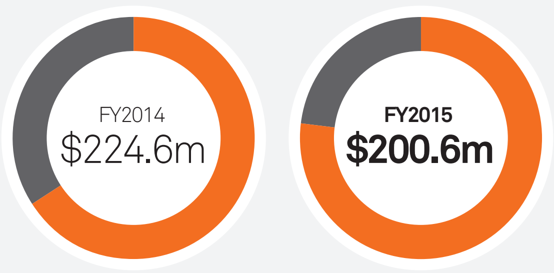
Net Profit

The Group's net profit attributable to shareholders of $91.5 million was $155.1 million or 63% lower than 2014. This was due largely to the absence of gains on disposal of data centre assets that had contributed $186.4 million to the Group's profit last year.

The Logistics Division's net profit of $4.6 million decreased by $5.3 million or 53% compared to 2014 due mainly to higher depreciation and operating expenses from new and existing logistics facilities, higher interest expense from loans taken up for the construction of new logistics facilities and lower contributions from associated companies.

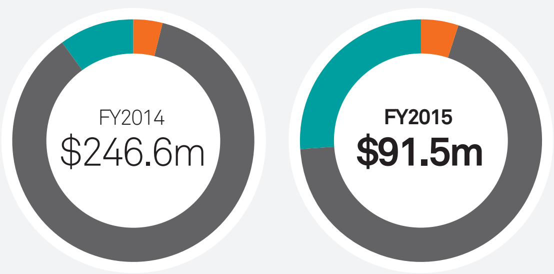
The Data Centre Division's net profit of $62.7 million was $150.2 million or 71% lower compared to 2014 due largely to the absence of divestment gains in the initial public offering of Keppel DC REIT, partly offset by fair value gains on investment properties and higher contribution from its associated company.

Revenue



	2014		2015		
	$'000	%	**$'000**	**%**	Change %
Logistics	148,706	66	**155,375**	**77**	4
Data Centre	75,857	34	**45,191**	**23**	(40)
Total	224,563	100	**200,566**	**100**	(11)

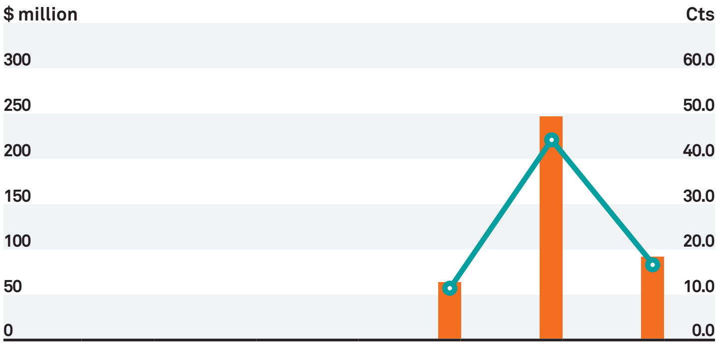
Net Profit



	2014		2015		
	$'000	%	**$'000**	**%**	Change %
Logistics	9,854	4	**4,589**	**5**	(53)
Data Centre	212,882	86	**62,709**	**69**	(71)
Investments	23,842	10	**24,183**	**26**	1
Total	246,578	100	**91,481**	**100**	(63)

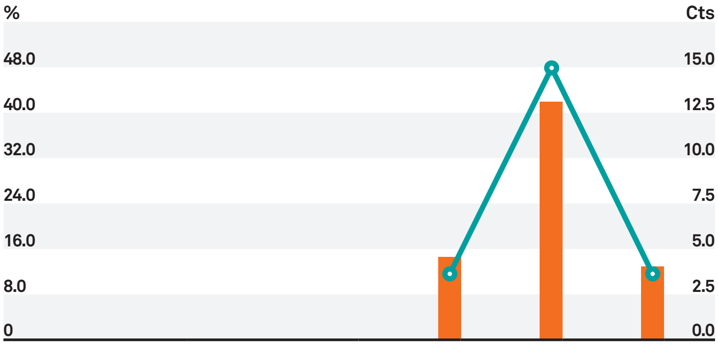
Financial Review

Net Profit & EPS



	2013	2014	2015
Net Profit ($'000)	63,186	246,578	**91,481**
EPS (Cts)	11.4	44.4	**16.5**

ROE & Dividend Per Share



	2013	2014	2015
ROE (%)	14.1	41.9	**12.8**
Dividend Per Share (Cts)	3.5	15.0	**3.5**

The Investments Division's net profit increased $0.3 million or 1% to $24.2 million compared to 2014 due to lower overheads, higher distribution from other investments, and contributions from associated companies, partly offset by impairment loss in an associated company. M1 remained the most significant profit contributor to the Group at $34.2 million. At year end, the Group held a 19.1% equity stake in M1.

ROE & dividend per share

ROE of 12.8% decreased 69% compared to 41.9% in 2014 due to lower net profit and higher equity. The Group paid a total dividend of 15.0 cents per share comprising final and special dividend of 3.5 and 11.5 cents per share respectively for financial year 2014. Proposed final dividend of 3.5 cents per share has been recommended for financial year 2015 to be paid in 2016.

Cash Flow

To better reflect its free cash flow for operational activities, the Group had redefined its free cash flow by excluding expansionary acquisitions and capital expenditure which are meant for long-term growth, major investments and divestments.

Net cash from operating activities was $25.7 million in 2015 compared to $70.9 million in 2014 due to lower cash flow from operations after taking into account working capital changes and higher taxes paid.

Net cash from investing activities for the year was $50.2 million largely from dividends and distributions received from associated companies and other investments, and proceeds from disposal of fixed assets, partly offset by operational capital expenditure.

Free cash flow was $76.0 million as compared to $144.5 million in the previous year.

Total distribution to shareholders of the Company and non-controlling shareholders of subsidiaries for the year amounted to $84.3 million.

Financial position

Total assets of the Group increased from $1,403.0 million to $1,499.6 million in 2015. Fixed assets of $356.2 million increased by $51.3 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.

Cash Flow

	2015 $'000	2014 $'000	Change $'000
Cash flows from operating activities			
Operating profit	**54,198**	278,903	(224,705)
Depreciation, amortisation and other non-cash items	**(11,793)**	(209,549)	197,756
Operating cash flows before changes in working capital	**42,405**	69,354	(26,949)
Working capital changes	**7,583**	15,227	(7,644)
Net interest and taxes paid	**(25,335)**	(14,570)	(10,765)
Proceeds from tax losses transferred under group relief system	**1,077**	887	190
Net cash from operating activities	**25,730**	70,898	(45,168)
Cash flows from investing activities			
Proceeds from disposal of fixed assets	**1,510**	89	1,421
Investments and capital expenditure	**(3,855)**	(6,207)	2,352
Distributions received from other investments	**4,375**	1,064	3,311
Proceeds from capital reduction in a joint venture company	**–**	2,000	(2,000)
Dividend income	**48,200**	76,699	(28,499)
Net cash from investing activities*	**50,230**	73,645	(23,415)
Free cash flow*	**75,960**	144,543	(68,583)
Dividend paid to shareholders of the Company and subsidiaries	**(84,253)**	(80,189)	(4,064)

* Adjusted to exclude expansionary acquisitions, capital expenditure, major investments and divestments.

Investments rose by $24.7 million to $567.2 million in 2015 due mainly to fair value gains in other investments and equity accounting for share of profits in associated companies, partly offset by dividends received.

The Group's net borrowings of $326.9 million in 2015 was higher than the $198.3 million in 2014 due mainly to drawdown of loans for capital expenditure and lower fixed deposits and bank balances. The gross borrowings of $515.4 million as at 31 December 2015 were financed by Medium Term Notes (MTN) Programme, external banks and a related company. These amounts were unsecured and repayable within one to five years.

Capital structure & financial resources
The Group maintains a strong balance sheet and an efficient capital structure to maximise returns for shareholders. Every new investments will have to satisfy stringent criteria for return on investment, cash flow generation and risk management. New investments will be structured with an appropriate mix of equity and debt after careful evaluation and management of risks.

Capital structure
Group shareholders' funds increased from $706.6 million in 2014 to $722.5 million in 2015. The increase was due mainly to net profit for the year, partly offset by final and special dividends payment of 3.5 cents and 11 cents per share respectively for the financial year 2014.

Non-controlling interests of the Group increased by $16.0 million to $102.0 million in 2015 due mainly to less dividends paid to non-controlling interests.

The net gearing of the Group increased from 0.25 times in 2014 to 0.40 times in 2015. Net debt increased due to increase in loans drawdown and lower fixed deposits and bank balances.

Financial Review

Interest coverage is lower at 11.6 times in 2015 compared to 28.6 times in 2014 due to higher interest expense and lower EBIT in 2015.

At the last Annual General Meeting in 2015, shareholders gave their approval for mandates to issue and buy back shares. The Company did not exercise these mandates during the year.

Borrowings
The Group's borrowings are in the form of short-term and long-term loans. The Group utilises mainly facilities from local and foreign banks as well as through Medium Term Notes (MTN) Programme for its working capital, investments and capital expenditures. MTN Programme of $500 million was established in June 2012 of which $120 million was drawn down in August 2012. Gross borrowings at the end of 2015 were $515.4 million (2014: $479.0 million).

Financial resources
The Group maintains sufficient cash and cash equivalents and an adequate amount of standby credit facilities to fund its working capital requirements and capital expenditure.

At the end of 2015, credit facilities in the form of loans, overdrafts, letters of credit, bank overdrafts and other banking facilities provided by banks and capital market programme to the Group amounted to $1,107.7 million (2014: $1,088.9 million) of which $351.8 million (2014: $345.6 million) was utilised.

Financial risk management
The Group's principal financial instruments comprise loans and cash and short-term deposits. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has other financial assets and liabilities such as trade debtors and trade creditors, which arise directly from its operations. During the financial year, the Group has entered into an interest rate swap agreement to hedge the interest rate risk exposure arising from one of its SGD floating rate term loans as a cash flow hedge. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Group's financial risk management is covered in greater detail in Note 36 to the financial statements.

Critical accounting policies
The significant accounting policies of the Group is disclosed in the notes to the financial

Loans are estimated to be repayable as follows:

	2015 $'000	2014 $'000
Within one year	**59,855**	53,405
Between one and two years	**166,248**	81,026
Between two to five years	**289,290**	344,549
Total borrowings	**515,393**	478,980

The Group's borrowings consist of unsecured loans of $446.9million (2014:$417.2 million) and secured loans of $68.5 million in 2015 (2014:$61.8 million).

01

__01__ The Logistics Division saw a 4% increase in revenue to $155.4 million due to higher warehousing and port operations income.

statements. In order to prepare the financial statements to conform with the Singapore Financial Reporting Standards, management has made certain estimates and assumptions.

The matters stated below are considered to be most critical in understanding the judgements that are involved in the preparation of the financial statements.

Impairment of non-financial assets
In determining whether the carrying amounts of a non-financial asset is impaired requires an estimation of the value in use of the cash generating units. This requires the Group to estimate the future cash flows expected from the cash generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amounts of fixed assets, investment properties and intangibles are as disclosed in the balance sheet.

Impairment of loans and receivables
The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

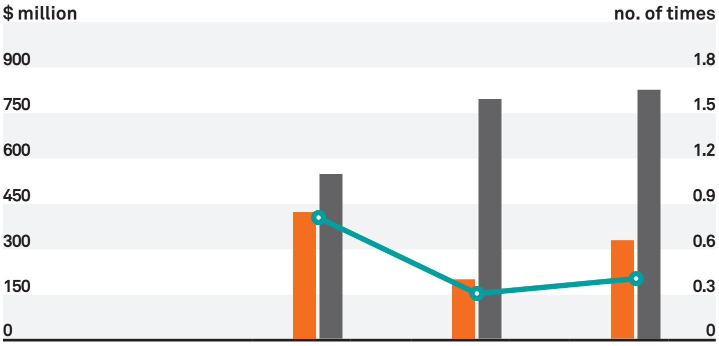
When there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of loans and receivables at the balance sheet date are disclosed in Notes 20, 22, 23, 24 and 25 to the financial statements.

Fair value measurement and impairment of available-for-sale financial assets
The Group classifies its long-term equity instruments as available-for-sale financial assets. These securities are not traded in any active market and their fair values are determined using net asset value and valuation techniques including discounted cash flow model. The inputs used in valuation are derived from observable market data where possible and a degree of judgement is required in establishing fair value. Judgements include considerations of liquidity, future financial performance and discount rate used.

Significant judgement is required in determining the fair value of unquoted

Gearing

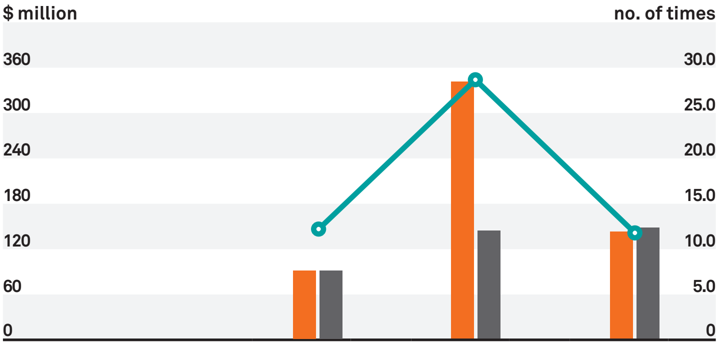
$$\text{Net Gearing} = \frac{\text{Borrowings} - \text{Cash}}{\text{Capital Employed}}$$



	2013	2014	**2015**
Net Debt	419.5	198.3	**326.9**
Capital Employed	544.9	792.6	**824.5**
Gearing	0.8	0.3	**0.4**

Interest Coverage

$$\text{Interest Coverage} = \frac{\text{EBIT}}{\text{Interest Cost}}$$



	2013	2014	**2015**
EBIT	90.6	340.5	**141.8**
Interest Expenses	7.5	11.9	**12.2**
Interest Coverage	12.1	28.6	**11.6**

Financial Review

investment funds due to external restrictions placed on the years in which they can realise certain investments in their portfolio. The fair value measurement of available-for-sale financial assets is described in Note 35 to the financial statements.

Fair value measurement of investment properties
The Group carries its investment properties at fair value determined using valuation techniques. The determination of the fair value of investment properties requires the use of estimates based on market conditions existing as at the balance sheet date. Further details on fair value measurement of investment properties are disclosed in Notes 15 and 35 to the financial statements.

Taxation
The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

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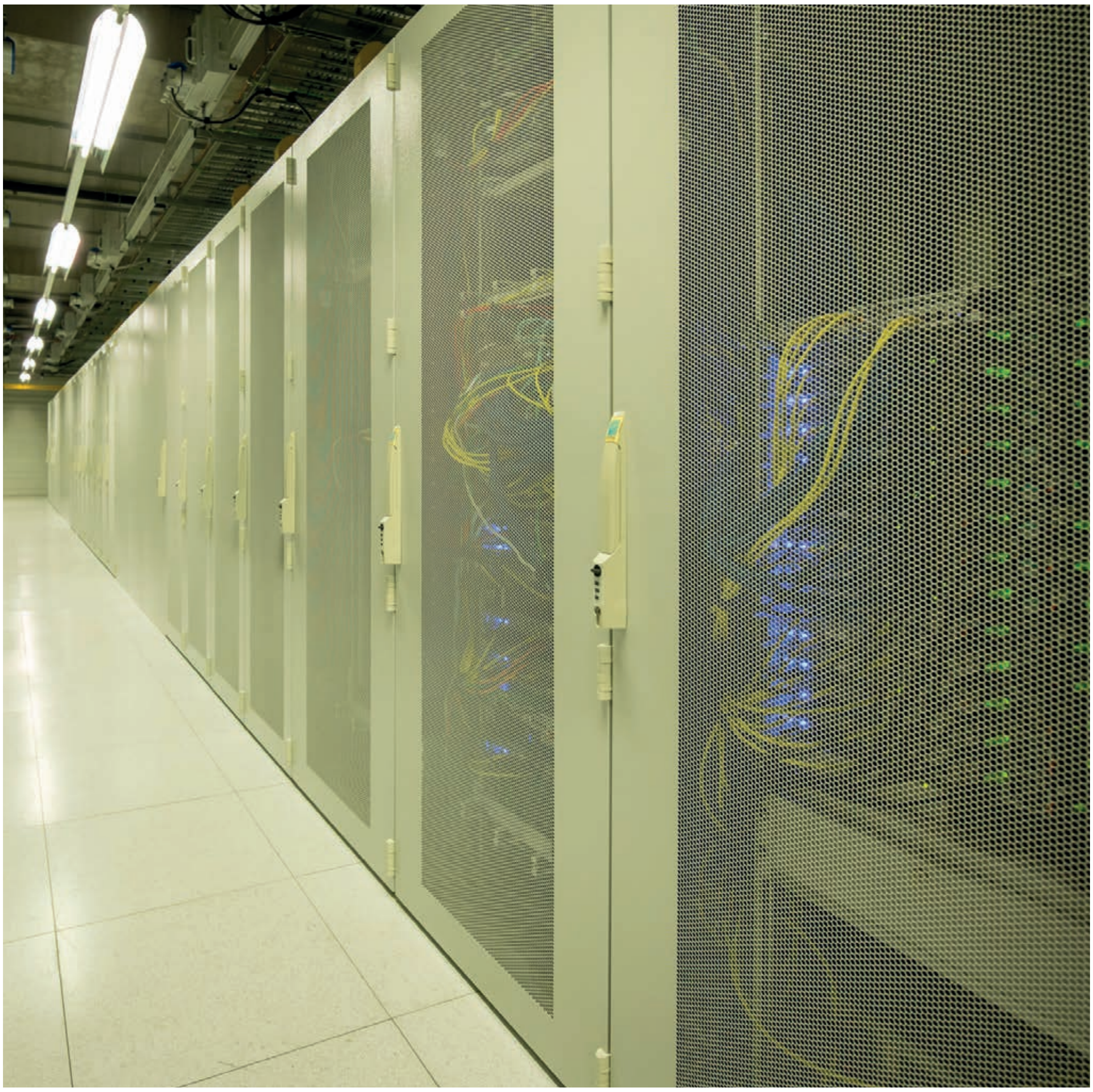


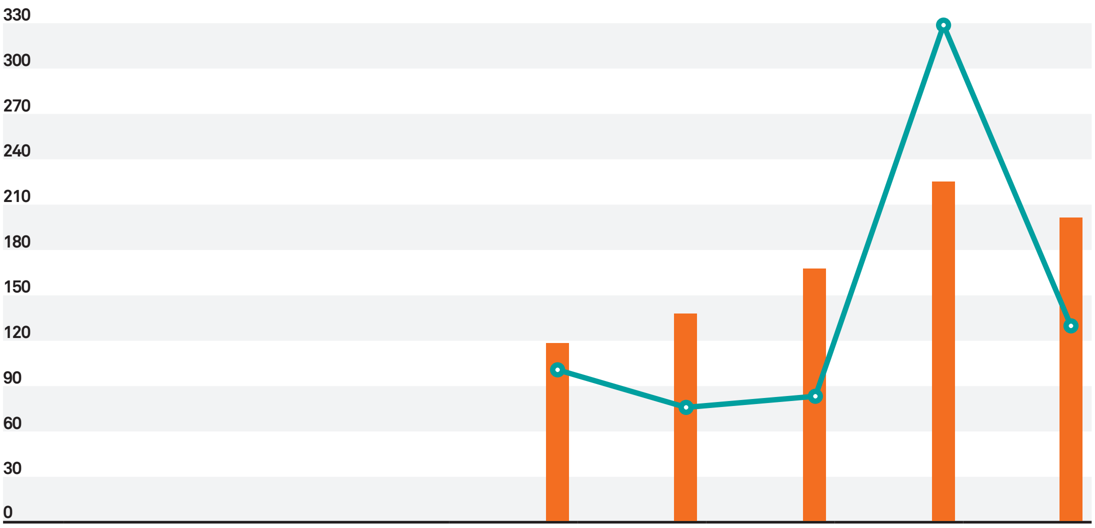
01 *The Group remains focused on developing greenfield data centres and managing data centres of Keppel DC REIT.*

Five-Year Group Operating Results

The results of the Group for the five years ended 31 December 2015 were as follows:

	2011 $'000	2012 $'000	2013 $'000	2014 $'000	**2015 $'000**
Revenue	118,125	137,493	166,863	224,563	**200,566**
Operating profit	43,489	25,268	33,288	278,903	**54,198**
Interest income	711	734	614	424	**1,811**
Interest expense	(3,414)	(5,435)	(7,505)	(11,868)	**(12,232)**
Share of results of associated companies and joint ventures	59,258	54,614	56,650	61,148	**85,832**
Profit before taxation	100,044	75,181	83,047	328,607	**129,609**
Taxation	(12,335)	(13,788)	(13,367)	(20,418)	**(23,623)**
Profit for the year	87,709	61,393	69,680	308,189	**105,986**
Attributable to:					
Shareholders of the Company	79,432	55,452	63,186	246,578	**91,481**
Non-controlling interests	8,277	5,941	6,494	61,611	**14,505**
	87,709	61,393	69,680	308,189	**105,986**

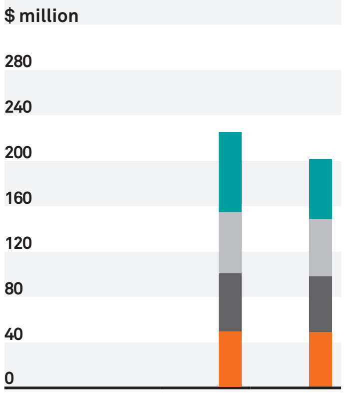
Revenue ($ million)



	2011	2012	2013	2014	**2015**
Revenue	118.1	137.5	166.9	224.6	**200.6**
Profit before taxation	100.0	75.2	83.0	328.6	**129.6**

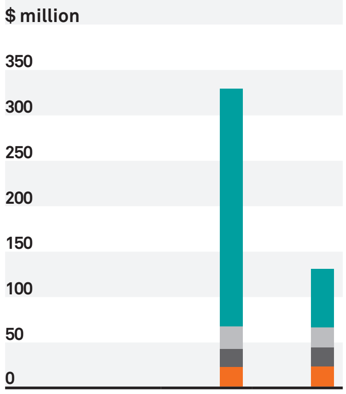
Quarterly Results

Quarterly Revenue



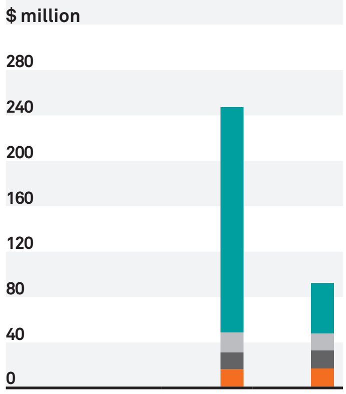
	2014	2015
Q4	70.9	**52.6**
Q3	53.7	**50.9**
Q2	51.3	**49.1**
Q1	48.7	**48.0**
Total	224.6	**200.6**

Quarterly Profit Before Tax



	2014	2015
Q4	262.5	**64.5**
Q3	24.4	**22.3**
Q2	20.4	**21.0**
Q1	21.3	**21.8**
Total	328.6	**129.6**

Quarterly Net Profit



	2014	2015
Q4	198.4	**44.5**
Q3	18.5	**15.3**
Q2	14.3	**15.9**
Q1	15.4	**15.8**
Total	246.6	**91.5**

	1st Qtr $'000	2nd Qtr $'000	3rd Qtr $'000	4th Qtr $'000	Total $'000
Revenue					
2014	48,711	51,278	53,650	70,924	224,563
2015	**47,930**	**49,128**	**50,914**	**52,594**	**200,566**
Operating profit					
2014	7,400	9,263	11,361	250,879	278,903
2015	**6,293**	**4,637**	**7,444**	**35,824**	**54,198**
Profit before tax					
2014	21,246	20,409	24,396	262,556	328,607
2015	**21,801**	**20,968**	**22,338**	**64,502**	**129,609**
Net profit					
2014	15,428	14,283	18,469	198,398	246,578
2015	**15,782**	**15,877**	**15,308**	**44,514**	**91,481**

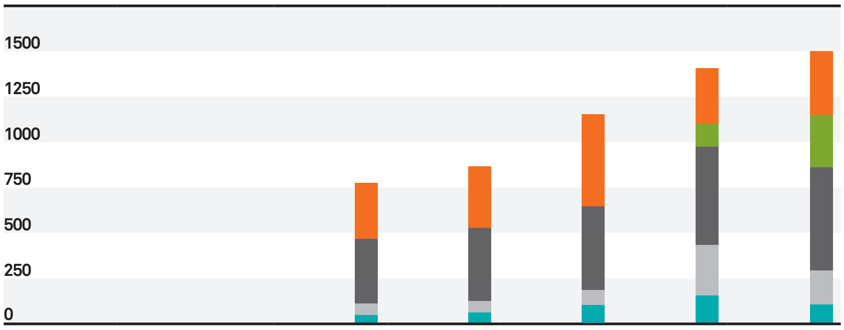
Five-Year Group Financial Profile

	2011	2012	2013	2014	**2015**
Balance Sheet ($'000)					
Fixed assets	311,332	339,153	507,446	304,880	**356,152**
Investment properties	–	–	–	127,067	**288,643**
Investments	355,216	403,990	463,012	542,529	**567,223**
Intangibles	–	–	–	18,229	**16,757**
Bank balances and cash	65,558	63,729	80,178	280,664	**188,507**
Other assets	39,711	55,824	97,869	129,595	**82,285**
Total assets	771,817	862,696	1,148,505	1,402,964	**1,499,567**
Borrowings	(301,706)	(340,696)	(499,683)	(478,980)	**(515,393)**
Deferred taxation	(6,852)	(10,907)	(16,090)	(1,052)	**(9,798)**
Other liabilities	(42,850)	(50,740)	(87,844)	(130,371)	**(149,854)**
Net assets	420,409	460,353	544,888	792,561	**824,522**
Share capital & reserves	395,070	427,091	470,458	706,558	**722,509**
Non-controlling interests	25,339	33,262	74,430	86,003	**102,013**
Capital employed	420,409	460,353	544,888	792,561	**824,522**
Per Share					
Earnings (cents) (Note 1):					
Profit before tax	16.5	12.3	13.5	47.9	**20.0**
Net profit	14.4	10.0	11.4	44.4	**16.5**
Gross dividends (cents)	3.5	3.5	3.5	15.0	**3.5**
Net asset value ($)	0.71	0.77	0.85	1.27	**1.30**
Net tangible assets ($)	0.71	0.77	0.85	1.24	**1.27**
Financial Ratios					
Return on shareholders' funds (%) (Note 2):					
Profit before tax	24.7	16.5	16.7	45.2	**15.5**
Net profit	21.6	13.5	14.1	41.9	**12.8**
Net gearing (times)	0.56	0.60	0.77	0.25	**0.40**

Notes:
1 Earnings per share are calculated based on the Group profit by reference to the weighted average number of shares in issue during the year.
2 In calculating return on shareholders' funds, the average basis has been used.

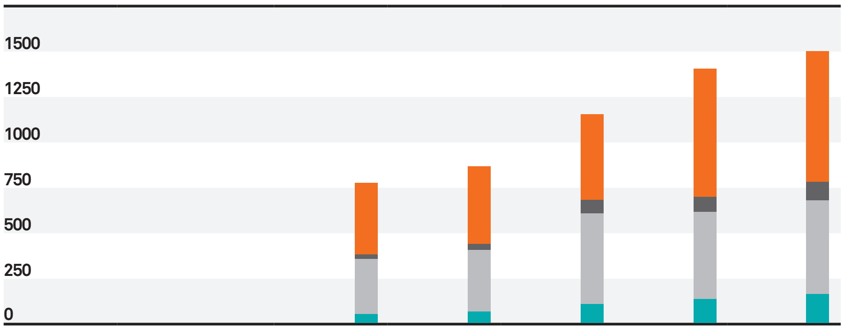
Group Financial Position

Total Assets ($ million)



	2011	2012	2013	2014	**2015**
Fixed Assets	311.3	339.2	507.4	304.9	**356.2**
Investments Properties	–	–	–	127.1	**288.6**
Investments	355.2	404.0	463.0	542.5	**567.2**
Bank Balances and Cash	65.6	63.7	80.2	280.7	**188.5**
Other Assets	39.7	55.8	97.9	147.8	**99.1**
Total	771.8	862.7	1,148.5	1,403.0	**1,499.6**

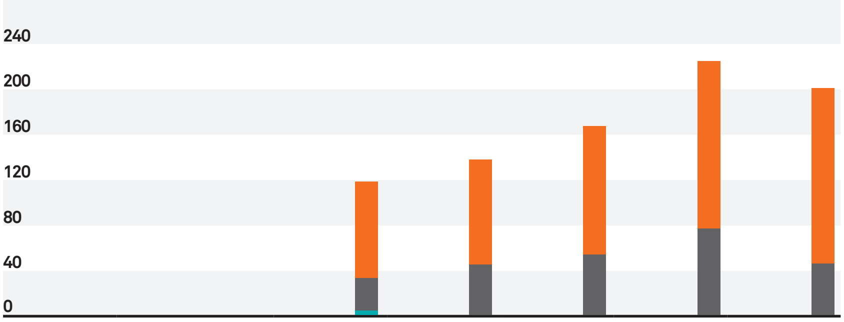
Total Liabilities and Capital Invested ($ million)



	2011	2012	2013	2014	**2015**
Shareholders' Funds	395.1	427.1	470.5	706.6	**722.5**
Non-controlling Interests	25.3	33.3	74.4	86.0	**102.0**
Borrowings	301.7	340.7	499.7	479.0	**515.4**
Other Liabilities	49.7	61.6	103.9	131.4	**159.7**
Total	771.8	862.7	1,148.5	1,403.0	**1,499.6**

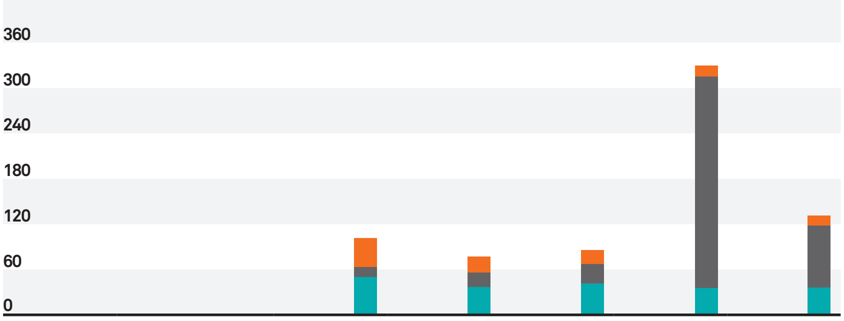
Five-Year Group Analysis by Industry

Revenue ($ million)



	2011	2012	2013	2014	**2015**
Logistics	85.7	93.2	113.7	148.7	**155.4**
Data Centre	28.7	44.3	53.1	75.9	**45.2**
Investments	3.7	–	–	–	**–**
Total	118.1	137.5	166.8	224.6	**200.6**

Profit Before Tax ($ million)



	2011	2012	2013	2014	**2015**
Logistics	38.1	20.8	18.2	14.6	**12.9**
Data Centre	13.8	19.8	26.1	280.7	**82.3**
Investments	48.1	34.6	38.7	33.3	**34.4**
Total	100.0	75.2	83.0	328.6	**129.6**

Value Added Statement

	Group	
	2015 $'000	2014 $'000
Value added from:		
Revenue	**200,566**	224,563
Less: purchases of materials and services	**(101,571)**	(103,875)
Gross value added from operation	**98,995**	120,688
In addition:		
Interest income	**1,811**	424
Share of results of associated companies and joint ventures	**74,748**	50,320
Other income	**32,217**	245,474
Total Group value added	**207,771**	416,906
Distribution of Group's value added:		
To employees in wages, salaries and benefits	**60,191**	54,294
To government in income and other taxes	**12,938**	16,014
To providers of capital on:		
Interest on borrowings	**12,232**	11,868
Dividends to shareholders	**83,397**	19,421
Dividends to non-controlling shareholders in subsidiaries	**1,732**	60,768
	97,361	92,057
Total distribution	**170,490**	162,365
Balance retained in the business:		
Depreciation	**16,424**	26,541
Non-controlling interests	**12,773**	843
Retained profit for the year	**8,084**	227,157
	37,281	254,541
	207,771	416,906
Number of employees (average)	**1,530**	1,499
Productivity analysis:		
Gross value added per employee ($'000)	**65**	81
Gross value added per dollar employment cost ($)	**1.64**	2.22
Gross value added per dollar sales ($)	**0.49**	0.54

Risk Management

Strengthening Enterprise Risk Management Programme
Keppel T&T operates in nine countries and faces diverse risks relating to its logistics and data centre businesses.

The Group's Enterprise Risk Management (ERM) framework provides a structured approach towards assessing, monitoring and mitigating risks, enabling the Group to remain agile in capitalising opportunities.

The Board, assisted by the Board Risk Committee (BRC), is responsible for governing risks and ensuring that the management maintains a sound system of risk management and internal controls to safeguard shareholders' interests. Terms of reference of the BRC are disclosed on page 166 of this Report.

The Board, assisted by the BRC, has established three risk tolerance guiding principles which determine the nature and extent of the risks. The three principles are:

(1) Risk taken should be carefully evaluated, commensurate with rewards and in line with the Group's core strengths and strategic objectives.

(2) No risk arising from a single area of operation, investment or undertaking should be so huge as to endanger the entire Group.

(3) The Group does not condone safety breaches or lapses, non-compliance with laws and regulation, as well as acts such as fraud, bribery and corruption.

The ERM framework is reviewed regularly, taking into account changes in the operating environment. It adapts management practices set out in:

(1) ISO31000 for Risk Management;
(2) ISO22301 for Business Continuity Management (BCM); and
(3) The Code of Corporate Governance 2012.

The management surfaces key risk issues for discussion and confers with the BRC regularly. The Group's risk governance is set out in pages 160-162 under Principle 11 (Risk Management and Internal Controls).

The risk management assessment has been established to facilitate management and the BRC in determining the adequacy and effectiveness of the risk management system. For 2015, the Board assessed that Keppel T&T's risk management system was adequate and effective.

Strategic
Risk considerations form an integral part of the Group's strategic and investment decisions, including budget reviews and policy formulations. The strategic direction is reviewed with the Board to ensure that the Group is resilient in dealing with adversities and agile in pursuing opportunities.

Investment decisions are guided by Group-wide investment parameters to ensure that they are in line with the Group's strategic business focus, consider the underlying risk factors, and meet the risk-adjusted rate of return.

As part of control assurance process, the Group enhanced the Code of Conduct and implemented the Regulatory Compliance Governance Structure, as well as adopted a continuous process of Control Self-Assessment to strengthen corporate governance.

Financial
To manage credit, liquidity, currency interest rate and market price risks, the Group's policies and financial authority limits are reviewed regularly by management and the BRC to ensure their continued relevance in relation to the operating and control environment. Emphasis is placed on improving financial discipline, and deploying its capital to earn the best risk-adjusted returns. The Group's financial risk management is covered in greater detail in pages 140-144.

Operational
Operational risk management is integrated into business operations and project management. Formalised guidelines, procedures, internal training and tools are used to assess, mitigate and monitor risks.

As part of its risk mitigation efforts, the Group reviewed the insurance programme in 2015 and consolidated some data centre insurance policies for better coverage and improved cost effectiveness.

Continuous efforts are placed in monitoring schedules and cost for all project developments. Significant issues and impediments are highlighted and discussed with mitigation steps taken proactively.

Strenghtening Risk Centric Culture
The management heightens risk awareness through continual education and communication. New overseas entities are progressively integrated into the Group's ERM Framework.

Fortifying Business Continuity Management
The Group is committed to enhance its operational resilience through the establishment of a robust BCM plan that will equip it to respond effectively to potential crises and external threats, while minimising any impact on people, operations and assets.

Led by BCM committees, business units conduct a range of simulations under a broad spectrum of possible disruptions to enhance operational preparedness.

Proactive Risk Management
The Group will continue to review and refine its risk management methodology, systems and processes to ensure its adequacy and effectiveness. A robust and effective risk management system will harness the Group's ability to take calculated risks and seize any presented opportunities.

Sustainability Report

As a subsidiary of Keppel Corporation, Keppel T&T identifies with Keppel Corporation's three sustainability focus areas in Sustaining Growth, Empowering Lives and Nurturing Communities.

Sustaining Growth

Our commitment to business excellence is underpinned by an unwavering focus on strong corporate governance and prudent financial management.

Resource efficiency is not only our responsibility, but also makes good business sense.

Innovation and delivering quality products and services are key in sharpening our competitive edge.

Page 55 – 67

Empowering Lives

People are the cornerstone of our business.

As an employer of choice, we are committed to grow and nurture our talent pool through continuous training and development to help our people reach their full potential.

We want to instil a culture of safety so that everyone who comes to work goes home safe.

Page 68 – 77

Nurturing Communities

As a global citizen, we believe that as communities thrive, we thrive.

We give back to communities wherever we operate through our multi-faceted approach towards corporate social responsibility.

We cultivate a green mindset among our employees to spur them towards adopting a sustainable lifestyle.

Page 78 – 79

Letter to Our Stakeholders

Dear Valued Stakeholders,
Keppel T&T continues its sustainability journey against a backdrop of urbanisation and climate issues dominating government agendas. The past year has seen governments and businesses gather in Paris for the UN Climate Change Conference to tackle climate issues while at home, Singapore has made good progress on its Sustainable Singapore Blueprint. Likewise, we are spurred to forge ahead towards a more sustainable future, aligned with the Keppel Group's three key thrusts of Sustaining Growth, Empowering Lives and Nurturing Communities.

I am pleased to share the highlights of Keppel T&T's sustainability efforts for 2015 in our fifth report that follows the internationally recognised GRI framework. The report focuses on the material sustainability issues and how as a Group, Keppel T&T creates long-term positive value for our stakeholders.

Sustainability performance in 2015
Across our Data Centre and Logistics Divisions, we are committed to incorporate sustainability in the design of our new facilities. Completed this year, Almere Data Centre 2 in the Netherlands features an efficient chilled water cooling system and Dynamic Rotary Uninterruptible Power Systems which reduce chemical waste, while Keppel Logistics' upcoming distribution centre in Tianjin will harness solar energy for heating and natural lighting. The ongoing environmental efforts and change in the Data Centre Division's portfolio have led to a drop in our indirect carbon emission intensity, from 127 tCO_2 to 78 tCO_2 per million dollar revenue.

In recognition of our efforts, all our data centres in Singapore have received Green Mark status from the Building and Construction Authority as well as SS 564 certification for Green Data Centres.

The well-being and development of our employees remains one of our topmost priorities. Keppel T&T maintained a safety record for the year with no incident occurrences. To uphold this, we have implemented the practice of hazard reporting for all employees to flag unsafe conditions or practices, allowing for corrective action to be taken promptly. In terms of training and development, average training hours per employee has gone up to 30 hours per year, as we continued to focus on staff's professional development. Keppel T&T achieved an overall score of 79% in terms of employee satisfaction in the Employee Engagement Survey conducted during the year.

We continued to make a positive difference in the communities where Keppel T&T is present. In 2015, Keppel T&T staff spent a total of 1,444 hours in volunteering activities, to support the underprivileged. In Singapore and China, our scholarships, bursaries, management trainee and internship programmes are excellent platforms for nurturing young talents.

Shaping the future
Looking ahead, as Keppel T&T grows its businesses, we will continue to explore and adopt energy-efficient technologies in our operations. On the data centre front, the digitisation wave sweeping the globe will fuel demand for even more space, underscoring the need to maximise efficiency in an energy-intensive industry. Keppel T&T's expertise and track record will enable us to identify and deploy sustainable solutions when developing green data centres of the future.

Our sustainability values will be more cohesively integrated within our Logistics Division, particularly in China where population growth and urbanisation present challenges to food safety and security. This is an area where Keppel Logistics, with its experience in developing food logistics parks, can make a positive impact for the benefit of the local communities.

I hope that this report will provide a starting point for us to engage our stakeholders in Keppel T&T's sustainability efforts and strategy and we look forward to your feedback.

Yours sincerely,

Thomas Pang
16 February 2016

About this Report

This Report is prepared in accordance with the Global Reporting Initiative (GRI) G4 reporting guidelines, at Core level. Corresponding to G4's emphasis on materiality, this Report covers the areas of sustainability that are deemed material to Keppel T&T and its stakeholders, in terms of economic, environmental and social aspects.

The General Standard Disclosures G4-17 to G4-27 from the GRI G4 Sustainability Reporting Guidelines have been externally verified to confirm that they are correctly located both in the Content Index and in the text of the final report.

Standard units of measurements used in this Report and conversion factors, where applicable, are explained in their respective sections.

The sustainability performance of Keppel T&T is a part of Keppel Corporation's Sustainability Report, which is externally assured. We will review the need to engage a separate external assurer for our Report in the coming years.

This Report covers material issues for Keppel T&T's operating subsidiaries in Logistics and Data Centre Divisions, as shown on page 137-140, as well as for the data centre facilities where the Group is the facility manager. Entities which Keppel T&T does not have majority control over, or have yet to start full-scale operations by 1 July 2015 are excluded from the scope of reporting[1].

Where possible, we aim to influence the sustainability performance of joint ventures and associated companies.

The disclosure period for this Sustainability Report is aligned with the 2015 financial reporting period of January to December. However, the performance data stated in this Report was annualised based on 10 month actual data, as finalised data was not available at the time of publication of this Report. If the actual data shows a variance of more than 5% from our estimations, we will restate the data and provide an explanation in the Sustainability Report produced in the following year.

There was no significant variance (of more than 5%) between our annualised data reported in the Sustainability Report 2014 and the actual data. The Liquified Petroleum Gas (LPG) consumption data from 2011-2014 has been restated, to exclude LPG used at the canteens[2] of our facilities, which was not related to our business operations.

The reporting scope in 2015 has expanded to cover data from Keppel Logistics Australia from July 2015 as well as Keppel Datahub 2 and Tampines Logistics Hub (under Keppel Logistics Singapore) from January 2015.

For further queries, please contact:
keppeltt@keppeltt.com.sg.

Strategic Memberships in Associations:
Keppel T&T is currently a member, partner with or active in: Singapore Logistics Association; Republic Polytechnic, Singapore; Singapore Infocomm Technology Federation; Uptime Institute Asia Pacific Network; Singapore Business Federation; Association of Aerospace Industries (Singapore); Singapore National Employers Federation; Foshan Association of Enterprises with Foreign Investment - standing director (1995); Foshan Logistics Industry Association - governing unit (2005); Guangdong International Freight Forwarders Association - standing director (2004); Guangdong Port & Harbours Association - standing director (since 2001); Singapore Chamber of Commerce and Industry in China - member (since 2002); Guangdong Guangzhou Customs Brokers Association - member (2009); Singapore-Guangdong Collaboration Council - director (since 2009); Singapore Business Group in Vietnam.

1 Keppel Logistics Tianjin, Jilin Food Logistics Park and Anhui Food Logistics Park are excluded from the reporting scope as they were under development as of 1 July 2015.
2 LPG for canteen use accounted for 50% of total LPG consumption in 2014.

01

01 *Keppel T&T was awarded the Silver Award for Best Investor Relations, Mid Cap Category, at the Singapore Corporate Awards.*

Performance Data

	2011	2012	2013	2014	2015	Page
Environment						
Indirect Energy (GJ)	138,364	171,507	195,403	216,624	258,699	61-62
Direct Energy (GJ)	59,893	44,290	43,183	69,842	64,050	62
Paper (tonnes)	41.9	40.3	28.5	41.9	55.8	66-67
Shrink Wrap (tonnes)	118.2	131.6	130.3	150	153.6	66-67
Water (m^3)	298,956	324,066	363,142	406,305	473,536	65-66
Disposed Waste (tonnes) (Singapore)	607	476	462	482	515	66-67
Recycled Waste (tonnes) (Singapore)	101	69	58	65	94	66-67
Recycling Rate (%) (Singapore)	14%	13%	11%	12%	15%	66-67
Direct Carbon Emissions (tCO_2)	4,454	3,325	3,235	5,182	4,793	63-64
Indirect Carbon Emissions (tCO_2)	20,464	25,575	27,930	28,410	32,594	63-64
Indirect Emission (tCO_2) per $1 million Revenue	173	186	167	127	78[3]	64
Incremental Energy Saved[4] (GJ)	13,818	6,861	183	2,520	19,830	62-63
Labour						
Training Hours per Employee	12	22	39	28	30	74
Monthly Employee Turnover (%)	2.2%	1.7%	1.1%	1.7%	2.2%	72
Accident Frequency Rate (reportable accidents per million man-hours)	1.4	1.4	0.4	0.2	0.0	75-76
Accident Severity Rate (man-days lost per million man-hours)	2,895	16.4	1.7	1.1	0.0	75-76
Community						
Donation and Sponsorship (S$)	44,793	59,817	128,930	115,989	92,762	79
Volunteer Hours	288	612	908	1,111	1,444	79

3 Excluding revenue and emissions from Keppel Datahub (T25) and Keppel Digihub (S25), the two data centres assets sold to Keppel DC REIT in 2014.
4 Incremental energy saved from initiatives undertaken during the year.

Accolades in 2015

Service Excellence

- Keppel Logistics received the award for Best Land Freight Forwarder, Singapore, at the inaugural ASEAN Transport and Logistics Awards 2015

Community

- Keppel Logistics received the SHARE Bronze Award presented by Community Chest Singapore

Corporate Governance

- Keppel T&T was presented the Silver Award for Best Investor Relations, Mid Cap Category, at the Singapore Corporate Awards

People

- Keppel Logistics and Keppel T&T won the Singapore HEALTH awards, Gold and Silver, presented by the Health Promotion Board. The award gives national recognition to organisations with commendable Workplace Health Promotion (WHP) programmes

Environment

- Keppel Datahub was awarded the BCA Green Mark Gold^{PLUS} accolade

Managing Sustainability

Leadership and Management Involvement
As a listed company, Keppel T&T is committed to the Code of Corporate Governance of Singapore. The Code provides the framework for controls, checks and accountabilities and requires the Board of Directors to consider sustainability issues in its business decisions.

Keppel T&T's sustainability strategy is endorsed by the Board of Directors. Reports on company sustainability performance which includes environment, people and community aspects are sent to the Board on a monthly basis. Sustainability risks are integrated as part of new project assessments. Project owners are required to plan for mitigation of such risks, if any, for project approval.

The Corporate Social Responsibility (CSR) committee, comprising senior representatives across the corporate departments and various business units, is responsible for developing Keppel T&T's sustainability strategy as well as monitoring sustainability performance and trends.

Keppel T&T Corporate Social Responsibility Management Structure

Board of Directors — **Senior Management** — **CSR Committee**

- Data Centre
- Logistics
- Group Human Resources
- Group Safety
- Group Strategic Development

Materiality and Stakeholder Engagement
Stakeholders are defined as groups of people or entities that are directly or indirectly influenced by our business operations and outcomes, or that can significantly influence our businesses. Through internal discussion and consultation with an external consultant, Keppel T&T has identified the key stakeholder groups of our businesses. This process included identifying the key stakeholders across our entire value chain and mapping the stakeholders most concerned in each stage of our business life cycle.

Our key stakeholders are our staff, shareholders, customers, suppliers and the communities in which we operate. Stakeholders are engaged for feedback regularly, and their feedback is viewed as a valuable insight for the Group to continuously improve our sustainability performance.

Below is a summary of our stakeholder engagement approach:

Staff	Shareholders	Customers	Community	Suppliers
Objective: Foster a cohesive identity and enhance two-way communications	**Objective:** Maintain timely, accurate and transparent communication	**Objective:** Strengthen customer relations through open communication and feedback on improvements	**Objective:** Contribute meaningfully to community welfare and development	**Objective:** Align our values and standards with long-term contractors to ensure smooth operations throughout the supply chain
Engagement: Annual Employee Engagement Survey, annual townhall meeting, online feedback channel, CEO communication session, quarterly HR and Union Dialogue	**Engagement:** Annual Report, Annual General Meetings, monthly/quarterly investors meetings, email feedback	**Engagement:** Annual survey, onsite audit, meetings and functions	**Engagement:** Regular dialogue with our endorsed charity organisations, research institutes and business federations	**Engagement:** Safety and operations workshops, annual reviews and feedback sessions

***01** Keppel T&T continually engages its stakeholders, including investors, with visits to understand its logistics and data centre operations.*

Unless indicated otherwise, all stakeholder engagements are carried out at least once a year. In 2015, no engagement was undertaken specifically as part of the report preparation process. The stakeholder engagements in 2015 have identified the following areas for improvement:

- The need to enhance efforts on innovation. We will look into creating a conducive environment for process innovation and exploring new technologies for deployment.
- Educational initiatives for underprivileged children. We have since incorporated this in our CSR programme and organised a project with Fei Yue Community Service in late 2015.

To define the content of this Sustainability Report, we have adopted GRI G4's four principles: Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness. Our approach is presented as below:

Stakeholder Inclusiveness	Sustainability Context	Materiality	Completeness
Conducted Annual Employee Engagement Survey and Customer Survey As and when possible, consult other stakeholder groups for opinions on the Company's strategy (investment analysts, shareholders, community groups)	Analysed key trends that would significantly affect the organisation in a comprehensive Risk Management Framework that was reviewed regularly	Reported on key material issues identified through stakeholder engagements, analysis and assessment of the CSR Committee with inputs from independent external consultants	Scanned through and reported on key material issues, across economic, environmental and social aspects, as well as, through the supply chain

Managing Sustainability

01

Materiality review is conducted every year, incorporating inputs from the stakeholder engagements. In 2015, the CSR Committee conducted a Materiality Review by refreshing the findings from the sustainability surveys done with staff, customers and suppliers in the past two years, with the help of an external consultant. A thorough analysis of material impacts and their boundaries was undertaken, with views from all businesses and key functions. The aspects listed below are material to all of the Group's subsidiaries in Logistics and Data Centre Divisions at all locations.

Aspect	Where impact occurs outside Keppel T&T
Service excellence	• All contractors engaged in providing service to customers
Economic performance	–
Occupational health & safety	• All on-site contractors • Transport contractors
Compliance	• All contractors
Energy efficiency & carbon emissions	• Transport contractors
Green building	–
Water management	• Chilled water cooling system provider
Effluents & waste management	–
Employment	–
Training & development	–
Diversity & equal opportunity	–
Non-discrimination	–
Employee engagement	–
Local community	–

The results of where the impact occurs outside Keppel T&T are presented above.

External contractors play an important role in several aspects deemed material to Keppel T&T. Contractors' conduct directly impacts our compliance and customer service excellence. Occupational health and safety is material to all contractors working on-site in our premises. In the Logistics Division, our energy efficiency and water management performance would also depend on the transport contractors and the chilled water cooling system provider.

Service Excellence

Logistics Division

Singapore & Malaysia

Keppel Logistics is committed to provide quality services to its customers by leveraging innovative solutions and technologies. Our operations use leading industry technologies such as Warehouse Management System, Transport Management System, Electronic Data Interchange and Global Positioning System that help smooth process flow, enhance data accuracy and goods security. At Tampines Logistics Hub, a conveyor and storage system integrated with carton erector and dispenser was deployed to improve operational efficiency and accuracy. The warehouse is positioned as a Regional Multi-channel Fulfilment Hub Facility.

In 2015, Keppel Logistics upgraded the food safety management system to SS590:2013 certification which further improved the food safety robustness in our end-to-end supply chain management. In addition, Keppel Logistics has also embarked on the Good Distribution Practice (GDP) certification for the storage and distribution of medicinal products.

Keppel Logistics was the inaugural recipient of the 2015 ASEAN Transport and Logistics Award (ATLAS) in the "Best Freight Forwarder (Land) Singapore" category. The award bears testament to our commitment to service excellence.

As an ISO certified company since 1993, customer satisfaction and feedback are integral elements in Keppel Logistics' business. This year, our customer satisfaction index remained strong with 92% of respondents rating our services as "good" or better.

China

Keppel Logistics Foshan has undertaken initiatives to continuously improve its operational efficiency and enhance customer satisfaction throughout the year. The company launched a WeChat platform to disseminate information of its latest services and promotion activities. Customers can also track their cargo status through this platform.

Port calls and operational efficiency have improved with a higher vessel turnaround rate. Since April 2015, the Company has taken over the weighing of cargo and supervision at the main gate from the customs authorities of

01 *We engage our suppliers and contractors to ensure strict compliance with standards set by the Group.*

02 *Keppel Logistics leverages technology to provide quality and innovative services for its customers.*

02

Service Excellence

01

01 Operational efficiency, cost management and customer satisfaction are some of the key focuses at our China port operations.

02 During the year, we celebrated the opening of Almere Data Centre 2 in the Netherlands, which features a green rooftop sustained by waste heat from data centre operations.

Lanshi Port, which increases the speed of cargo releasing and weighing.

As part of the efforts to enhance service quality, key customers were attended to by designated customer service staff. Similarly, operational staff were grouped to serve specialised cargo types, such as the chemicals, cotton yarn cargo and ceramics cargo groups, which enable staff to familiarise themselves with the operational requirements and procedures of the cargoes.

Foshan Sanshui Port launched the new Operational Management System in January 2015, which introduces a more efficient and accurate way of data collection. In addition, the company added a function on its website which enabled customers to track the status of their containers. A Customer Relationship Management system was also set up to better manage customers' information, along with an Operational Excellence System, which seeks to improve operational efficiency, cost management and customer satisfaction. The construction of the Rail-Mounted-Gantry in 2015 has further improved the port's operational efficiency.

Keppel Logistics Foshan conducted customer satisfaction surveys on a quarterly basis. Besides the regular customer visits, Foshan Sanshui Port conducted its customer satisfaction survey annually. Results of the surveys have been encouraging with improved scores as compared to the previous year. Customer feedback was carefully reviewed and issues raised were adequately addressed by the management team.

Vietnam

Indo-Trans Keppel Logistics (ITKL) Vietnam is commited to enhance its value proposition to customers by providing quality solutions. ITKL incorporated Radio-Frequency scanning as part of its capabilities and secured a new service contract to manage complex spare parts operations. ITKL Vietnam works closely with its valued customers through account management and regular service meetings to continuously improve processes, efficiency and customer satisfaction.

Data Centre Division
Keppel Data Centres' portfolio of Tier 3 data centres across Asia Pacific and Europe is a testimony of its experience in developing and operating state-of-the-art data centres. They are equipped with highly resilient mechanical and electrical facilities and fully redundant system designs, which allow concurrent preventive maintenance. The data centres are also highly secure and energy efficient.

At Keppel Data Centres, optimisation of energy systems includes the maintenance of energy efficient lighting, air management and cooling systems. To date, all three data centres owned or managed by Keppel T&T in Singapore have been certified with the SS564 National Green Data Centre Management System, which is modelled after the ISO 50001 framework. This underscores its commitment to build and operate green data centres that are energy efficient and offer cost savings while meeting customers' requirements.

With strict operating policies and processes in place, the Data Centre Division continues to achieve high availability and zero security breaches in 2015. Keppel Digihub successfully obtained the ISO 27001 – Information Security Management certificate, as part of its plan to strengthen internal control on IT and security. All its data centres in Singapore achieved SS 507:2008 certification on Business Continuity/Disaster Recovery. As a testament to high service standards, a customer renewal rate of over 90% was achieved in 2015.

02

Service Excellence

The following table summarises our management systems and standards:

Certification	Year
Keppel Logistics Singapore	
ISO 9001 – Quality Management Systems	Since 1993
ISO 14001 – Environmental Management Systems	Since 2002
OHSAS18001 – Occupational Health and Safety Management Systems	Since 2002
Workplace Safety and Health Council – bizSAFE Star	Since 2009
ISO 13485 – Quality Management Systems of Medical Devices	Since 2009
GDPMDS – Good Distribution Practice for Medical Device of Singapore	Since 2009
Secure Trade Partnership for robust security measures in trading operations (STP)	Since 2008
Trade Facilitation and Integrated Risk-based System (TradeFIRST) – Enhanced Band	Since 2011
SS590 – HACCP-based Food Safety Management Systems	Since 2011
Keppel Data Centres	
SS 564 – National Green Data Centre Management System (Keppel Datahub, Keppel Digihub and Keppel Datahub 2)	Since 2011/2015
TIA 942 – Tier III Telecommunication Infrastructure Standard (Keppel Datahub, Keppel Digihub, Keppel Datahub 2)	Since 2010/2013/2015
SS 507:2008 – Business Continuity/Disaster Recovery - Information and communications technology disaster recovery services (Keppel Datahub, Keppel Digihub and Keppel Datahub 2)	Since 2009/2011/2015
ISO/IEC 24762ICT Disaster Recovery (Keppel Datahub and Keppel Digihub)	Since 2010/2011
Threat Vulnerability Risk Assessment (TVRA) by the Monetary Authority of Singapore (Keppel Digihub)	Since 2012
Workplace Safe and Health Council – bizSafe level 3 (Keppel Datahub and Keppel Digihub)	Since 2013
SS 577:2012 Water Efficiency Management System (WEMS) (Keppel Datahub and Keppel Digihub)	Since 2015
ISO/IEC 9001: 2008 – Quality Management System (QMS) (Keppel Digihub)	Since 2015
ISO/IEC 27001:2013 – Information security management systems (ISMS) (Keppel Digihub)	Since 2015
Workplace Safety and Health Council – bizSAFE level 3 (Keppel Datahub, Digihub and Datahub 2)	Since 2013/2014
ISO 50001: 2011 Energy Management System (Keppel Datahub 2)	Since 2015
Keppel Logistics Foshan	
ISO 9001 – Quality Management Systems	Since 2000
“A Class River Port” certification (By Guangzhou Customs)	Since 2015
Keppel Logistics Hong Kong	
ISO 9001 – Quality Management Systems	Since 2000
ITKL Vietnam	
Food Safety Conditions (VSIP 1 DC/Ha Binh Phuong)	Since 2015/ 2014

Supplier Management
External contractors and suppliers play an integral role in our businesses. In the Logistics Division, contractors are engaged for transportation services, warehouse operations and facility maintenance. In the Data Centre Division, contractors are engaged mainly for equipment maintenance. The majority of our suppliers and contractors engaged are local companies.

We have a stringent set of criteria when screening for potential suppliers. The criteria include the Company's track record, reputation, service quality as well as other green and safety requirements. All contractors are required to abide by relevant laws and regulations during the course of engagement.

Contractors' performance is re-evaluated annually and we take necessary action to ensure satisfactory service quality and safety standards. No significant non-compliance cases with laws and regulations arose from our contractors.

Compliance and Fair Operating Practices
We comply with the laws and regulations of the countries where we operate. Non-compliance, if any, is tracked regularly under the Risk Management Framework.

To ensure compliance with the latest requirements, we subscribe to regulatory updates such as health and safety regulation from the Ministry of Manpower.

We are pleased to report that we have not received any significant monetary or non-monetary sanctions due to non-compliance in 2015.

Anti-Bribery and Corruption Measures
New employees at every level are required to declare conflicts of interest. They are also briefed on our anti-corruption policy and whistle-blowing procedures during their orientation. The policies are clearly stated in the HR policy file made available to employees. In addition, employees are responsible for the declaration of conflicts of interest as and when necessary, and senior management needs to declare this annually.

01

01 *In recognition of its dedication to service and operational excellence, Keppel Logistics was awarded Best Land Freight Forwarder at the inaugural ASEAN Transport and Logistics Awards 2015.*

Environmental Performance

Energy Savings

19,830GJ

Annual energy savings resulting from initiatives in 2015.

Carbon Emissions

38%

Reduction in indirect carbon emission density in 2015.

Data Centres

100%

Data centres owned or managed in Singapore achieved BCA Green Mark awards.

01

Framework on Environmental Sustainability

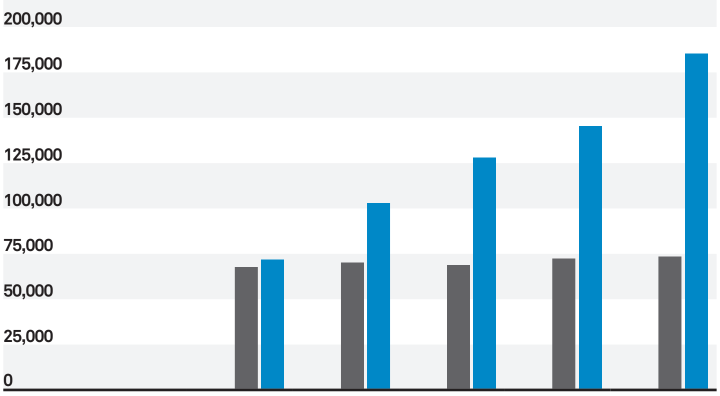
Operate Green
- Utilisation of energy-saving technology
- Green logistics operations

Build Green
- Green construction and infrastructure
- Research and development

Measure Green
- Monitoring of environment data
- Benchmarking and certification
- Effective carbon management plan

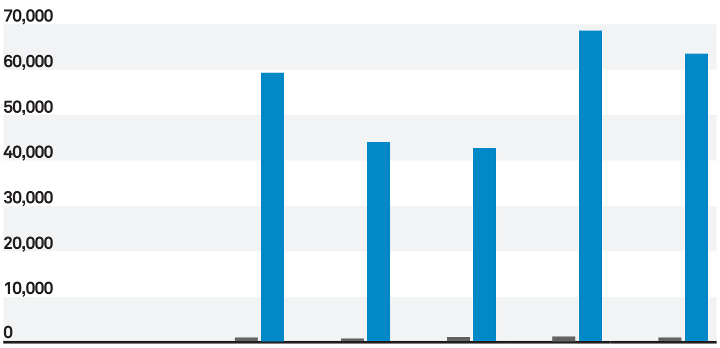
Educate Green
- Raising awareness on environmental protection
- Promotion of green practices

Electricity Consumption (GJ)



	2011	2012	2013	2014	**2015**
Logistics	67,144	69,294	68,155	71,745	**73,995**
Data Centre	71,220	102,213	127,248	144,880	**184,704**
Total	138,364	171,507	195,403	216,625	**258,699**

Direct Energy Consumption (GJ)



	2011	2012	2013	2014	**2015**
LPG	767	529	814	967	**753**
Diesel	59,126	43,761	42,369	68,876	**63,297**

01 *All data centres owned or managed by the Group in Singapore have been certified with SS564 - National Green Data Centre Management System.*

Environmental Sustainability Framework

Keppel T&T is committed to operate its business in an environmentally conscious manner. Our Environment Sustainability Framework focuses on four areas, namely operating, building, measuring and educating, which promotes green environmental conservation.

Energy Consumption and Emissions

Indirect Energy Consumption

Grid-supplied electricity is a significant source of indirect energy used in our operations. In 2015, the Group's total electricity consumption was 258,699GJ, 19% higher than that of 2014. This was mainly due to the inclusion of new entities into the scope of reporting. Excluding the new entities, electricity consumption actually decreased by 5% compared to 2014.

Data centres account for 71% of the Group's total electricity consumption. Data centres typically consume large amounts of energy. As such, managing energy efficiency is one of the top priorities in our data centres. Keppel Data Centres keep a close watch on the energy consumption of all the facilities owned or managed. This fulfils both our internal control requirements and our clients' requirements. A Green Data Centre Policy was introduced in 2015 to underscore our commitment towards efficient use of energy and water resources.

Environmental Performance

01

01 Transport Management System software helps Keppel Logistics to optimise usage of its vehicle fleet, reducing diesel consumption and greenhouse gas emissions.

At Keppel Logistics Singapore, the Environmental Policy introduced in 2001 reflects our commitment to conserve natural resources and reduce pollution. To date, all data centres owned or managed by the Group have been certified with SS 564 – National Green Data Centre Management System. Keppel Datahub 2 was also certified with ISO50001: 2011 Energy Management System in 2015. At Keppel Logistics Foshan, about 657GJ of solar energy was generated through solar panels for water heating purposes. Across the Group, we are exploring potential sites to install solar panels to harness green energy for our operations.

Direct Energy Consumption (GJ)

Diesel and LPG are the main types of direct energy used in our operations. Diesel is used to power the Logistics Division's equipment and transportation fleet, as well as the Data Centre Division's back-up generators. LPG is used to power forklifts in our Malaysia VI logistics unit.

In 2015, the Group's total direct energy consumption was 64,050GJ, 8% lower than that of 2014. While diesel consumption at the Data Centre Division increased due to the inclusion of Keppel Datahub 2 in the reporting scope, consumption in our logistics businesses decreased due to a reduction in fleet size and more transportation businesses being outsourced at ITKL Vietnam, which constituted 20% of the Group's total diesel consumption in the year.

Controlling direct energy usage is an integrated part of our environmental initiatives. Keppel Logistics Singapore conducted regular checks on vehicles to ensure they comply with environmental regulations, and monitored the consumption of diesel closely. Transport Management System (TMS) software is used to optimise the vehicle usage and help reduce mileage wastage. While we cannot monitor the diesel consumption of transport contractors, we make it a point to select contractors with similar environmental practices as ours. Routes undertaken by transport contractors are planned using our TMS software.

Direct energy consumption data for outsourced transportation has not been included in this Report due to the lack of an effective monitoring scheme.

Saving Energy

In the Logistics Division, we constantly explore energy efficient technologies to implement in our operations. At Keppel Logistics Singapore, the replacement of traditional Variable Refrigerant Volume (VRV) air conditioning system with a chilled water cooling system at one of the facilities has resulted in a 9% reduction in electricity consumption at the site. In Australia, 45% of the warehouse mezzanine lights have been changed to energy efficient LED lights in 2015.

In the Data Centre Division, green features and initiatives such as Dynamic Rotary Uninterruptible Power Systems, chilled water cooling systems, and motion sensor lightings at Keppel Datahub 2 have resulted in energy saving of 19,830GJ annually. This amount is equivalent to the annual energy consumption of 985 households in Singapore[5].

Green Building

Keppel T&T strives to minimise its carbon footprint by designing facilities that are environmentally-friendly to maximise energy efficiency.

In 2015, Keppel T&T was awarded the Green Mark Gold^{PLUS} for Keppel DC REIT's Keppel Datahub and the Green Mark Gold for Tampines Logistics Hub. Up till now, all the data centre facilities owned and managed by the Group, and two out of five logistics facilities in Singapore, have been certified with the BCA Green Mark.

Almere Data Centre 2, our newest data centre in Europe, features energy efficient features such as chilled water cooling system that utilises free ambient air during colder months, and Dynamic Rotary Uninterruptible Power Systems (DRUPs) that replace traditional battery-run uninterruptible power systems to reduce chemical waste. As a member of the Dutch Datacenter Association, Almere Data Centre 2 aligns its operational practices to the association's commitment to energy efficient data centres.

Keppel T&T continually seeks ways to improve energy efficiency in its data centres. It plans to work with the local municipality to integrate the existing data centres and potential future developments into an Almere Data Centre Campus that draws nearby green energy from Flevoland Wind Valley, which uses water for cooling from Hoge Vaart canal and recycles waste heat for a secondary district heating network.

In China, the Tianjin Eco-city Distribution Centre includes green features such as skylight in Very Narrow Aisle (VNA) warehouses, solar water heating for toilets, and energy saving lightings. Our warehouse was awarded the 1-star green building certification in China, which is equivalent to Singapore's BCA Green Mark Gold.

Greenhouse Gases (GHG) Emission

GHG emission is the main source of environmental footprint of our businesses. Emissions are computed based on the internationally accepted conversion factors[6], and classified using the GHG Protocol[7].

Under Scope 1 direct emissions from the consumption of diesel, LPG and chiller leakage in our business operations have decreased by 8%, mainly due to the increase in transportation outsourcing. Emission of ozone-depleting substances of 103.5 tCO_2 comes from chiller leakage, which is based on the assumption that 3% of the total refrigerant holding capacity is leaked into the atmosphere, based on Department for Environment, Food and Rural Affairs (DEFRA) standards. There were a total of 29 chillers located in Singapore,

Classification of GHG emissions from our operations:

Scope 1 Direct Emission	Scope 2 Indirect Emission	Scope 3 Other Indirect Emission
Diesel (for running owned vehicles, machineries and equipment)	**Electricity**	**Material (paper & stretch wrap)**
LPG (for running forklifts)		**Electricity used by supplier (chilled-water cooling system)**
Chiller leakage (ozone-depleting substances)		

[5] According to Energy Market Authority (EMA) Statistics, the average monthly consumption of electricity by households was 466 kWh in 2015.

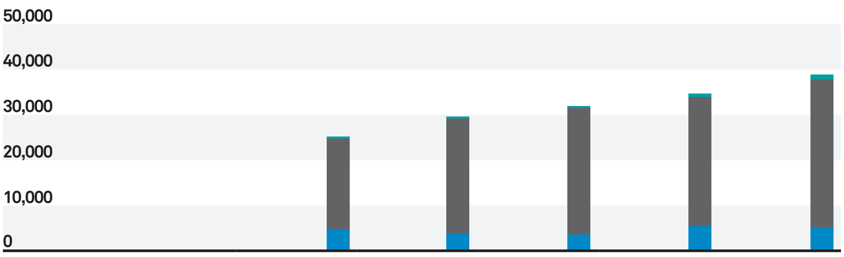
[6] Sources for conversion factors: National Environment Agency (NEA) 2015 for Singapore, International Energy Agency (IEA) 2013 for Vietnam, DEFRA 2015 for other countries.

[7] The GHG emission scopes 1, 2 and 3 are defined by the GHG Protocol. Scope 1 refers to emission from company owned and operated facilities, machines, vehicles, etc. Scope 2 refers to emission from sources external to the company, but which provide the company with a service such as power plants and other utilities. Scope 3 refers to emission from daily activity that performs a supporting role to the company such as employee commuting, business travel and the purchase of office supplies.

Environmental Performance

01

Carbon Emissions (tCO_2)



	2011	2012	2013	2014	**2015**
Scope 1	4,454	3,325	3,235	5,182	**4,793**
Scope 2	20,464	25,575	27,930	28,410	**32,594**
Scope 3	382	425	405	870	**1,132**

of which 24 chiller units used HCFC-123, three chiller units used HFC-134a and two used HCFC-22 (R22). All of which have been approved for use until 2030 under the Montreal Protocol.

Scope 2 emissions, which are indirect emissions from electricity consumption, increased by 15% due to the inclusion of new entities in the reporting scope. Excluding the new entities, Scope 2 emissions actually decreased by 8% compared to that of 2014, due to energy-saving efforts.

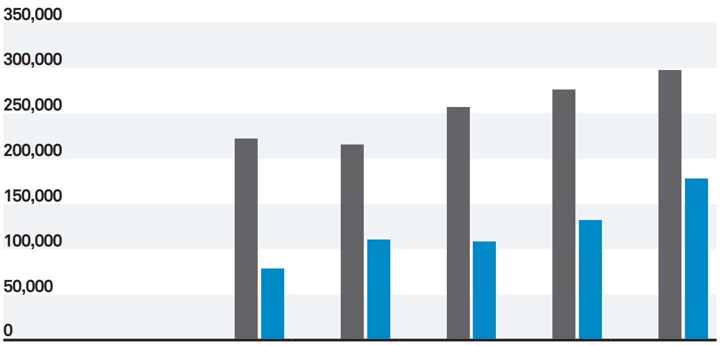
Scope 3 emissions increased by 30% to 1,132 tCO_2, given the full year electricity usage by our chilled water cooling system provider at Keppel Logistics Singapore. Scope 3 emissions in 2014 have been restated to exclude emissions from LPG used by the canteen operators,which is not under the scope of our businesses.

To manage the carbon footprint as our businesses expand, we also track the intensity of carbon emission using indirect carbon emission per $1 million revenue. The Group's overall carbon emission intensity decreased from 127 tCO_2 to 78 tCO_2 in 2015. This is because Keppel T&T divested two data centre assets to Keppel DC REIT, revenue and emission from these two assets are excluded in the computation of the emission intensity.

Direct carbon emissions (or Scope 1) are not included in the calculation, as this depends on the level of transport outsourced and therefore does not reflect our emission control efforts.

Keppel T&T continuously monitors and explores ways to minimise our carbon emission. The performance data is analysed in the Annual Carbon Management Plan.

Water Consumption by Division (m^3)



	2011	2012	2013	2014	**2015**
Logistics	221,284	214,628	255,787	275,064	**296,734**
Data Centre	77,672	109,437	107,355	131,241	**176,802**
Total	298,956	324,065	363,142	406,305	**473,536**

02

01 *We continuously monitor our energy consumption and emissions across our data centre and logistics operations to improve our performance.*

02 *River water is used for barge cleaning and container washing at Keppel Logistics' river ports in China.*

Managing Suppliers' Environmental Performance

In the Logistics Division, our transport contractors have a direct impact on our energy efficiency and carbon emissions footprint. To reduce the negative environmental impact from the transportation business, Keppel Logistics Singapore included green certification, such as ISO14001, in the selection criteria for transport contractors. Keppel Logistics Foshan has specific clauses about environmental protection in every contract, and container repair contractors are informed about proper sewage treatment during safety orientation.

So far, there has not been any record on environmental incidents caused by our sub contractors.

Water Consumption

Water is used for washing and operational needs. At Keppel Logistics Foshan, river water is used for barge cleaning and container washing. Keppel Data Centres and Keppel Logistics use water to run the chilled water cooling system, which has a higher efficiency level compared to traditional chiller systems powered by electricity.

Total water consumption of the whole group increased by 17% to 473,536m^3 compared to that of last year. This was mainly attributed to the implementation of the chilled water cooling system in July 2014 at Keppel Logistics Singapore, as well as the inclusion of new entities in the reporting scope. Of the total water consumption in the Logistics Division, 15% or 43,514m^3 was drawn from rivers with the rest drawn from public utility providers.

At Keppel Logistics, water consumption for the chilled water cooling system is tracked regularly and charged to the system provider engaged.

Environmental Performance

In the Data Centre Division, Keppel Digihub achieved the SS577: Water Efficiency Management System certificate in 2015, with the implementation of a Water Efficiency Policy and procedures to manage water usage. At Keppel Datahub 2, over 90% of its total water consumption is from NEWater, a high grade reclaimed water produced from treated used water.

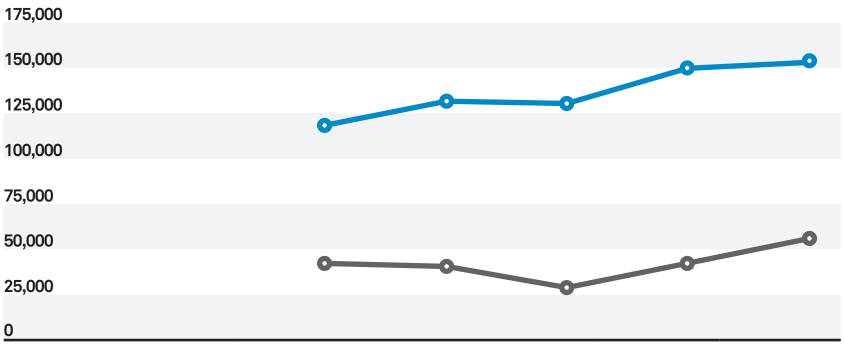
Material and Waste

Paper is used for office and labelling purposes, and stretch wrap is used to protect goods in our logistics operations.

In 2014, our paper and stretch wrap consumption increased by 33% and 2% respectively. This is largely due to the inclusion of new entities in the reporting scope. The paper consumption increased significantly due to the inclusion of Keppel Logistics Australia, where parcel labelling is required as part of its services. Excluding the new entities, paper and stretch wrap consumption decreased by 3% and 2% respectively.

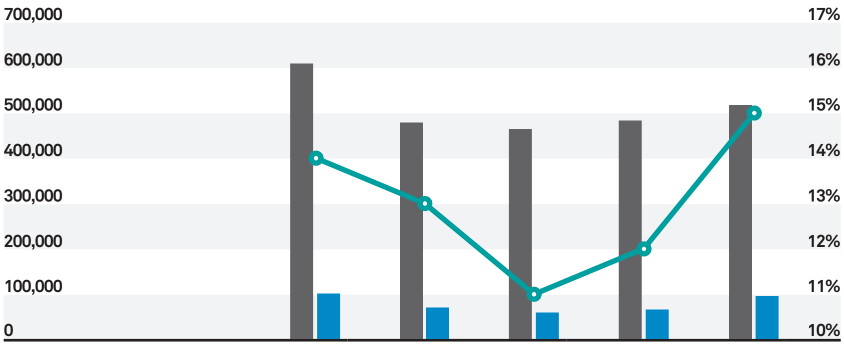
Our efforts to reduce unnecessary consumption of materials continued in 2015 with continued training of our staff and sub-contractors. All used materials were collected and sent for recycling whenever possible.

Material Consumption (kg)



	2011	2012	2013	2014	**2015**
Paper	41,911	40,298	28,509	41,948	**55,760**
Stretch Wraps	118,160	131,608	130,266	149,975	**153,643**

Waste Disposed and Recycled in Singapore (kg)



	2011	2012	2013	2014	**2015**
Waste disposed	606,554	476,230	462,030	481,670	**515,400**
Waste recycled	101,054	68,823	58,239	65,348	**94,307**
Recycling rate (%)	14%	13%	11%	12%	**15%**

As a service provider, Keppel T&T does not generate or handle hazardous waste in all of our operations. However, we keep track of waste disposal whenever possible, to ensure that there are no potential environmental risks arising from waste disposal.

In Singapore, the weight of waste disposed is measured by our authorised waste collectors, and waste is sent to the incineration plants for energy recovery. Disposed waste at our overseas business units in Australia, China, Malaysia and Vietnam are collected by authorised waste collectors and sent to landfill sites in compliance with local regulations. In this Report, we have excluded waste disposal figures for Australia, China, Malaysia and Vietnam business units due to a lack of accurate weight data from their waste collectors.

In 2015, the total waste sent for incineration in Singapore was 515,400kg. The recycling rate improved to 15%, with the ongoing efforts to raise awareness on the importance of recycling and reducing consumption.

01

***01** The recycling rate improved to 15% with the ongoing efforts to raise awareness on the importance of "Reduce, Reuse, Recycle".*

Labour Practices and Human Rights

Accidents

0

Reportable accidents that happened during the year.

Training

44,583hrs

Training received by employees across the Group.

Employee Engagement

79%

Score obtained from Employee Engagement Survey.

Our People

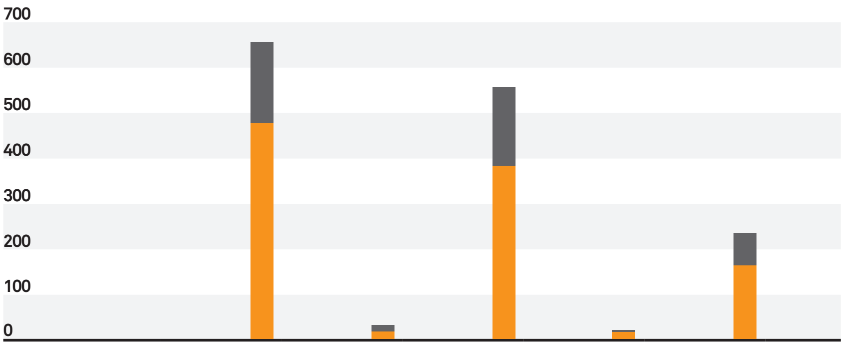
People play an integral role in our business strategy at Keppel T&T. Our philosophy of 'Empowering Lives' aims to bring out the best in our people, inspire performance and nurture their overall well-being. Three pillars of focus help to guide our approach: Career Development, Employee Welfare and Employee Engagement.

Career Development	Employee Welfare	Employee Engagement
Objective: To nurture, develop and empower staff to attain their best potential	**Objective:** To enhance overall staff wellness	**Objective:** To foster a cohesive identity within the Group and provide open feedback channels
Approach: Performance management, Talent management, Learning and development	**Approach:** Health and wellness activities Focus on work life balance	**Approach:** Open communication, Rewards and recognition, Team-building

01

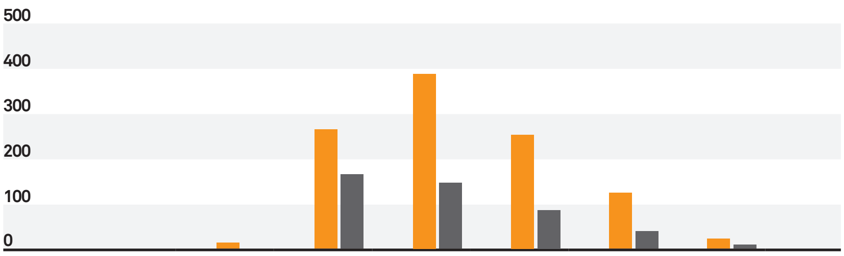
01 *Recognising the wealth of knowledge and experience that older workers can bring, the Group proactively engages those with satisfactory work performance and are certified medically fit prior to retirement to discuss re-employment terms.*

Employees Profiles by Region and Gender



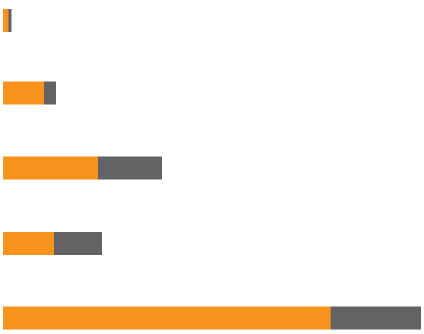
	Singapore	Malaysia	China	Australia	Vietnam	Total
Male	477	16	382	15	162	1052
Female	178	14	173	4	71	440
Total	655	30	555	19	233	1492

Employees Profiles by Age and Gender



	<20	20-29	30-39	40-49	50-59	60 & Above	Total
Male	4	264	387	252	123	22	1052
Female	0	164	145	85	38	8	440
Total	4	428	532	337	161	30	1492

Gender Diversity and Seniority Profile



	Male	Female
Senior Management	5 62.5%	3 37.5%
Middle Management	83 78%	24 22%
Executive	193 60%	130 40%
Supervisory & Confidential	103 51%	98 49%
Non-Executive, Non-Supervisory	668 78%	185 22%

Male Female

Employee Profile

The Group embraces diversity regardless of gender, age or ethnicity, and provides a collaborative environment for employees to be constantly engaged and motivated to perform well on their jobs.

As at 31 December 2015, 1,492 staff were employed across the Group, of whom 37% were permanent staff and the rest were contract staff. During the year, 467 new staff joined the Group, mainly in growing markets of Singapore, China and Vietnam. Our average monthly recruitment rate and turnover rate for the year stood at 2.6% and 2.2% respectively.

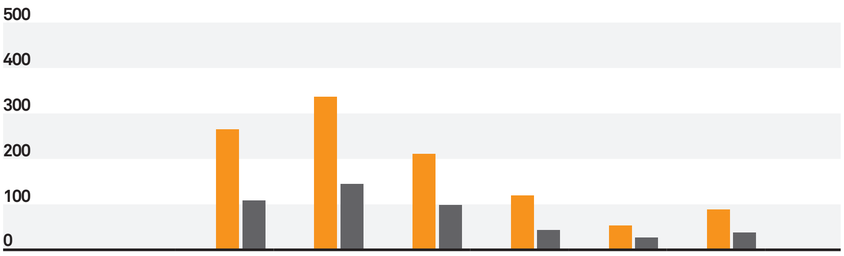
The Group's diverse workforce comprises 12 nationalities with the majority based in Singapore (44%), China (37%) and Vietnam (16%). Female employees make up about 29% of the Group's workforce and 36% of positions that are of executive level and above.

45% of our employees hold tertiary qualifications and above, representing an increase of 4% from 2014. This includes Diploma, Bachelor's and Master's degree holders. 22% of employees hold technical or trade certificates, GCE "O" and "A" levels.

The Group believes in leveraging local expertise and talent to grow the business. As a multinational corporation with businesses spanning nine countries, we strive to maintain a predominantly local workforce wherever we operate. In 2015, 63% of key management, (defined as the top three decision-makers in our business units) were locals. This represents a year-on-year increase of 4%.

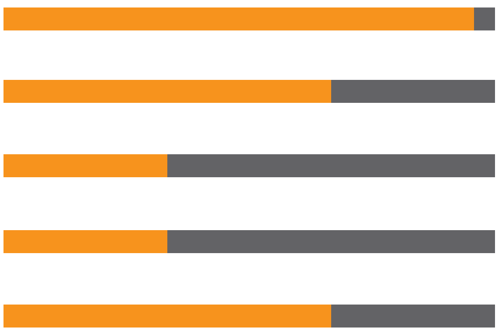
Labour Practices and Human Rights

Service Length Profile



	<1 Yr	1-2 Yrs	3-5 Yrs	6-10 Yrs	11-15 Yrs	16 Yrs & Above	Total
Male	261	333	207	116	50	85	1052
Female	105	141	95	40	24	35	440
Total	366	474	302	156	74	120	1492

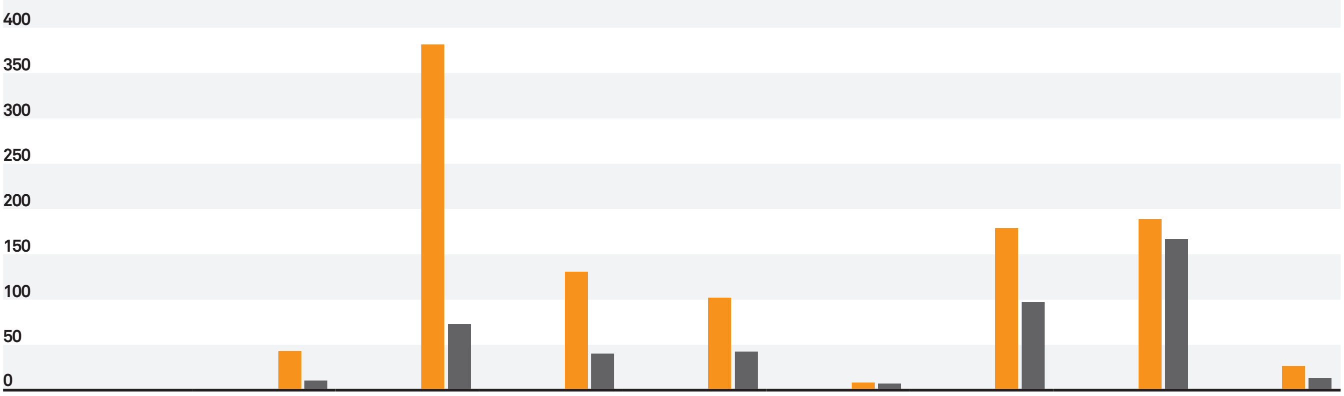
Key Management Distribution By Country & Local/Foreigner



	Local	Foreigner
Singapore	20 95%	1 5%
Malaysia	2 67%	1 33%
China	7 33%	14 67%
Australia	1 33%	2 67%
Vietnam	2 67%	1 33%

Local
Foreigner

Qualifications



	Primary	Secondary	Technical/ Trade Certificate	GCE 'N'/ 'O' Level	GCE 'A'	Diploma	Bachelor's Degree	Master's Degree
Male	42	382	130	101	6	178	188	25
Female	9	72	39	41	5	96	166	12

Re-Engagement of Older Workers

Keppel T&T recognises the breadth and experience that older employees can contribute even after retirement. We proactively engage these older employees at least six months prior to the statutory retirement age of 62 in Singapore to discuss terms of re-employment.

Staff with satisfactory work performance and who are certified medically fit are offered re-employment based on term contracts. We are aligned to the fair employment practices outlined by the Tripartite Guidelines on Re-employment of Older Employees when implementing re-employment.

The Group currently has 16 employees above 62 years old who have been re-employed. The oldest employee is 74 years old. Our longest-serving re-employed staff has been with the Company for more than 46 years.

New Hires in 2015

	Singapore	Malaysia	China	Australia	Vietnam
New hires in 2015	166	10	150	7	134
As a % of total employees					
Total new hires	25%	33%	27%	37%	58%
New hires who are women	5%	23%	7%	0%	14%
New hires who are below 30 years old	12%	10%	13%	11%	47%
New hires who are between 30 to 50 years old	10%	20%	14%	21%	11%
New hires who are over 50 years old	3%	3%	0%	5%	0%

Policies and Practices

Keppel T&T is committed to providing a fair and inclusive work environment based on meritocracy for all our employees. We pledge to uphold the fair employment practices as recommended by Singapore's Tripartite Alliance for Fair & Progressive Employment Practices.

Upon joining the Company, all new employees are briefed on the following key policies:

1. **Employee Code of Conduct:** To address standards of expected employee conduct including Safety, Workplace Harassment, Business Conduct and Conflict of Interest;
2. **Anti-Bribery and Corruption:** To address what constitutes bribery and corruption, the consequences of committing bribery offence and possible courses of actions;
3. **Insider Trading Policy:** To ensure compliance with all laws and regulations when dealing with Company's sercurities;
4. **Competition Law Compliance:** To ensure compliance with the Competition Act which prohibits anti-competitive agreements and the abuse of dominant position;
5. **End User Computing:** To inform on the responsibilities as a user of Keppel's computing resources;
6. **Safeguarding Information:** To establish the minimum standards in using all corporate information and information assets, including but not limited to infrastructure, IT systems, applications, devices and connections;
7. **Public Affairs / Communications / Brand:** To provide perimeters when promoting and enhancing the Group's brand values and image;
8. **Whistle-Blower Protection:** To encourage the reporting in good faith of suspected reportable conduct, provide clearly defined processes through which such reports may be made with confidence that employees and other persons making such reports will be treated fairly;
9. **Personal Data Protection:** To govern the collection, use and disclosure of individuals' personal data by organisations in a manner that recognises both the right of individuals to protect their personal data and the need of organisations to collect, use and disclose personal data;
10. **Telemarketing:** To establish guidelines on any existing or proposed activities involving the sending of telemarketing messages.

Provision of Benefits

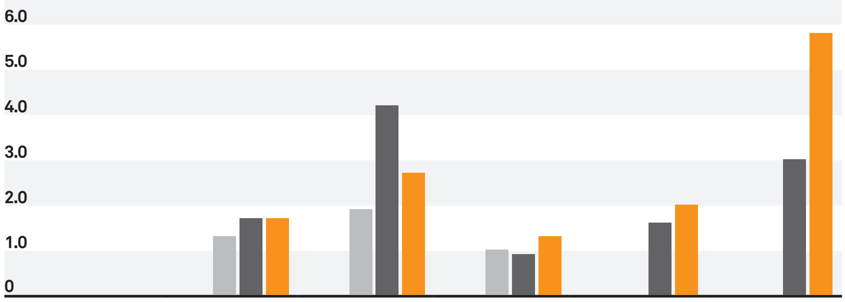
The Group complies with all the statutory regulations relating to

Singapore's Tripartite Alliance For Fair & Progressive Employment Practices (TAFEP) - Key Principles

- **Recruit and select employees on the basis of merit (such as skills, experience or ability to perform the job), regardless of age, race, gender, religion, marital status and family responsibilities, or disability;**
- **Treat employees fairly and with respect and put in place progressive human resource management systems;**
- **Provide employees with equal opportunities to be considered for training and development based on their strengths and needs, to help them achieve their full potential;**
- **Reward employees fairly based on their ability, performance, contribution and experience;**
- **Abide by labour laws and adopt the Tripartite Guidelines on Fair Employment Practices.**

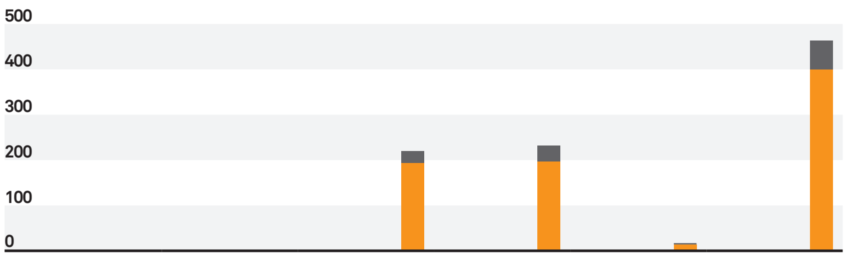
Labour Practices and Human Rights

Average Monthly Turnover Rate (%)



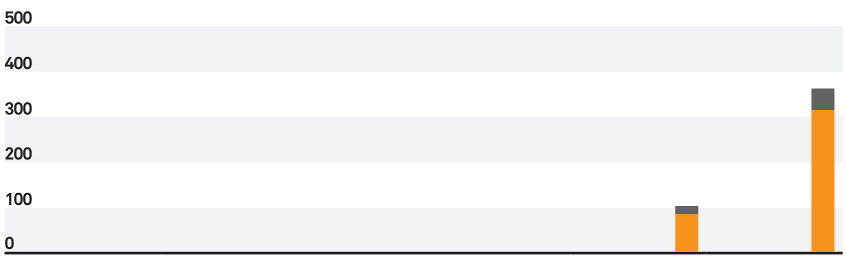
	Singapore	Malaysia	China	Australia	Vietnam
2013	1.3	1.9	1.0	–	–
2014	1.7	4.2	0.9	1.6	3.0
2015	**1.7**	**2.7**	**1.3**	**2.0**	**5.8**

Employee Turnover by Age



	Below 30 years old	Between 30 to 50 years old	Over 50 years old	Total Turnover
Involuntary	26	35	3	64
Voluntary	192	195	11	398

Employee Turnover by Gender



	Female	Male
Involuntary	17	47
Voluntary	84	314

employment terms and benefits to offer employees competitive and sustainable compensation. Benefits for employees vary slightly across the different markets depending on the norms of each country.

All employees across the Group are provided with:

- Group personal accident and group term life insurance;
- Outpatient and inpatient hospital and surgical healthcare coverage; and
- Contribution to local pension funds (Central Provident Fund in Singapore, Employees Provident Fund in Malaysia, Social Security in China, Social Insurance Fund in Vietnam and Superannuation Fund in Australia)

In addition to the benefits required by local labour regulations, the Group also provides other benefits such as childcare, maternity, paternity, marriage and compassionate leave. In 2015, a total of 61 employees took parental leave, of which 47% were male and 53% were female. The return rate for staff who took parental leave was 100%. The retention rate 12 months after taking parental leave increased by 1% from the previous year to 95%.

Labour Management Relations

Keppel T&T has maintained a close partnership with the Singapore Industrial and Services Employees' Union (SISEU) to promote a harmonious labour management relationship. About 29% of Keppel T&T's bargainable employees in Singapore are union members.

In 2015, the Group continued its support for Union activities. Staff were granted Union leave to attend delegate conferences, branch meetings and other communication sessions. Management regularly engages Union representatives to provide business updates, discuss human resources matters and exchange ideas that contribute towards a holistic work environment for our staff.

In 2015, the Group concluded the renewal of the Collective Agreement (CA) with SISEU for another three years from January 2016 to December 2018. The CA covers general terms and conditions of employment, including general guidelines, compensation and benefits as well as the retirement and re-employment of the Group's bargainable employees.

Employees within the Group have access to a formal channel to voice their grievances. An established set of guidelines and procedures allows employees to readily approach their supervisors or the Human Resource Department, to address their concerns or report inappropriate conduct, without fear of reprisal under the Whistle-blower Protection policy. In 2015, no incidents of discrimination or grievances relating to human rights or labour practices were reported.

Career Development

Performance Management

Keppel T&T actively advocates a performance-based culture where every employee undergoes an annual performance assessment. At the beginning of the year, supervisors and employees jointly discussed performance goals based on a scorecard focusing on four clear and measurable key areas: Financial, Process, Stakeholders and People.

For non-executive staff, an additional half-yearly performance review was conceived to help employees progressively meet their expected targets by end of the year. Through this process, the Company is able to identify underperforming employees and put in place additional coaching and supervision to help them improve on their job and attain their desired performance goals.

Successsion Planning and Talent Management

Succession Planning and Talent Management continues to be one of the key priorities of Keppel T&T in building and developing its bench strength to ensure successful business continuity. The framework is reviewed at least twice a year by senior and top management as well as the Board Nominating Committee to ensure high potential employees are identified to be groomed for leadership succession.

The Group actively seeks out young talents with leadership potential, both within its ranks and externally, through programmes such as the Keppel Scholarship programme and the Group's Management Trainee programme which identify and nurture promising young talents to excel within the Group.

The Keppel Scholarship programme provides undergraduate scholarships to young aspiring applicants to build their career with the Company. The Group's Management Trainee programme aims to develop promising new hires with the Company. Management trainees under the programme are given opportunities to rotate across different job functions and gain exposure through overseas assignments.

This year, a new Leadership Potential Assessment Tool was introduced to identify and earmark talents within the Group for top, senior and middle management positions. Leveraging the new assessment tool, talents identified are given opportunities to enhance their work experience through job rotations, overseas projects, stretch assignments or leadership roles.

Employees identified under the programme will also benefit from learning and development

Professional & Technical skill development

- **Objective: To enhance an employee's technical skills needed to effectively perform his work.**
- **Approach: Using a framework of competency mapping, the relevant training is segregated into core and elective modules.**

  Core modules include on-the-job training (OJT), safety refresher and risk assessment.

  Elective modules include soft skills training such as personal effectiveness and functional related tropics.

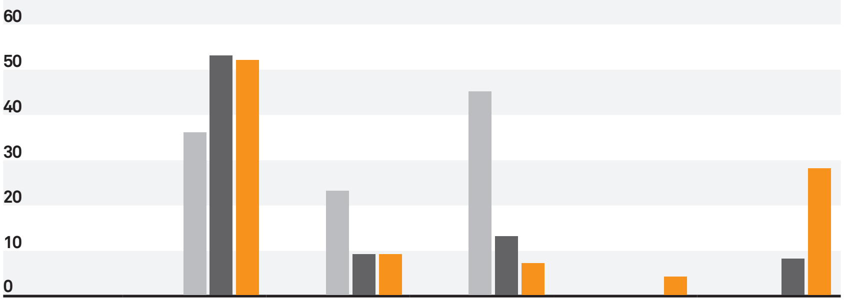
Leadership skill development

- **Objective: To develop future leaders in the Group and equip them with capabilities to drive the businesses forward.**
- **Approach: Blended learning beyond the classroom which includes online learning, interactive learning, business case studies and projects.**

Labour Practices and Human Rights

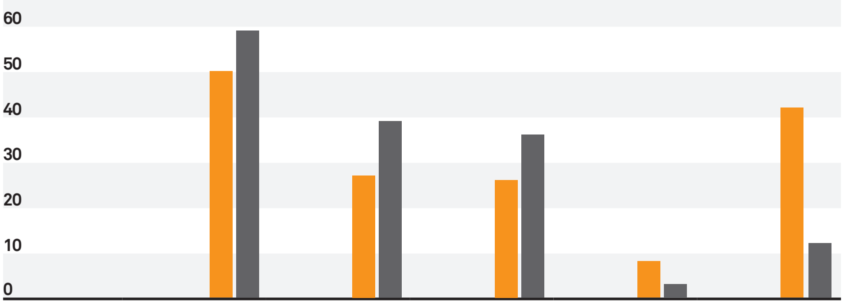
01

Average Training Hours per Employee by Country



	Singapore	Malaysia	China	Australia	Vietnam
2013	36	23	45	–	–
2014	53	9	13	–	8
2015	**52**	**9**	**7**	**4**	**28**

Average Training Hours by Gender and Seniority



	Senior Management	Middle Management	Executive	Supervisory and Confidential	Non-Executive, Non-Supervisory
Male	50	27	26	8	42
Female	59	39	36	3	12

opportunities such as training courses that hone their leadership, strategic management and critical thinking skills as well as greater exposure with senior management and Board members.

Learning & Development

In 2015, $648,020 was invested in training. 6,941 training places were provided for employees, who underwent a total of 44,583 training hours.

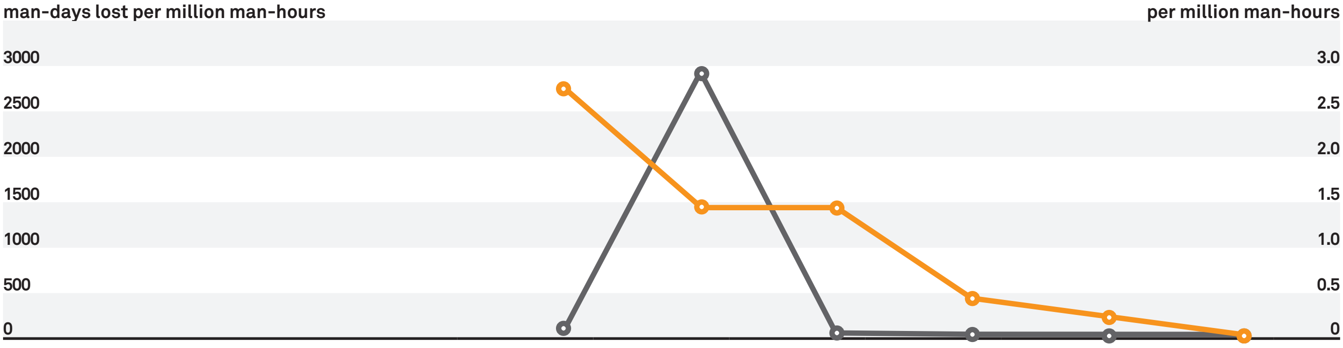
We recognise the importance of investing in our people to keep them continually relevant in their jobs. The Group provides opportunities for employees to upgrade themselves through internal and external courses and seminars. We encourage our employees to pursue higher qualifications and private courses related to their field of work by providing up to seven days of examination leave per year under the Training Support schemes.

Under the current performance management framework, the Group is able to identify the development necessary for our employees to progress and upgrade their skills. Development is categorised into Professional & Technical skills and Leadership skills (see page 73).

Group Exchange Programme

Every year, selected executives across the Group's business units, including the overseas units, are invited to attend the Group's exchange programme held in Singapore. Through classroom interactions, presentations and site visits, participants gain a deeper understanding of the Group's different business units and hone their critical thinking and strategic planning skills. The sharing sessions also allow them to learn from each other's best practices. This year, 36 staff from the Group benefitted from the programme.

Safety Performance



	2010	2011	2012	2013	2014	**2015**
ASR	71.4	2895	16.4	1.7	1.1	**0**
AFR	2.7	1.4	1.4	0.4	0.2	**0**

Both the ASR and AFR were zero in 2015 – no reportable accidents have occurred in our premises

Employee Welfare

Health and Safety

Safety is one of the core values of the Keppel Group. Our goal is to have an incident-free workplace for all our stakeholders, through a comprehensive safety management approach and strong safety culture.

Safety Management

The Board Safety Committee at Keppel T&T maintains oversight of safety issues while an Environment, Health and Safety Committee in each of our business units ensures operational safety, identifies actions to be taken, raises awareness on health and safety and provides updates on regulations.

In all of our business units, we closely monitor cases of occupational disease, lost time due to injuries, accident severity rate (ASR), accident frequency rate (AFR) and near-misses for all directly-employed staff and contractors working on-site. This year, we have integrated hazard reporting as part of our safety reporting system to encourage greater safety consciousness among all employees. The Board and Management of Keppel T&T are updated on the Company's safety performance on a monthly basis.

Safety audits are frequently conducted at all our facilities including construction sites, to identify risk areas and take pre-emptive action if necessary. Safety meetings are conducted with staff and contractors on a regular basis.

Safety Performance

Keppel T&T participated in the annual Keppel Safety Convention, which is a platform to canvass and showcase new innovative safety ideas. This year, one project from Keppel T&T won Gold Award, two projects won Silver Awards and one won Bronze Award for Safety Innovation.

Safety Education

In 2015, we continued our efforts to educate staff on safety initiatives. Courses attended by staff included safety orientation, Material Handling Equipment (MHE) training, working at height, risk assessment, racking safety as well as stack loader training in the logistics business.

We extend our robust safety standards to encompass our vendors and partners. Contractors working on-site are required to comply with safety requirements before they commence any work. In addition, to promote safe driving, we have developed Keppel T&T

02

__01__ Keppel T&T's annual exchange programme provides international exposure and learning opportunities for employees across the Group.

__02__ We are committed to maintain a safe work environment for all our employees.

Labour Practices and Human Rights

Road Safety standards in consultation with our logistics business units and contractors. This is being progressively rolled out across our business units. During the year, Keppel Logistics Foshan organised a Defensive Driving course for their drivers and contractors. While in Singapore, safety refresher training was conducted by a professional trainer for drivers and transport contractors.

Keppel Logistics organised an annual Environment, Health and Safety (EHS) month in July every year. During the month, various activities such as exhibitions, talks, quizzes and games take place, to raise staff's awareness on EHS issues. To demonstrate our commitment towards road safety for the society, Keppel Logistics sponsored $10,000 for the Singapore Road Safety Council's fund raising event in 2015.

Employee Health & Wellness
In 2015, Keppel T&T rolled out initiatives in line with the HEALTH Charter (Helping Employees Achieve Life-time Health) signed by the Group. These included:

- Lunchtime health talks and distribution of healthy snacks monthly
- Regular sporting activities for employees
- Complimentary health screening

In recognition of its efforts to inculcate a healthy lifestyle among employees, both Keppel T&T and Keppel Logistics Singapore currently hold the Singapore HEALTH award (Silver and Gold respectively).

During the year, Singapore saw a period of haze that gave rise to unhealthy air condition. We distributed protective masks to staff engaged in outdoor tasks and they were reminded to minimise their outdoor activities when the Pollutant Standards Index (PSI) reached unhealthy range.

Work-Life Balance
We believe that work-life balance is one of the ways that the Group can improve employee satisfaction and retention. The Group's Work-Life Harmony programme includes activities that promote family bonding such as the Keppel T&T Family Day, Eat with Your Family Day and the Keppel T&T Bowling Challenge. Staff and their families also enjoy complimentary access to popular leisure destinations such as the Singapore Zoo, River Safari and Sentosa.

Team Bonding
The Group recognises the value of teamwork and believes that promoting a spirit of collaboration

01

01 *Employees are encouraged to lead a healthy lifestyle with regular sporting activities organised by the Group.*

02 *The Group celebrated the contributions of 21 longtime employees in 2015 with Long Service Awards.*

02

both within and across business units will benefit the whole organisation.

In Singapore, team building sessions were organised every quarter to encourage cross-function interaction among staff from different departments and business units. Other activities such as the Keppel T&T Dinner and Dance, the Lunar New Year and the Racial Harmony Day celebrations played an important part in forging closer relationships between colleagues within a relaxed and informal setting.

Employee Engagement
Communication

Keppel T&T believes that effective communication between management and staff plays a fundamental role in creating an inclusive work environment.

Various formal and informal platforms have been set up to promote two-way communication between management and staff. The Keppel T&T Townhall Meeting was one such platform that allowed management and staff to discuss the Group's performance and business outlook.

The Group also rolled out "Connections", a quarterly e-newsletter on the Group's activities and developments.

Employee Engagement Survey

In 2015, the Group sought feedback from employees by commissioning the Keppel Global Employee Engagement Survey, which was conducted by an independent global employee engagement company, for our employees in Singapore, Malaysia, Vietnam and China. The survey assessed employees' attitudes towards 14 facets of organisational effectiveness including leadership, management, work environment, innovation and collaboration to determine the extent to which employees are proud, motivated and committed to the Company. Close to 300 employees responded to the online survey, representing a response rate of 97%. The Group achieved an overall engagement score of 79%.

Rewards & Recognition

In 2015, 21 staff received the Keppel T&T Long Service Award in recognition of their loyal contributions to the Group.

To motivate employees to strive for continuous improvement and increase their work productivity, Keppel Logistics Singapore honours staff or departments that have achieved outstanding performance for the month by awarding them the Best Employee / Department of the Month Award.

Our Community

01

Volunteers

1,444hrs

Contributed by volunteers across our business units.

Donation

$92,762

Donated to charitable causes.

Keppel T&T is committed to be a responsible corporate citizen by engaging communities through social activities organised for the elderly and children, providing learning experience to the students, and raising funds and donating to the underprivileged.

Supporting Education

In 2015, the Group continued to partner educational institutions to offer students industrial attachments and internships. Students under the Group's internship programme were given practical work experience and operational exposure. They were also guided by assigned mentors, paving the way for potential job opportunities after graduation.

This year, the Group also partnered with Ngee Ann Polytechnic to provide internships to six Chinese students from the People's Republic of China pursuing a Logistics Management Diploma in Wuhu. The Diploma course is a collaborative effort between the Wuhan University of Science and Technology and Ngee Ann Polytechnic. These interns benefitted from on-the-job work experience at our Logistics units in Foshan and Tianjin. The internship also provided an opportunity for the Group to expand its search for local talents for our overseas business units.

Keppel Logistics Foshan has been actively supporting needy students from the Foshan University of Science and Technology through the Company's bursary scheme since 2013. This year, six students benefited from the bursaries awarded totalling $16,000.

To encourage young students to pursue a career in logistics, Keppel Logistics Singapore was one of the sponsors for the Logistics Academy Book prizes in Singapore, which were given to outstanding Supply Chain Management Diploma students.

In Vietnam, Indo-Trans Keppel Logistics hosted 50 students from the Hong Kong Logistics Association & Vietnam Supply Chain Association for a two-day study trip. During the trip, the students had the chance to tour our Vietnam warehouses and were provided real operational case studies for discussion.

Reaching Out to the Needy

The Group takes an active stance on giving back to society and working with our staff volunteers and non-profit welfare organisations to bring joy to the lives of the elderly and underprivileged children.

In 2015, our staff conducted visits to the underprivileged at Thye Hwa Kwan Child Development Centre and Fei Yue Community Services. Our staff also visited St John's Home for Elderly Persons to spread festive cheer during Chinese New Year.

Promoting Volunteerism

The Group makes an effort to foster a spirit of volunteerism among its staff, granting them volunteerism leave and time-off to participate in charity events.

Besides internally organised activities, staff were also encouraged to participate in external events, such as charity sporting events to raise money for the underprivileged.

In 2015, our staff participated in events such as the Frost & Sullivan's Frost the Trail run, to raise fund for the elderly at Brighthill Evergreen Home, and the SGX Bull Charge Run, to raise money for four selected charities in Singapore. In addition, the Group also encourages staff to take part in nation-building activities such as the National Day Parade Marching Contingent and the Singapore Armed Forces' Rededication Day Ceremony.

In 2015, employees across the Group committed a total of 1,444 hours to volunteering activities.

Donation and Fund Raising

On top of its active participation in volunteering initiatives, the Group also donated to charities and participated in fundraising events for the underprivileged.

The Group donated $10,000 through the Keppel Care Foundation, to the Singapore Road Safety Council in support of improving road safety in Singapore. The Group also contributed $4,500 to The Better Thailand Foundation in support of its "Card for You" project and painting contest to raise funds for approximately 300 underprivileged and disabled children.

Employees also played their part for charity by contributing a total of $16,000 through the SHARE programme, a monthly workplace donation programme by Community Chest Singapore. Keppel Logistics Singapore has been accorded the SHARE Bronze Award for its contribution in support of Community Chest in 2015. A total of $92,762 was donated by Keppel T&T through its charity drives and projects in 2015.

02

01 *We partner educational institutions to provide practical work experience and learning opportunities to students.*

02 *Employees participated in a range of activities in 2015 to brighten the lives of the underprivileged in the community.*

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Legend ● Fully reported ◑ Partially reported

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Legend ● Fully reported ◑ Partially reported

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Legend ● Fully reported ◑ Partially reported

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	Product Responsibility (Service Excellence)		
	Product and Service Labelling		
G4-DMA	Generic Disclosures on Management Approach	●	55-57
G4-PR5	Results of surveys measuring customer satisfaction	●	55-57
	Compliance		
G4-DMA	Generic Disclosures on Management Approach	●	59
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	●	59

Legend ● Fully reported ◑ Partially reported

VERIFICATION STATEMENT ON GRI CONTENT INDEX (Materiality Disclosures)

This statement only confirms the level of disclosure of some indicators and **does not represent external assurance** on the accuracy and quality of the Report's data (quantitative and qualitative), including statements, claims, performance information, underlying management processes and data collection, calculation and consolidation. Ere-S did not seek supporting evidence or interview data owners.

To the Management and Stakeholders of Keppel Telecommunications & Transportation Ltd

Keppel Telecommunications & Transportation Ltd (Keppel T&T) commissioned Ere-S Pte Ltd (Ere-S) to provide independent verification on the GRI Content Index of Keppel T&T Sustainability Report 2015 (the Report).

Scope

The verification engagement focused on the information found in the GRI Content Index of the Report and was limited to the following indicators:

- General Standard Disclosures **G4-17 to G4-23** on **Identified Material Aspects and Boundaries**
- General Standard Disclosures **G4-24 to G4-27** on **Stakeholder Engagement**

Ere-S assessed whether the GRI Content Index and the verified indicators are presented in accordance with the following aspects of the GRI G4 Sustainability Reporting Guidelines:

1. Format and structure of the Content Index
2. Inclusion and clarity of references to the locations of the verified indicators
3. Existence of the verified indicators' data in the referenced locations

Ere-S also assessed whether each verified indicator presents the information specifically required in the reporting instructions (what to report) of the GRI G4 guidelines.

Methodology

Prior to the publication of the Report, Ere-S examined the clarity and inclusion of location references for the indicators listed in the GRI Content Index and assessed the information in the referenced pages of the Report and other sources. Where indicators did not present all information required in the reporting instructions of the GRI G4 guidelines, Ere-S suggested appropriate amendments to Keppel T&T. The final version of the Report was checked by Ere-S to ensure that all agreed changes had been effectively made.

Findings

On the basis of the above methodology, the GRI indicators G4-17 to G4-27 are found to be adequately presented in adherence to GRI G4 reporting instructions, with references to the disclosures correctly located in the Report.

Details of the findings and recommendations for further improvement have been presented to Keppel T&T in a separate verification report.

Ere-S Pte Ltd
Singapore, 29 February 2016 Jean-Pierre Dalla Palma, Lead Assessor

Ere-S Pte Ltd is a consulting company specialising in business sustainability and provides services in the domains of sustainability reporting, sustainability report assurance, stakeholder engagement and CSR training. Keppel T&T is responsible for the details provided in the Report and the GRI Content Index. Ere-S was not involved in the development and writing of the Report; neither has Ere-S been engaged by Keppel T&T for other projects. Ere-S' activities are independent of Keppel T&T and contain no financial interest in Keppel T&T's business operations.

www.ere-s.com

Statutory Reports & Financial Statements

Directors' Statement

For the financial year ended 31 December 2015

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Keppel Telecommunications & Transportation Ltd (the "Company") and its subsidiaries (collectively, the "Group"), and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2015.

1. Opinion of the Directors

In the opinion of the Directors,

(i) the accompanying balance sheets, consolidated profit and loss account, consolidated statement of comprehensive income, statements of changes in equity and consolidated statement of cash flows together with the notes thereto set out on pages 92 to 148 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The Directors of the Company in office at the date of this statement are:

Loh Chin Hua (Chairman)
Pang Thieng Hwi, Thomas
Wee Sin Tho
Tan Boon Huat
Neo Boon Siong
Karmjit Singh
Khor Poh Hwa
Lim Chin Leong
Lee Ai Ming (appointed on 1 August 2015)
Chan Hon Chew

3. Audit Committee

The Audit Committee carried out its function in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50. In relation to the financial statements of the Group and the Company for the financial year ended 31 December 2015, the Committee reviewed the audit plans and the scope of examination of the external auditors of the Company, and the scope and results of internal audit procedures of companies within the Group. It further reviewed the financial statements of the Group and the Company for the financial year ended 31 December 2015 and the report of the external auditors thereon. The functions performed are detailed in the report on Corporate Governance.

As at the date of this statement, the Audit Committee comprises five non-executive Directors of which four are independent, as follows:

Neo Boon Siong (Chairman) (Independent Director)
Wee Sin Tho (Independent Director)
Karmjit Singh (Independent Director)
Khor Poh Hwa (Independent Director)
Chan Hon Chew

The Audit Committee nominates Messrs PricewaterhouseCoopers LLP for appointment as the external auditors of the Company in place of the retiring auditors, Messrs Ernst & Young LLP, at the forthcoming Annual General Meeting.

4. Arrangements to Enable Directors to Acquire Shares or Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors to acquire benefits through the acquisition of shares in or debentures of the Company or any other body corporate, other than the Keppel T&T Share Option Scheme 1993, the KT&T Restricted Share Plan and the KT&T Performance Share Plan.

5. Directors' Interests in Shares and Debentures

The Directors holding office at the end of the financial year and their interests in shares and share options of the Company and related companies as recorded in the Register of Directors' Shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, were as follows:

	At 1.1.15 or date of appointment, if later	At 31.12.15	At 21.1.16
Keppel Corporation Limited			
(Ordinary shares)			
Loh Chin Hua	180,212	332,824	332,824
Loh Chin Hua (deemed interest)	38,500	38,500	38,500
Pang Thieng Hwi, Thomas	145,548	166,034	166,034
Lim Chin Leong	13,200	13,200	13,200
Lee Ai Ming	10,000	10,000	10,000
Chan Hon Chew	5,500	17,200	17,200
Chan Hon Chew (deemed interest)	7,770	7,770	7,770
(Share options)			
Pang Thieng Hwi, Thomas	313,500	313,500	313,500
(Unvested restricted shares to be delivered after 2012)			
Loh Chin Hua	25,881	-	-
Pang Thieng Hwi, Thomas	6,885	-	-
(Unvested restricted shares to be delivered after 2013)			
Loh Chin Hua	58,664	29,333	29,333
Pang Thieng Hwi, Thomas	13,804	6,903	6,903
(Unvested restricted shares to be delivered after 2014)			
Loh Chin Hua	150,000	100,000	100,000
Pang Thieng Hwi, Thomas	20,000	13,300	13,300
Chan Hon Chew	35,000	23,300	23,300
(Contingent award of restricted shares to be delivered after 2015) [1]			
Loh Chin Hua	-	150,000	150,000
Chan Hon Chew	-	65,000	65,000
(Contingent award of performance shares issued in 2012 to be delivered after 2014) [2]			
Loh Chin Hua	77,643	-	-
(Contingent award of performance shares issued in 2013 to be delivered after 2015) [2]			
Loh Chin Hua	93,171	93,171	93,171
(Contingent award of performance shares issued in 2014 to be delivered after 2016) [2]			
Loh Chin Hua	180,000	180,000	180,000
Chan Hon Chew	30,000	30,000	30,000
(Contingent award of performance shares issued in 2015 to be delivered after 2017) [2]			
Loh Chin Hua	-	220,000	220,000
Chan Hon Chew	-	80,000	80,000

Directors' Statement

	At 1.1.15 or date of appointment, if later	At 31.12.15	At 21.1.16
Keppel Land Limited [3]			
(Ordinary shares)			
Loh Chin Hua	150,400	-	-
Khor Poh Hwa	600	-	-
Keppel Telecommunications & Transportation Ltd			
(Contingent award of restricted shares to be delivered after 2015) [1]			
Pang Thieng Hwi, Thomas	-	70,000	70,000
(Contingent award of performance shares issued in 2015 to be delivered after 2017) [2]			
Pang Thieng Hwi, Thomas	-	100,000	100,000
Keppel REIT			
(Units)			
Loh Chin Hua	7,000	7,000	7,000
Loh Chin Hua (deemed interest)	556,160	556,160	556,160
Pang Thieng Hwi, Thomas	74,780	75,322	75,322
Karmjit Singh	-	2,200	2,200
Lim Chin Leong	3,696	3,752	3,752
Lee Ai Ming	851,000	851,000	851,000
Lee Ai Ming (deemed interest)	-	100,000	100,000
Chan Hon Chew	1,100	1,100	1,100
Chan Hon Chew (deemed interest)	1,875	1,875	1,875
Keppel DC REIT			
(Units)			
Pang Thieng Hwi, Thomas	50,000	50,000	50,000
Wee Sin Tho	75,000	75,000	75,000
Tan Boon Huat	75,000	75,000	75,000

1 Depending on the achievement of pre-determined performance targets, the actual number of shares to be released could be zero or the number stated.
2 Depending on the achievement of pre-determined performance targets, the actual number of shares to be released could range from zero to 150% of the number stated.
3 Keppel Land Limited was delisted from the Official List of the Singapore Exchange Securities Trading Limited on 16 July 2015 following the completion of the voluntary unconditional cash offer (the "Offer") and subsequent exercise under Section 215(3) of the Companies Act (Chapter 50 of Singapore) for shares in Keppel Land Limited by Keppel Corporation Limited.

6. Employee Share Options and Share Plans

(a) Share Options

The Keppel T&T Share Option Scheme 1993 ("KT&T Share Option Scheme") which has been approved by the shareholders of the Company is administered by the Remuneration Committee, whose members as at the date of this statement are as follows:

Tan Boon Huat (Chairman)
Loh Chin Hua
Lim Chin Leong
Khor Poh Hwa

Under the KT&T Share Option Scheme, an option may, except in certain special circumstances, be exercised at any time after two years but no later than the expiry date. The shares under option may be exercised in full or in respect of 100 shares or a multiple thereof, on the payment of the subscription price. The subscription price is based on the average last business done price for the shares of the Company on the Singapore Exchange Securities Trading Limited for the three market days preceding the date of offer. The Remuneration Committee may at its discretion fix the subscription price at a discount not exceeding 20 percent to the above price. The employees to whom the options have been granted do not have the right to participate by virtue of the options in a share issue of any other company.

The KT&T Share Option Scheme was terminated on 2 July 2010 upon the adoption of the KT&T Restricted Share Plan ("KT&T RSP") and the KT&T Performance Share Plan ("KT&T PSP"). Options granted and outstanding prior to the termination will continue to be valid and subject to the terms and conditions of the KT&T Share Option Scheme.

There were 205,000 shares issued by virtue of exercise of options and no option shares were cancelled during the financial year.

At 31 December 2015, the following options to take up 595,000 unissued shares in the Company were outstanding:

	Number of Share Options				
Date of grant	At 1.1.15	Exercised	At 31.12.15	Exercise price ($)	Expiry date
8.8.06	15,000	(15,000)	-	1.61	7.8.16
6.2.07	120,000	(35,000)	85,000	1.70	5.2.17
7.8.07	170,000	-	170,000	3.75	6.8.17
11.2.08	170,000	-	170,000	4.97	10.2.18
11.8.08	145,000	-	145,000	5.25	10.8.18
3.8.09	115,000	(105,000)	10,000	1.49	2.8.19
3.2.10	65,000	(50,000)	15,000	1.38	2.2.20
	800,000	(205,000)	595,000		

No options have been granted to Directors and controlling shareholders of the Company or their associates and no employee received 5 percent or more of the total number of options available under the KT&T Share Option Scheme.

During the financial year, no options to take up unissued shares of any subsidiary were granted and there were no shares of any subsidiary issued by virtue of the exercise of an option to take up unissued shares.

(b) **Share Plans**

The KT&T RSP and KT&T PSP were approved at the Extraordinary General Meeting of the Company held on 21 April 2010.

Details of share plans awarded are disclosed in Note 11 to the financial statements.

During the financial year, the number of contingent shares granted was 1,077,281 for KT&T RSP and 240,000 for KT&T PSP. The number of shares released was 993,215 under KT&T RSP and 98,250 under KT&T PSP during the financial year. 767,900 shares under KT&T RSP and 98,250 shares under KT&T PSP were vested during the financial year. 228,785 shares under KT&T RSP were cancelled during the financial year. At the end of the financial year, there were 1,001,781 contingent shares and 841,415 unvested shares under the KT&T RSP and 490,000 contingent shares under the KT&T PSP as follows:

Contingent awards:

	Number of Shares					
Date of grant	At 1.1.15	Contingent shares granted	Adjustment upon release	Released	Cancelled	At 31.12.15
KT&T RSP						
7.4.14	1,015,000	-	-	(993,215)	(21,785)	-
10.4.15	-	1,077,281	-	-	(75,500)	1,001,781
	1,015,000	1,077,281	-	(993,215)	(97,285)	1,001,781
KT&T PSP						
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
	325,000	240,000	23,250	(98,250)	-	490,000

Directors' Statement

Awards released but not vested:

Date of grant	Number of Shares: At 1.1.15	Released	Vested	Cancelled	At 31.12.15
KT&T RSP					
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
	747,600	993,215	(767,900)	(131,500)	841,415
KT&T PSP					
2.7.12	-	98,250	(98,250)	-	-
	-	98,250	(98,250)	-	-

The information on Director of the Company participating in the KT&T RSP and KT&T PSP is as follows:

Contingent awards:

Name of participant	Contingent shares granted during the financial year	Aggregate shares granted since commencement of the share plans to the end of financial year	Aggregate shares released since commencement of the share plans to the end of financial year	Aggregate shares cancelled as at the end of financial year	Aggregate shares not released as at the end of financial year
KT&T RSP					
Pang Thieng Hwi, Thomas	70,000	70,000	-	-	70,000
KT&T PSP					
Pang Thieng Hwi, Thomas	100,000	100,000	-	-	100,000

Employees who were granted 5 percent or more of the total number of contingent awards of shares during the financial year and aggregated to date are as follows:

Contingent awards:

Name of participant	Contingent shares granted during the financial year	Aggregate shares granted since commencement of the share plans to the end of financial year	Aggregate shares adjusted upon release since commencement of the share plans to the end of financial year	Aggregate shares released since commencement of the share plans to the end of financial year	Aggregate shares cancelled as at the end of financial year	Aggregate shares not released as at the end of financial year
KT&T RSP						
Pang Thieng Hwi, Thomas	70,000	70,000	-	-	-	70,000
Chan Shui Har	-	255,000	-	(228,000)	(27,000)	-
Ko Woon Chun, Vincent	-	198,000	-	(181,000)	(17,000)	-
KT&T PSP						
Pang Thieng Hwi, Thomas	100,000	100,000	-	-	-	100,000
Chan Shui Har	80,000	465,000	23,250	(200,650)	(57,600)	230,000
Ko Woon Chun, Vincent	60,000	160,000	-	-	-	160,000

Awards released but not vested:

Name of participant	Aggregate shares granted since commencement of the share plans to the end of financial year	Aggregate shares vested since commencement of the share plans to the end of financial year	Aggregate shares cancelled as at the end of financial year	Aggregate shares released but not vested as at the end of financial year
KT&T RSP				
Chan Shui Har	228,000	(198,000)	-	30,000
Ko Woon Chun, Vincent	181,000	(143,700)	-	37,300
KT&T PSP				
Chan Shui Har	200,650	(200,650)	-	-

Name of participant	Contingent shares granted during the financial year %	Aggregate contingent shares granted to date %
Pang Thieng Hwi, Thomas	13	3
Chan Shui Har	6	11
Ko Woon Chun, Vincent	5	5

On behalf of the Board

LOH CHIN HUA
Chairman

NEO BOON SIONG
Director

Singapore, 16 February 2016

Consolidated Profit and Loss Account

For the financial year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Revenue	3	**200,566**	224,563
Operating expenses	4	**(180,751)**	(191,134)
Other income	5	**34,383**	245,474
Operating profit	6	**54,198**	278,903
Interest income	7	**1,811**	424
Interest expense	8	**(12,232)**	(11,868)
Share of results of associated companies and joint ventures		**85,832**	61,148
Profit before taxation		**129,609**	328,607
Taxation	9	**(23,623)**	(20,418)
Profit for the year		**105,986**	308,189
Attributable to:			
Shareholders of the Company		**91,481**	246,578
Non-controlling interests	13	**14,505**	61,611
		105,986	308,189
Earnings per share (cents)			
- basic	10	**16.5**	44.4
- diluted	10	**16.4**	44.3

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2015

	2015 $'000	2014 $'000
Profit for the year	**105,986**	308,189
Items that may be reclassified subsequently to profit and loss account:		
Available-for-sale financial assets		
- Fair value changes	**9,772**	(157)
- Realised and transferred to profit and loss account	**-**	157
Cash flow hedge		
- Fair value changes	**(101)**	-
- Realised and transferred to profit and loss account	**59**	-
Foreign currency translation		
- Exchange differences	**4,380**	3,576
- Realised and transferred to profit and loss account	**-**	9,378
Share of other comprehensive income of associated companies and joint ventures		
- Cash flow hedge	**942**	-
- Foreign currency translation	**(8,367)**	(3,867)
Other comprehensive income for the year, net of tax	**6,685**	9,087
Total comprehensive income for the year	**112,671**	317,276
Attributable to:		
Shareholders of the Company	**97,233**	254,152
Non-controlling interests	**15,438**	63,124
	112,671	317,276

Balance Sheets

As at 31 December 2015

		Group		Company	
	Note	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Share capital	11	**78,246**	76,741	**78,246**	76,741
Reserves	12	**644,263**	629,817	**101,610**	97,545
Share capital and reserves		**722,509**	706,558	**179,856**	174,286
Non-controlling interests	13	**102,013**	86,003	**-**	-
Capital employed		**824,522**	792,561	**179,856**	174,286
Represented by:					
Non-current assets					
Fixed assets	14	**356,152**	304,880	**-**	-
Investment properties	15	**288,643**	127,067	**-**	-
Investments					
Subsidiaries	16	**-**	-	**98,141**	88,959
Associated companies and joint ventures	17	**557,372**	542,450	**34,572**	34,572
Others	18	**9,851**	79	**-**	-
Intangibles	19	**16,757**	18,229	**-**	-
Long-term receivables	20	**-**	-	**156,860**	142,822
		1,228,775	992,705	**289,573**	266,353
Current assets					
Stocks	21	**631**	737	**-**	-
Debtors	22	**77,122**	124,925	**194**	255
Amounts owing by holding and related companies	23	**1,665**	1,625	**14,284**	20,492
Amounts owing by associated companies	24	**2,867**	2,308	**-**	-
Fixed deposits	25	**144,136**	221,026	**10,513**	12,562
Bank balances and cash	25	**44,371**	59,638	**181**	184
		270,792	410,259	**25,172**	33,493
Current liabilities					
Creditors	26	**96,147**	82,967	**3,961**	3,815
Amounts owing to holding and related companies	23	**1,274**	1,048	**10,928**	1,745
Amounts owing to associated companies	24	**28,755**	21,036	**-**	-
Short-term borrowings	27	**59,855**	53,405	**-**	-
Taxation		**16,272**	24,653	**-**	-
		202,303	183,109	**14,889**	5,560
Net current assets		**68,489**	227,150	**10,283**	27,933
Non-current liabilities					
Long-term borrowings	28	**455,538**	425,575	**120,000**	120,000
Deferred taxation	9	**9,798**	1,052	**-**	-
Other non-current liabilities	29	**7,406**	667	**-**	-
		472,742	427,294	**120,000**	120,000
Net assets		**824,522**	792,561	**179,856**	174,286

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 and 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 for the year *	-	10,672	-	(4,920)	5,752	933	6,685
Total comprehensive income 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)	-	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	(1,732)	(1,732)
Dividend paid for 2014 (Note 39)	-	-	(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

Statements of Changes in Equity

	Attributable to owners of the Company						
	Share Capital $'000	Capital Reserves $'000	Revenue Reserve $'000	Foreign Currency Translation Account $'000	Share Capital and 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)	-	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	(60,768)	(60,768)
Dividend paid for 2013 (Note 39)	-	-	(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.

	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 (Note 39)	**-**	**-**	**(83,397)**	**(83,397)**
Total transactions with owners	**1,505**	**490**	**(83,397)**	**(81,402)**
Balance at 31 December 2015	**78,246**	**6,374**	**95,236**	**179,856**
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 (Note 39)	-	-	(19,421)	(19,421)
Total transactions with owners	1,273	103	(19,421)	(18,045)
Balance at 31 December 2014	76,741	5,884	91,661	174,286

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2015

	2015 $'000	2014 $'000
Cash Flows from Operating Activities		
Operating profit	**54,198**	278,903
Adjustments:		
Depreciation of fixed assets	**16,424**	26,541
Share-based payment expenses	**1,851**	1,250
Gain on disposal of fixed assets	**(1,530)**	(172,853)
Gain on disposal of subsidiaries and associated companies	**-**	(65,614)
Gain on bargain purchase arising from acquisition of a subsidiary	**-**	(113)
Impairment loss on fixed assets	**-**	5,711
Impairment loss on investments	**8,962**	157
Goodwill written off	**1,472**	-
Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired	**-**	(219)
Fair value gain on investment properties	**(32,133)**	-
Distributions received from other investments	**(4,375)**	(1,064)
Gain on dilution of interest in an associated company	**(2,464)**	(3,345)
Operating cash flows before changes in working capital	**42,405**	69,354
Working capital changes:		
Stocks	**106**	17
Debtors	**1,028**	1,566
Creditors	**1,466**	13,644
Amount due to associated companies	**4,983**	-
Cash flows from operations	**49,988**	84,581
Interest received	**1,712**	413
Interest paid	**(13,612)**	(12,461)
Income taxes paid	**(13,435)**	(2,522)
Proceeds from tax losses transferred under group relief system	**1,077**	887
Net cash from operating activities	**25,730**	70,898
Cash Flows from Investing Activities		
Acquisition of subsidiaries (Note A)	**-**	(17,000)
Investment in associated companies	**-**	(247,159)
Addition to fixed assets	**(58,952)**	(164,946)
Addition to investment properties	**(71,343)**	(48,045)
Addition to intangibles	**-**	(16,757)
Proceeds from disposal of subsidiaries (Note B)	**-**	45,525
Proceeds from disposal of associated companies	**-**	139,998
Proceeds from disposal of fixed assets	**1,510**	403,864
Proceeds from capital reduction of a joint venture	**-**	2,000
Distributions received from other investments	**4,375**	1,064
Dividends received from associated companies	**48,200**	105,566
Net cash (used in)/from investing activities	**(76,210)**	204,110
Cash Flows from Financing Activities		
Proceeds from share issues	**309**	276
Proceeds from short-term loans	**15,522**	71,974
Repayment of short-term loans	**(8,657)**	(61,886)
Proceeds from long-term loans	**35,202**	111,693
Repayment of long-term loans	**(3,912)**	(144,889)
Repayment of lease liabilities	**(324)**	-
Funds from associated companies	**-**	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)**	(60,768)
Net cash used in financing activities	**(43,770)**	(76,509)
Net (decrease)/increase in cash and cash equivalents	**(94,250)**	198,499
Cash and cash equivalents as at 1 January	**280,664**	80,178
Effect of exchange rate changes on cash and cash equivalents	**2,093**	1,987
Cash and cash equivalents as at 31 December (Note C)	**188,507**	280,664

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to Consolidated Statement of Cash Flows

A. Acquisition of Subsidiaries

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

	2015 $'000	2014 $'000
Fixed assets	-	5,990
Trade debtors	-	5,280
Prepayments and sundry debtors	-	3,155
Bank balances and cash	-	1,357
Creditors	-	(5,140)
Short-term borrowings	-	(927)
Taxation	-	(101)
Long-term borrowings	-	(1,487)
Total net identifiable assets at fair value	-	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 and joint venture	-	(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)
Purchase consideration	-	1,287
Add: Settlement of deferred payment	-	17,070
Less: Bank balances and cash acquired	-	(1,357)
Cash outflow on acquisition	-	17,000

Consolidated Statement of Cash Flows

B. **Disposal of Subsidiaries**

The assets and liabilities of subsidiaries disposed were as follows:

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

	2015 $'000	2014 $'000
Fixed deposits (Note 25)	**144,136**	221,026
Bank balances and cash (Note 25)	**44,371**	59,638
	188,507	280,664

Notes to the Financial Statements

1. Corporate Information

The Company is a public listed company domiciled and incorporated in Singapore, and its holding company is Keppel Corporation Limited, a company incorporated in Singapore. The registered office of the Company is located at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632. The principal place of business of the Company is located at 7 Gul Circle, Singapore 629563.

The principal activity of the Company is that of an investment holding and management company. The principal activities of major subsidiaries, associated companies and joint ventures are shown in Note 38.

2. Significant Accounting Policies

2.1 Basis of Preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD") and all values are rounded to the nearest thousand ($'000), except where otherwise indicated.

2.2 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2015, the Group has adopted all the new and revised standards that are relevant and effective for annual financial periods beginning on or after 1 January 2015.

The adoption of the new and revised standards did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial performance or position of the Group and the Company.

2.3 Standards Issued but not yet Effective

The Group has not adopted the following standards relevant to the Group that have been issued but not yet effective:

Reference	Description	Effective for annual periods beginning on or after
FRS 1	Amendments to FRS 1: Disclosure Initiative	1 January 2016
FRS 16 and FRS 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements	1 January 2016
FRS 110, FRS 112 and FRS 28	Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 111	Amendments to FRS 111: Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
FRS 114	Regulatory Deferral Accounts	1 January 2016
Improvements to FRSs (November 2014)	a) Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations b) Amendments to FRS 107 Financial Instruments: Disclosures c) Amendments to FRS 19 Employee Benefits d) Amendments to FRS 34 Interim Financial Reporting	1 January 2016
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 109	Financial Instruments	1 January 2018

Notes to the Financial Statements

Reference	Description	Effective for annual periods beginning on or after
FRS 110 and FRS 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Except for FRS 115 and FRS 109, the Directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policies on adoption of FRS 115 and FRS 109 is described below.

FRS 115 Revenue from Contracts with Customers
FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109 Financial Instruments
In December 2014, the ASC issued the final version of FRS 109 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption. The Group is currently assessing the impact of FRS 109 and plans to adopt the new standard on the required effective date.

2.4 Significant Accounting Estimates and Judgments

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Critical judgment in applying the Group's accounting policies
In the process of applying the Group's accounting policies, management is of the opinion that there is no instance of application of judgments which have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations described below.

Key sources of estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty as at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(a) Impairment of non-financial assets
Determining whether the carrying value of a non-current asset is impaired requires an estimation of the value in use of the cash generating units. This requires the Group to estimate future cash flows expected from the cash generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. The estimated recoverable amount is most sensitive to expected future cash inflows, discount rate and growth rate used for extrapolation purposes. The carrying amounts of fixed assets, investment properties and intangibles are as disclosed in the balance sheet.

(b) Impairment of loans and receivables
The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. When there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of loans and receivables as at the balance sheet date are disclosed in Notes 20, 22, 23, 24 and 25 to the financial statements.

(c) Fair value measurement and impairment of available-for-sale financial assets
The Group classifies its long-term equity instruments as available-for-sale financial assets. These securities are not traded in any active market and their fair values are determined using net asset value and valuation techniques including discounted cash flow model. The inputs used in valuation are derived from observable market data where possible and a degree of judgment is required in establishing fair value. Judgments include considerations of liquidity, future financial performance and discount rate used.

Significant judgment is required in determining the fair value of unquoted investment funds due to external restrictions placed on the years in which they can realise certain investments in their portfolio. An increase/decrease of 10% in the net asset value of these funds on the dates the restrictions end, upon which the funds can realise their investments and distribute the proceeds, will result in higher/lower fair value change of $1,430,000 in other comprehensive income. Details of valuation techniques and inputs used in the valuation of available-for-sale financial assets are disclosed in Note 35.

Management exercises judgment based on the observable data relating to the possible events that may have caused the decline in value. A decline in value below cost determined to be significant or prolonged is an impairment that should be recognised in profit or loss. The fair value of available-for-sale financial assets is disclosed in Note 18 to the financial statements.

(d) Fair value measurement of investment properties
The Group carries its investment properties at fair value determined using valuation techniques. The determination of the fair value of investment properties requires the use of estimates based on market conditions existing as at the balance sheet date. Further details on fair value measurement of investment properties are disclosed in Notes 15 and 35 to the financial statements.

(e) Income taxes
The Group has exposure to income taxes in numerous jurisdictions. Significant judgment is involved for certain transactions in which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises tax liabilities on expected tax issues based on estimates. Where the final tax outcome of these matters is different from the amounts initially recognised, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. The carrying amounts of taxation and deferred taxation are as disclosed in the balance sheet.

2.5 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.6 Currency Translation

(a) Functional and presentation currency
Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Singapore Dollars, which is the Company’s functional and presentation currency.

(b) Transactions and balances
Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates approximating those ruling as at the balance sheet date. Exchange differences arising from the settlement of monetary items or on translating monetary items as at the balance sheet date are recognised in the profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

(c) Consolidated financial statements
For consolidation purpose, the trading results of subsidiaries and associated companies whose financial statements are denominated in functional currencies other than Singapore Dollars are translated into Singapore Dollars at the average exchange rates for the year. All assets and liabilities of these subsidiaries are translated into Singapore Dollars at the exchange rates ruling as at the balance sheet date. Exchange differences due to such currency translations are recognised in other comprehensive income.

On disposal of a foreign operation, cumulative exchange differences recognised in other comprehensive income relating to that foreign operation is recognised in profit or loss.

Notes to the Financial Statements

2.7 Subsidiaries, Basis of Consolidation and Business Combinations

(a) Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

(b) Basis of consolidation and business combinations

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investments retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are initially recognised at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent considerations to be transferred by the acquirer are recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability that is a financial instrument will be measured at fair value, with any resulting gain or loss recognised in accordance with FRS 39 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it will not be re-measured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their fair value at the acquisition date, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business consideration, the amount of non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the identifiable assets and liabilities, is recognised as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Where a business combination involves entities under common control, it is outside the scope of FRS 103 and accounted for using the pooling of interest method which involves the following:

- the assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company;
- no adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities;
- no additional goodwill is recognised as a result of the combination;
- any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve; and
- the statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

The Group has adopted the "no restatement" approach for which comparatives will not be re-presented. Any pre-acquisition reserves transferred over will not be recorded as "retained earnings" as the intention was not to restate prior period financial information. FRS 27 requires the Group to only include the profit or loss from acquisition date.

(c) Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions and the carrying amounts of the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.8 Joint Arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about relevant activities require unanimous consent of parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture and is accounted for using the equity method set out in Note 2.9.

2.9 Associated Companies and Joint Ventures

An associated company is an entity over which the Group has the power to participate in the operating and financial policy decisions of the investee but does not have control or joint control of those policies.

The Group's investments in associated companies and joint ventures are accounted for using the equity method from the date on which it becomes an associate or joint venture.

The equity method involves recording investments in associated companies and joint ventures initially at cost and recognising the Group's share of post-acquisition results and movements in reserves against the carrying amount of the investments. The associated companies and joint ventures are equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the investments.

On acquisition of the investment, any excess of the cost of investment over the Group's share of the fair value of the investee's net identifiable assets and liabilities is accounted for as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the fair value of the investee's net identifiable assets and liabilities over the cost of investment is included as income in the profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associated company or joint venture equals or exceeds its interest in the investment, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associated company or joint venture.

Notes to the Financial Statements

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in associated companies or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associated company or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company or joint venture and its carrying value and recognises the amount in profit or loss.

The most recent available audited financial statements of the associated companies and joint ventures are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminus with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the financial year. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associated companies and joint ventures are stated at cost less accumulated impairment losses.

2.10 Fixed Assets

All items of fixed assets are initially recorded at cost. Subsequent to recognition, fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the fixed assets after taking the estimated residual values into account. No depreciation is provided for capital work-in-progress as these assets are not yet available for use.

The estimated useful lives of fixed assets are as follows:

Leasehold land and buildings	-	over period of lease (ranging from 20 to 80 years)
Plant and equipment		
Data centre equipment	-	10 to 20 years
Office furniture and fittings	-	5 years
Other equipment	-	1 to 10 years
Motor vehicles		
Prime movers and trailers	-	4 to 10 years
Motor cars	-	4 to 5 years

The residual values, useful life and depreciation method are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal and the gain or loss arising from the de-recognition is included in profit or loss.

2.11 Investment Properties

Investment properties comprise properties held to earn rental or for capital appreciation, or both. Investment properties include properties under construction or development for future use as investment properties.

Investment properties are initially recognised at cost, including transaction costs, and subsequently measured at fair value. Gains or losses arising from changes in the fair value are recognised in profit or loss.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss.

Transfer is made to or from investment properties only when there is a change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy set out in Note 2.10 up to the date of change in use.

2.12 Intangibles

Intangible assets acquired separately are measured initially at cost and subsequently accounted for at cost less accumulated amortisation and impairment loss, if any. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at the end of each financial year and any changes are accounted for as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortised and are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gain or loss arising from de-recognition of an intangible asset is recognised in profit or loss.

(a) Goodwill on acquisitions
Goodwill arising from acquisition of a subsidiary represents the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any impairment losses.

(b) Management rights
Management rights is initially recognised at cost and subsequently measured at cost less accumulated impairment losses. The useful life of management rights is estimated to be indefinite because management believes there is no foreseeable limit to the period over which the management rights is expected to generate net cash inflows to the Group.

2.13 Financial Assets

A financial asset is recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. When a financial asset is recognised initially, it is measured at fair value, plus, in the case of a financial asset not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised when the contractual rights to receive cash flows from the asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On de-recognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

(a) Financial assets at fair value through profit or loss
Financial assets held for trading are classified as financial assets at fair value through profit or loss if they are acquired for the purpose of selling in the near term. Derivative financial instruments are also classified as fair value through profit or loss unless they are designated as effective hedging instruments. After initial recognition, financial assets at fair value through profit or loss are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in profit or loss.

(b) Loans and receivables
Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables include debtors, amounts owing by holding and related companies, amounts owing by associated companies, fixed deposits, bank balances and cash in the balance sheet. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss through the amortisation process and when the loans and receivables are derecognised or impaired.

(c) Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

The fair values of instruments that are actively traded in organised financial markets is determined by reference to the relevant Exchange's quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using methods including net asset value per share as reported by the managers of unlisted investment funds and valuation techniques such as discounted cash flow analysis. Investments whose fair value cannot be reliably measured are measured at cost less impairment losses.

Notes to the Financial Statements

2.14 Impairment

(a) Impairment of goodwill
Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. Goodwill included in the carrying amount of an associated company or joint venture is tested for impairment as part of the investment.

Cash-generating units to which goodwill have been allocated are tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired.

An impairment loss is recognised in profit or loss when the carrying amount of the cash-generating unit, including goodwill, exceeds the recoverable amount of the cash-generating unit. The impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating units and then, to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Impairment losses recognised for goodwill are not reversed in subsequent periods.

(b) Impairment of other non-financial assets
The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists or when an annual impairment assessment for an asset is required, the recoverable amount of that asset is estimated and an impairment loss is recognised in profit or loss whenever the carrying amount exceeds the recoverable amount.

Impairment losses recognised in prior years is reversed only if there has been a change in the estimates used to determine an asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount up to the extent that the revised carrying amount does not exceed that which would have been determined, net of depreciation or amortisation, had no impairment loss been recognised on the asset. A reversal of impairment loss is recognised in profit or loss.

(c) Impairment of financial assets
The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

(i) Financial assets measured at amortised cost
For financial assets measured at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for significant financial assets or collectively for financial assets not individually significant. When the Group determined that no objective evidence of impairment exists for an individually assessed asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed to be impaired and for which impairment loss is recognised are not included in the collective assessment of impairment.

If there is objective evidence that a financial asset measured at amortised cost is impaired, the amount of impairment loss is measured as the difference between carrying amount of the asset and present value of estimated future cash flows discounted at the asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The reversal of impairment loss is recognised in profit or loss.

(ii) Available-for-sale financial assets
For equity instruments classified as available-for-sale, if any evidence of a significant or prolonged decline in the fair value of the investment below its cost exists, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from the fair value reserve within equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity investments are not reversed through profit or loss, until the equity instruments are disposed of.

2.15 Stocks
Stocks are measured at the lower of weighted average cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The write-down and reversal of write-down of inventories to net realisable value is recognised in the profit or loss.

2.16 Cash and Cash Equivalents

Cash and cash equivalents comprise fixed deposits, bank balances and cash which are readily convertible to known amount of cash and subjected to an insignificant risk of changes in value.

2.17 Financial Liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities that are not carried at fair value through profit or loss include creditors, borrowings and other payables, which are initially stated at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.18 Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivative financial instruments are classified as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to profit or loss.

For cash flow hedges, the effective portion of the gains or losses on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in the profit and loss account. Amounts taken to other comprehensive income are reclassified to the profit and loss account when the hedged transaction affects the profit and loss account.

2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.20 Deferred Revenue

Deferred revenue relates to invoices raised to customers for co-location services and are amortised on a straight-line basis over the contract term.

2.21 Government Grants

Grants from government are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants relating to expenses are recognised in profit or loss as other income over the periods necessary to match them with the related costs which they are intended to compensate.

Government grants relating to assets are set up as deferred income and amortised to profit or loss on a straight-line basis over the estimated useful life of the relevant assets when the assets are available for use. The carrying amount of deferred income as at the balance sheet date relates to development grants received for the construction of logistics facilities and is disclosed in Note 29 to the financial statements.

Notes to the Financial Statements

2.22 Leases

(a) As lessee

A lease which transfers to the Group substantially all the risks and rewards incidental to ownership of the leased item is classified as a finance lease. The leased asset and corresponding liability are recognised in the balance sheet upon the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount initially recognised. Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

A lease where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased item is classified as an operating lease. Operating lease payments, net of incentives received from the lessor, are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2.23 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, sales taxes, value-added taxes and duties.

Revenue from services rendered is recognised in the period in which the services are rendered. It represents income from integrated logistics port operations, third-party logistics services, supply chain solutions, warehousing, distribution, container storage and repairs, freight forwarding services, real estate investment trust (“REIT”) management services and data centre facilities services including co-location, business continuity, disaster recovery and facility management.

Rental income from warehousing and co-location includes operating lease income which is recognised in profit or loss on a straight-line basis over the lease term.

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customers, usually on delivery of goods.

Interest income is recognised using the effective interest method and dividend income is recognised when the Group’s right to receive payment is established.

2.24 Employee Benefits

(a) Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, companies in the Group operating in Singapore make contributions to the Central Provident Fund scheme of Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employees’ entitlements to annual leave are recognised when they are accrued to the employees. A provision is made for the estimated liability of unconsumed leave as a result of services rendered by employees up to the balance sheet date.

(c) Termination benefits

The Group recognises termination benefits when it is demonstrably committed to terminate the employment of current employees according to a plan of action.

(d) Employee share option scheme and share plans

The Group operates share-based compensation plans. The fair value of the employee services received in exchange for the grant of options, restricted shares and performance shares is recognised as an expense in profit or loss with a corresponding increase in the share option and share plan reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair values of the options, restricted shares and performance shares granted at the respective dates of grant.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable and share plan awards that are expected to vest on the vesting dates, and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option and share plan reserve over the remaining vesting period.

No expense is recognised for options or share plan awards that do not ultimately vest, except for options or share plan awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The proceeds received from the exercise of options are credited to share capital when the options are exercised. When share plan awards are released, the share plan reserve is transferred to share capital if new shares are issued.

2.25 Borrowing Costs

Borrowing costs are interest and other costs that are incurred in connection with the borrowing of funds.

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. To the extent that general borrowings are used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset which are financed by the general borrowings.

Other borrowing costs are recognised as expenses in the period in which they are incurred.

2.26 Income Taxes

(a) Current taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the balance sheet date.

(b) Deferred taxation

Deferred tax is recognised for all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the balance sheet.

Deferred tax is measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted as at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associated companies and joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Financial Statements

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that they can be utilised against future taxable profit, except:

- where the deferred tax asset relating to the deductible temporary difference arises from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associated companies and interest in joint ventures, deferred income tax assets are recognised only to the extent it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax is recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.27 Contingent Assets and Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event not wholly within the control of the Group, or is a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the balance sheet of the Group, except for contingent liabilities assured in a business combination that are present obligations and which the fair values can be reliably determined.

3. Revenue

Group revenue excludes inter-company transactions. Revenue of the Group is analysed as follows:

	Group	
	2015 $'000	2014 $'000
Rental income from warehousing	**54,761**	41,524
Co-location services income	**-**	53,827
Rental income from investment properties:		
Co-location services income	**16,470**	-
Other rental income	**151**	-
Revenue from services rendered	**129,184**	129,209
Revenue from sale of goods	**-**	3
	200,566	224,563

4. Operating Expenses

	Group 2015 $'000	Group 2014 $'000
Purchase of goods and services	**58,124**	62,043
Staff costs	**54,062**	49,300
Employer's contribution to defined contribution plans	**4,278**	3,744
Share-based payment expenses	**1,851**	1,250
Depreciation of fixed assets	**16,424**	26,541
Equipment rental and facilities expenses	**33,839**	32,695
Other operating expenses	**12,173**	15,561
	180,751	191,134

5. Other Income

	Group 2015 $'000	Group 2014 $'000
Fair value gain on investment properties (Note 15)	**32,133**	-
Gain on disposal of fixed assets	**1,530**	172,853
Gain on disposal of subsidiaries and associated companies	**-**	65,614
Gain on dilution of interest in an associated company	**2,464**	3,345
Distributions received from other investments	**4,375**	1,064
Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired	**-**	219
Gain on bargain purchase arising from acquisition of a subsidiary	**-**	113
Impairment loss on fixed assets	**-**	(5,711)
Impairment loss on investment in an associated company (Note 17)	**(8,962)**	-
Impairment loss in value of other investments	**-**	(157)
Goodwill written off (Note 19)	**(1,472)**	-
Write-back of/(provision for) doubtful debts, net	**1**	(111)
Fair value loss on forward foreign currency contracts	**-**	(510)
Others	**4,314**	8,755
	34,383	245,474

6. Operating Profit

	Group 2015 $'000	Group 2014 $'000
Operating profit is arrived at after charging/(crediting):		
Direct operating expenses arising from:		
Investment properties that generate rental income	**8,164**	-
Investment properties that do not generate rental income	**196**	-
Auditors' remuneration:		
Auditors of the Company	**385**	356
Other auditors of subsidiaries	**117**	113
Other professional fees paid to:		
Auditors of the Company	**-**	8
Other auditors of subsidiaries	**2**	-
Fees to Directors of the Company	**760**	565
Key management emoluments (Note 30.2)	**2,792**	2,601
Stocks written off/(write-back of provision for stock obsolescence)	**32**	(3)
Foreign exchange loss	**334**	1,066
Operating lease expense	**11,977**	14,360

Notes to the Financial Statements

7. Interest Income

	Group 2015 $'000	Group 2014 $'000
Interest from deposits with banks	**729**	252
Interest from short-term placements with a related company	**1,082**	172
	1,811	424

8. Interest Expense

	Group 2015 $'000	Group 2014 $'000
Interest on bank borrowings	**5,791**	5,151
Interest on loans with related companies	**3,211**	3,567
Interest on Medium Term Note	**3,150**	3,150
Finance charges on obligation under finance lease	**80**	-
	12,232	11,868

9. Taxation

	Group 2015 $'000	Group 2014 $'000
Taxation comprises:		
Current tax	**4,261**	25,377
Under provision in respect of prior years	**622**	138
	4,883	25,515
Deferred taxation		
- Movements in temporary differences	**8,733**	(15,038)
- Benefits from transfer of tax losses under group relief	**(1,077)**	(887)
	7,656	(15,925)
	12,539	9,590
Share of taxation of associated companies and joint ventures	**11,084**	10,828
	23,623	20,418

A reconciliation between tax expense and the product of profit before tax multiplied by the Singapore statutory tax rate for the years ended 31 December is as follows:

	Group	
	2015 $'000	2014 $'000
Profit before taxation	**129,609**	328,607
Less: Share of results of associated companies and joint ventures	**(85,832)**	(61,148)
	43,777	267,459
Tax calculated at the Singapore statutory tax rate of 17%	**7,442**	45,468
Effects of:		
Income not subject to taxation	**(6,729)**	(45,378)
Expenses not deductible for tax purposes	**11,788**	6,549
Under provision in respect of prior years	**622**	138
Deferred tax benefits not recognised	**20**	1
Utilisation of previously unrecognised tax benefits	**(1,295)**	(449)
Benefits from transfer of tax losses under group relief	**(1,077)**	(887)
Effect of different tax rates in other countries	**1,768**	4,148
	12,539	9,590
Share of taxation of associated companies and joint ventures	**11,084**	10,828
	23,623	20,418

Deferred tax benefits not recognised due to uncertainty of recoverability for unutilised losses and unabsorbed donations for the Group amounted to approximately $1,951,000 (2014: $9,570,000) and $352,000 (2014: Nil) respectively.

The use of these losses and donations is subject to agreement by the tax authority and compliance with certain provisions of the tax legislation in Singapore.

A loss-transfer system of group relief (known as "group relief system") for companies was introduced in Singapore with effect from Year of Assessment 2003. Under this system, corporate groups may set off the current year unutilised capital allowances, trade losses and donations ("loss items") of one Singapore company against the profits of another Singapore company within the same group, subject to compliance with the relevant rules and procedures and agreement of the Inland Revenue Authority of Singapore.

The Group recognised tax credit of $1,077,000 (2014: $887,000) on the transfer of unabsorbed donations of $58,000 (2014: $30,000) and capital allowances of $6,280,000 (2014: $5,189,000) to certain related companies under the group relief system.

The Group has deferred tax liabilities of $1,129,000 (2014: $2,265,000) not recognised for taxes that would be payable on the undistributed earnings of certain subsidiaries and associated companies as these earnings would not be distributed in the foreseeable future.

Notes to the Financial Statements

Movements in deferred tax liabilities and assets are as follows:

	At 1 January $'000	Exchange differences $'000	Charged/ (credited) to profit or loss $'000	At 31 December $'000
Group				
2015				
Deferred tax liabilities				
Accelerated tax depreciation	**1,631**	**13**	**6,503**	**8,147**
Investment properties valuation	**-**	**-**	**2,166**	**2,166**
Others	**198**	**-**	**1,210**	**1,408**
Total	**1,829**	**13**	**9,879**	**11,721**
Deferred tax assets				
Unutilised tax losses	**(227)**	**-**	**(1,279)**	**(1,506)**
Other provisions	**(550)**	**-**	**133**	**(417)**
Total	**(777)**	**-**	**(1,146)**	**(1,923)**
Net deferred tax liabilities	**1,052**	**13**	**8,733**	**9,798**
2014				
Deferred tax liabilities				
Accelerated tax depreciation	17,802	-	(16,171)	1,631
Others	194	-	4	198
Total	17,996	-	(16,167)	1,829
Deferred tax assets				
Unutilised tax losses	(463)	-	236	(227)
Other provisions	(1,443)	-	893	(550)
Total	(1,906)	-	1,129	(777)
Net deferred tax liabilities	16,090	-	(15,038)	1,052

10. Earnings Per Share

Basic earnings per share represents the Group's profit attributable to shareholders of the Company, divided by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share represents the Group's profit attributable to shareholders of the Company, divided by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of all potential dilutive ordinary shares.

Details of the computation are set out below:

	Group			
	2015 $'000		2014 $'000	
	Basic	Diluted	Basic	Diluted
Profit attributable to shareholders	**91,481**	**91,481**	246,578	246,578
	Number of shares '000		Number of shares '000	
	Basic	Diluted	Basic	Diluted
Weighted average number of shares	**555,867**	**555,867**	554,797	554,797
Adjustment for potential dilutive ordinary shares	**-**	**2,297**	-	2,123
Weighted average number of shares used to compute earnings per share	**555,867**	**558,164**	554,797	556,920
Earnings per share (cents)	**16.5**	**16.4**	44.4	44.3

570,000 (2014: 485,000) share options granted to employees under the existing employee share option scheme have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current and previous financial years presented.

11. Share Capital

	Group and Company			
	Number of Issued and Fully Paid Ordinary Shares		Amount	
	2015	2014	2015 $'000	2014 $'000
At 1 January	**554,911,837**	**553,891,937**	76,741	75,468
Issuance under Keppel T&T Share Option Scheme 1993	**205,000**	**220,000**	309	276
Issuance under Keppel T&T Share Plans	**866,150**	**799,900**	1,196	997
At 31 December	**555,982,987**	**554,911,837**	78,246	76,741

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

Keppel T&T Share Option Scheme 1993

Share options are granted to employees under the Keppel T&T Share Option Scheme 1993 ("KT&T Share Option Scheme"), which became operative on 5 May 1993.

The exercise price of the share options is equal to the average last business done price for the shares of the Company on the Singapore Exchange Securities Trading Limited for the three market days preceding the date of offer. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20 percent of the above price.

The vesting of granted options is conditional on the employee completing another 24 months of service. Once the options are vested, they are exercisable for a contractual option term of 10 years from the date of grant. The options may be exercised in full or in part in respect of 100 shares or a multiple thereof, on the payment of the exercise price. The persons, to whom the options have been issued, have no right to participate by virtue of the options in any share issue of any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Notes to the Financial Statements

The following table illustrates the number and weighted average exercise price ("WAEP") of, and movements in, share options during the financial year.

	Group and Company			
	2015		2014	
	Number of Options '000	**WAEP ($)**	Number of Options '000	WAEP ($)
At 1 January	**800**	**3.42**	1,275	3.05
Cancelled	**-**	**-**	(255)	3.44
Exercised	**(205)**	**1.51**	(220)	1.25
At 31 December	**595**	**4.07**	800	3.42
Exercisable at 31 December	**595**	**4.07**	800	3.42

The weighted average share price at the date of exercise for the options exercised in 2015 was $1.86 (2014: $1.75). The options outstanding at the end of the financial year had a weighted average exercise price of $4.07 (2014: $3.42) and a weighted average remaining contractual life of 2.0 years (2014: 3.3 years).

Details of outstanding share options to subscribe to the Company's shares granted under the Keppel T&T Share Option Scheme 1993 are set out in paragraph 6 of the Directors' Statement.

Keppel T&T Share Plans

At the Extraordinary General Meeting of the Company held on 21 April 2010, the Company's shareholders approved the adoption of two share plans, namely, the KT&T RSP and the KT&T PSP with effect from the date of termination of the KT&T Share Option Scheme. The KT&T Share Option Scheme was terminated on 2 July 2010. Options granted and outstanding prior to the termination will continue to be valid and subject to the terms and conditions of the KT&T Share Option Scheme. The two share plans are administered by the Remuneration Committee.

Details of the KT&T RSP and KT&T PSP are as follows:

	KT&T RSP	**KT&T PSP**
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets at the end of a one-year performance period	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a three-year performance period
Performance Conditions	Return on Equity ("ROE")	a) Absolute Economic Value Added ("EVA") b) Absolute Total Shareholder's Return ("TSR") c) Relative Total Shareholder's Return to FTSE Straits Times Mid Cap Index ("FSTM")
Final Award	0% or 100% of the contingent award granted, depending on achievement of pre-determined targets	0% - 150% of the contingent award granted, depending on achievement of pre-determined targets
Vesting Condition and Schedule	If pre-determined targets are achieved, awards will vest equally over three years subject to fulfillment of service requirements	If pre-determined targets are achieved, awards will vest at the end of the three year performance subject to fulfillment of service requirements

Movements in the number of shares under KT&T RSP and KT&T PSP are as follows:

	Group and Company			
	2015		2014	
	KT&T RSP	**KT&T PSP**	KT&T RSP	KT&T PSP
At 1 January	**1,015,000**	**325,000**	1,042,000	680,000
Granted	**1,077,281**	**240,000**	1,176,000	275,000
Adjustment upon release	**-**	**23,250**	-	-
Released	**(993,215)**	**(98,250)**	(1,042,000)	(95,400)
Cancelled	**(97,285)**	**-**	(161,000)	(534,600)
At 31 December	**1,001,781**	**490,000**	1,015,000	325,000

Number of shares released but not vested under KT&T RSP and KT&T PSP are as follows:

	Group and Company			
	2015		2014	
	KT&T RSP	**KT&T PSP**	KT&T RSP	KT&T PSP
At 1 January	**747,600**	**-**	546,700	-
Released	**993,215**	**98,250**	1,042,000	95,400
Vested	**(767,900)**	**(98,250)**	(704,500)	(95,400)
Cancelled	**(131,500)**	**-**	(136,600)	-
At 31 December	**841,415**	**-**	747,600	-

Senior management who are eligible for KT&T PSP are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

As at the balance sheet date, the number of contingent shares granted but not released were 1,001,781 (2014: 1,015,000) under KT&T RSP and 490,000 (2014: 325,000) under the KT&T PSP. Depending on the achievement of pre-determined performance targets, the actual number of shares to be released could range from zero to a maximum of 1,001,781 under KT&T RSP and range from zero to a maximum of 735,000 under KT&T PSP.

During the financial year, the number of KT&T RSP shares released was 993,215 (2014: 1,042,000) of which 767,900 (2014: 704,500) and 131,500 (2014: 136,600) shares were vested and cancelled respectively. As at the balance sheet date, the number of KT&T RSP shares released but not vested was 841,415 (2014: 747,600).

During the financial year, the number of KT&T PSP shares released was 98,250 (2014: 95,400), all of which were vested accordingly.

The fair values of the contingent award of shares under the KT&T RSP and KT&T PSP are determined at the grant date using Monte Carlo simulation method which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility.

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On 10 April 2015, the Company granted contingent awards of 1,077,281 (2014: 1,176,000) shares under the KT&T RSP and 240,000 (2014: 275,000) shares under the KT&T PSP. The significant inputs into the model are as follows:

	Group and Company			
	2015		2014	
	KT&T RSP	**KT&T PSP**	KT&T RSP	KT&T PSP
Date of grant	**10.4.15**	**10.4.15**	7.4.14	7.4.14
Prevailing share price at date of grant	**$1.875**	**$1.875**	$1.785	$1.785
Expected volatility:				
Company	**23.70%**	**23.70%**	21.92%	21.92%
FTSE Straits Times Mid Cap Index ("FSTM")	**#**	**10.23%**	#	16.13%
Correlation with FSTM	**#**	**10.00%**	#	28.80%
Expected term	**0.92 years to 2.92 years**	**2.92 years**	0.75 years to 2.75 years	2.75 years
Risk free rate	**0.84% to 1.20%**	**1.20%**	0.30% to 0.65%	0.65%
Expected dividend yield	**1.87%**	**1.87%**	1.96%	1.96%
Fair value of shares granted	**$1.81**	**$1.71**	$1.72	$1.29

This input is not required for the valuation of shares granted under the KT&T RSP

The expected volatilities are based on the historical volatilities of the Company's share price and the FSTM price over the previous 36 months immediately preceding the grant date. The expected term used in the model is based on the grant date and the end of the performance period.

12. Reserves

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Capital reserves				
Share option and share plan reserve	**7,209**	6,594	**6,374**	5,884
Fair value reserve	**9,772**	-	**-**	-
Hedging reserve	**932**	32	**-**	-
Statutory reserve	**6,312**	6,030	**-**	-
Merger reserve	**17,990**	17,990	**-**	-
	42,215	30,646	**6,374**	5,884
Revenue reserve	**614,880**	607,083	**95,236**	91,661
Foreign currency translation reserve	**(12,832)**	(7,912)	**-**	-
	644,263	629,817	**101,610**	97,545

Share option and share plan reserve represents the equity-settled share options granted to employees under the Keppel T&T Share Option Scheme and contingent award of shares granted to employees under the KT&T RSP and the KT&T PSP, and share of associated company's share option reserve.

Fair value reserve represents the cumulative fair value changes on available-for-sale financial assets recognised in other comprehensive income.

Hedging reserve represents the portion of the fair value changes on derivative financial instruments designated as hedge instruments in cash flow hedges that is determined to be an effective hedge.

Statutory reserve represents the fund set aside on the appropriation of net profit by subsidiaries and associated companies in People's Republic of China and Thailand, in accordance with regulations governed in the respective countries.

Merger reserve represents pre-acquisition retained earnings of a subsidiary acquired under common control following the application of the pooling of interest method.

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Movements in the Group's and the Company's reserves are set out in the Statements of Changes in Equity.

13. Non-controlling Interests

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	NCI's percentage of ownership interest and voting interest		Carrying amount of NCI		Profit after tax allocated to NCI	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000
Keppel Logistics (Foshan Sanshui Port) Company Limited	**40%**	40%	**25,272**	24,466	**1,479**	777
Keppel Logistics (Foshan) Limited	**30%**	30%	**20,702**	20,242	**748**	1,425
Keppel Data Centres Holding Pte Ltd	**30%**	30%	**25,021**	13,328	**12,005**	58,348
			70,995	58,036	**14,232**	60,550
Other individually immaterial subsidiaries			**31,018**	27,967	**273**	1,061
			102,013	86,003	**14,505**	61,611

The summarised financial information before inter-group elimination of the Group's subsidiaries that have material non-controlling interests are as follows:

	Keppel Logistics (Foshan Sanshui Port) Company Limited		Keppel Logistics (Foshan) Limited		Keppel Data Centres Holding Pte Ltd(1)	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000
Summarised balance sheet						
Non-current assets	**69,267**	67,116	**76,014**	76,509	**288,887**	127,334
Current assets	**8,569**	7,081	**19,217**	16,193	**100,443**	128,483
Current liabilities	**(7,801)**	(4,297)	**(16,049)**	(16,025)	**(130,561)**	(119,679)
Non-current liabilities	**(6,893)**	(8,734)	**(12,346)**	(11,236)	**(183,651)**	(100,000)
Net assets	**63,142**	61,166	**66,836**	65,441	**75,118**	36,138
Summarised statement of comprehensive income						
Revenue	**18,212**	12,356	**32,864**	36,967	**32,419**	56,714
Profit for the year	**3,684**	1,942	**240**	3,545	**40,015**	194,492
Other comprehensive income	**505**	385	**1,121**	897	**(1,035)**	-
Total comprehensive income	**4,189**	2,327	**1,361**	4,442	**38,980**	194,492
Other summarised information						
Net cash flow from operations	**7,792**	7,391	**5,133**	4,937	**26,208**	61,960
Dividends paid to NCI	**-**	-	**-**	-	**-**	60,000

Notes:

(1) The financial information for Keppel Data Centre Holding Pte Ltd has been aggregated based on the consolidated financial statements of Keppel Data Centres Holding Pte Ltd and its subsidiaries. Subsidiaries consolidated in Keppel Data Centres Holding Pte Ltd are as follows:

- Keppel Datahub Pte Ltd;
- Keppel Datahub 2 Pte Ltd;
- Keppel Datahub 3 Pte Ltd;
- Keppel Digihub Ltd;
- Keppel Almere Pte Ltd;
- Keppel Data Centre Netherlands BV; and
- Keppel Data Centre Almere BV.

Notes to the Financial Statements

14. Fixed Assets

	Leasehold Land and Buildings $'000	Plant, Equipment and Vehicles $'000	Capital Work-in-Progress $'000	Total $'000
Group				
2015				
Cost				
At 1 January	**307,841**	**59,547**	**101,827**	**469,215**
Additions	**11,677**	**7,677**	**44,136**	**63,490**
Disposals	**(335)**	**(2,257)**	**-**	**(2,592)**
Reclassification				
- Fixed assets	**68,080**	**10,866**	**(78,946)**	**-**
Exchange differences	**538**	**938**	**1,618**	**3,094**
At 31 December	**387,801**	**76,771**	**68,635**	**533,207**
Accumulated depreciation and impairment				
At 1 January	**125,716**	**38,619**	**-**	**164,335**
Depreciation for the year	**9,905**	**6,519**	**-**	**16,424**
Disposals	**(122)**	**(1,965)**	**-**	**(2,087)**
Exchange differences	**(2,840)**	**1,223**	**-**	**(1,617)**
At 31 December	**132,659**	**44,396**	**-**	**177,055**
Net book value	**255,142**	**32,375**	**68,635**	**356,152**
2014				
Cost				
At 1 January	443,693	197,968	47,276	688,937
Additions	8,991	7,355	163,331	179,677
Subsidiaries acquired	4,566	1,424	-	5,990
Disposals	(121,402)	(147,616)	(8,923)	(277,941)
Reclassification				
- Investment properties	(64,008)	(66,250)	(90)	(130,348)
- Fixed assets	34,220	65,925	(100,145)	-
Exchange differences	1,781	741	378	2,900
At 31 December	307,841	59,547	101,827	469,215
Accumulated depreciation and impairment				
At 1 January	123,741	57,750	-	181,491
Depreciation for the year	9,871	16,670	-	26,541
Impairment loss	5,711	-	-	5,711
Disposals	(12,807)	(34,123)	-	(46,930)
Reclassification				
- Investment properties	(1,131)	(2,150)	-	(3,281)
Exchange differences	331	472	-	803
At 31 December	125,716	38,619	-	164,335
Net book value	182,125	20,928	101,827	304,880

The Group's capital work-in-progress of $68,635,000 (2014: $101,827,000) relates mainly to expenditure for logistics facilities under construction.

The carrying amount of fixed assets held under finance lease is $2,520,000 (2014: Nil).

Certain leasehold land and buildings with carrying amount of $129,832,000 (2014: $116,990,000) are mortgaged to banks for loan facilities (Notes 27 and 28).

Interest expense capitalised as cost of fixed assets during the financial year amounted to $1,239,000 (2014: $1,240,000).

15. Investment Properties

	Group	
	2015 $'000	2014 $'000
At 1 January	**127,067**	-
Additions	**129,648**	-
Fair value gain (Note 5)	**32,133**	-
Reclassification		
- Fixed assets	**-**	127,067
Exchange differences	**(205)**	-
At 31 December	**288,643**	127,067

The Group's investment properties (including integral plant and machinery) are stated at fair value determined based on valuations performed by independent firms of professional valuers as at 31 December 2015 as follows:

- Colliers International Consultancy & Valuation (Singapore) Pte Ltd for properties in Singapore; and
- CBRE Limited for a property in the Netherlands.

Based on valuations performed by the independent valuers, management has analysed the appropriateness of the fair value changes. Details of valuation techniques and inputs used are disclosed in Note 35.

During the financial year, interest expense capitalised as cost of investment properties amounted to $270,000 (2014: Nil).

16. Subsidiaries

	Company	
	2015 $'000	2014 $'000
Unquoted shares, at cost	**204,079**	204,079
Impairment losses	**(105,938)**	(111,897)
	98,141	92,182
Loans owing to subsidiaries	**-**	(3,223)
	98,141	88,959

Movements in the impairment losses on subsidiaries are as follows:

	Company	
	2015 $'000	2014 $'000
At 1 January	**111,897**	111,897
Write-back	**(5,959)**	-
At 31 December	**105,938**	111,897

During the financial year, impairment losses amounting to $5,959,000 was written-back as a result of increase in a subsidiary's recoverable amount attributable to gains recognised by the subsidiary from other investments.

The loans owing to subsidiaries are interest-free, unsecured, not expected to be repayable and to be settled in cash.

Information relating to significant subsidiaries consolidated in the financial statements is given in Note 38.

Notes to the Financial Statements

17. Associated Companies and Joint Ventures

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Unquoted shares, at cost	115,007	114,581	34,572	34,572
Quoted shares, at cost	373,211	373,211	-	-
Market value: $774,333,000 (2014: $924,928,000)				
Impairment losses	(13,055)	(4,093)	-	-
	475,163	483,699	34,572	34,572
Share of post-acquisition reserves	82,209	58,751	-	-
	557,372	542,450	34,572	34,572

Movements in impairment losses on associated companies and joint ventures are as follows:

	Group	
	2015 $'000	2014 $'000
At 1 January	4,093	4,093
Impairment loss (Note 5)	8,962	-
At 31 December	13,055	4,093

During the financial year, an impairment loss of $8,962,000 (2014: Nil) is recognised on the Investments segment's investment in SVOA Public Company Limited ("SVOA") due to lower recoverable amount as a result of weaker economic outlook.

The recoverable amount of the investment in SVOA is assessed to be fair value less costs of disposal. The fair value and details on fair value measurement of the investment in SVOA in disclosed in Note 35 to the financial statements.

The share of profit after taxation of associated companies and joint ventures is as follows:

	Group	
	2015 $'000	2014 $'000
Share of profit before tax	85,832	61,148
Share of taxation (Note 9)	(11,084)	(10,828)
Share of profit after taxation	74,748	50,320

Included in unquoted shares are the costs of investment attributable to the joint ventures of $30,951,000 (2014: $30,951,000). The current year profit or loss and cumulative share of post-acquisition reserves attributable to the joint ventures are loss of $1,128,000 (2014: profit of $1,468,000) and $6,480,000 (2014: $7,157,000) respectively.

Information relating to significant associated companies and joint ventures equity accounted in the financial statements is given in Note 38.

<u>Associated companies which are material to the Group</u>
Associated companies which are material and strategic to the Group's activities are as follows:

	Group	
	2015 $'000	2014 $'000
Keppel DC REIT ("KDC REIT")	259,373	247,175
M1 Limited	180,963	177,886
	440,336	425,061
Other individually immaterial associated companies and joint ventures	117,036	117,389
	557,372	542,450

The summarised financial information of associated companies which are material to the Group and a reconciliation with the carrying amount of these investments in the Group's balance sheet are as follows:

	Keppel DC REIT		M1 Limited	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Summarised balance sheet				
Non-current assets	**1,119,941**	1,041,313	**825,400**	801,900
Current assets	**91,230**	80,192	**260,500**	225,900
Current liabilities	**(51,567)**	(22,473)	**(561,800)**	(274,500)
Non-current liabilities	**(346,116)**	(326,003)	**(110,900)**	(358,700)
Net assets	**813,488**	773,029	**413,200**	394,600
Less: Non-controlling interests	**(374)**	(441)	**-**	-
	813,114	772,588	**413,200**	394,600
Proportion of the Group's ownership	**30.10%**	30.10%	**19.09%**	19.21%
Group's share of net assets	**244,747**	232,549	**78,880**	75,803
Goodwill	**14,626**	14,626	**102,083**	102,083
Carrying amount of the investment	**259,373**	247,175	**180,963**	177,886
Summarised statement of comprehensive income				
Revenue	**103,494**	4,189	**1,157,200**	1,076,300
Profit for the year	**104,937**	(723)	**178,500**	175,800
Other comprehensive income	**(32,241)**	-	**-**	-
Total comprehensive income	**72,696**	(723)	**178,500**	175,800
Other summarised information				
Fair value of ownership interest at 31 December	**269,796**	257,789	**486,510**	645,699
Dividends received	**9,461**	-	**33,805**	37,919

The fair values of ownership interests are determined based on level 1 of the fair value hierarchy.

Other individually immaterial associated companies and joint ventures

Aggregate information about the Group's investments in associated companies and joint ventures that are not individually material are as follows:

	Group	
	2015 $'000	2014 $'000
Associated companies		
Share of profit before taxation	**12,139**	17,819
Share of taxation	**(1,989)**	(2,621)
Share of other comprehensive income	**1,579**	(4,723)
Share of total comprehensive income	**11,729**	10,475
Joint ventures		
Share of profit before taxation	**(1,053)**	1,715
Share of taxation	**(75)**	(247)
Share of other comprehensive income	**701**	856
Share of total comprehensive income	**(427)**	2,324

Notes to the Financial Statements

18. Other Investments

	Group 2015 $'000	Group 2014 $'000
Available-for-sale financial assets:		
Equity instruments (unquoted)	**9,851**	79

The Group recorded fair value gain of $9,772,000 in other comprehensive income during the financial year on certain unquoted equity instruments, which were fully impaired as at 31 December 2014, based on expected future cash flows as a result of turnaround in certain investments held by these funds.

Details of valuation techniques and inputs used in the valuation of available-for-sale financial assets are disclosed in Note 35.

19. Intangibles

	Goodwill $'000	Management Rights $'000	Total $'000
Group			
2015			
Cost			
At 1 January	**1,472**	**16,757**	**18,229**
Goodwill written off (Note 5)	**(1,472)**	**-**	**(1,472)**
At 31 December	**-**	**16,757**	**16,757**
2014			
Cost			
At 1 January	-	-	-
Addition	-	16,757	16,757
Subsidiary acquired	1,472	-	1,472
At 31 December	1,472	16,757	18,229

Impairment test for goodwill

For the purpose of impairment testing, goodwill is allocated to Logistics segment's operations in Vietnam.

The recoverable amount is determined based on value-in-use calculation using cash flow projections derived from the most recent financial budgets approved by management for the next five years using a pre-tax discount rate of 15% (2014: 15%). The key assumptions are those regarding the discount rate and expected changes to occupancy rates and operating margins.

Management estimates pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the cash generating unit. The discount rate calculation is based on weighted average cost of capital and takes into account the cost of debt and equity.

Assumptions to growth rates, occupancy rates and operating margins are based on past practices and expectations of future changes in the market. The forecasted growth rates used to extrapolate cash flow projections beyond the five-year period is 1% (2014: 1%).

During the financial year, an impairment loss of $1,472,000 (2014: Nil) is recognised to write-off the carrying amount of goodwill, attributable to weaker economic outlook in Vietnam and South-east Asia.

Impairment test for management rights

The recoverable amount of management rights is determined based on cash flow projections from the provision of asset management services using a pre-tax discount rate of 9% (2014: 9%). The key assumptions are those regarding the discount rate and expected changes to assets under management and net property income of these assets.

Management estimates pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the assets under management. Assumptions to assets under management and net property income of these assets are based on past practices and expectations of future changes in the market. The forecasted growth rates used to extrapolate cash flow projections beyond the five-year period is 1% (2014: 1%).

Management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the management rights to materially exceed its recoverable amount.

20. Long-term Receivables

	Company	
	2015 $'000	2014 $'000
Loans to subsidiaries	**94,850**	94,850
Advances to subsidiaries	**62,010**	47,972
	156,860	142,822

Loans to subsidiaries are repayable on 10 August 2017 and bear fixed interest at rates ranging from 2.625% to 3.490% per annum. Advances to subsidiaries are interest-free, have no fixed repayment dates and are not expected to be settled within the next 12 months. These amounts are to be settled in cash.

The fair value of long-term receivables for the Company is $153,105,000 (2014: $140,813,000). The fair value, under level 3 of the fair value hierarchy, is computed on the discounted cash flow method using discount rates based upon the lending rates which the Company expects would be available as at the balance sheet date.

21. Stocks

	Group	
	2015 $'000	2014 $'000
Spare parts and consumable stocks	631	737

22. Debtors

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Trade debtors	**44,232**	46,313	**-**	-
Allowance for impairment	**(400)**	(395)	**-**	-
	43,832	45,918	**-**	-
Sundry debtors	**4,831**	5,174	**1**	1
Prepayments	**2,428**	2,073	**192**	253
Sundry deposits	**1,364**	1,149	**1**	1
Advance land payments	**20,559**	19,681	**-**	-
Deposit for investment properties	**-**	48,045	**-**	-
Interest receivable	**19**	-	**-**	-
Tax receivable	**4,089**	2,885	**-**	-
	33,290	79,007	**194**	255
Total debtors	**77,122**	124,925	**194**	255

Notes to the Financial Statements

Trade debtors

Trade debtors are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Debtors that are neither past due nor impaired are creditworthy debtors with good payment records.

Debtors that are past due but not impaired

The age analysis of debtors that are past due as at the balance sheet date but not impaired is as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Past due by:				
Lesser than 3 months	7,258	8,784	-	-
3 to 6 months	1,570	2,455	-	-
Over 6 months	646	219	-	-
	9,474	11,458	-	-

These debtors are not secured by any collateral or credit enhancements.

Debtors that are impaired

Debtors that are impaired as at the balance sheet date and the movement in allowance for impairment are as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Gross amount	400	395	-	-
Less: Allowance for impairment	(400)	(395)	-	-
	-	-	-	-
Movement in allowance for impairment				
At 1 January	395	372	-	-
Exchange differences	6	3	-	-
Allowance made	8	127	-	-
Allowance written-back	(9)	(16)	-	-
Allowance written-off	-	(91)	-	-
At 31 December	400	395	-	-

Debtors that are individually determined to be impaired as at the balance sheet date relate to debtors that are in significant difficulties and have defaulted on payments. These debtors are not secured by any collateral or credit enhancements.

23. Amounts Owing by/(to) Holding and Related Companies

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Amounts owing by:				
Related companies				
Trade accounts	**1,300**	1,457	**-**	-
	1,300	1,457	**-**	-
Related companies				
Non-trade accounts	**365**	168	**3,564**	2,489
Loan accounts	**-**	-	**18,980**	27,349
Less: Allowance for impairment	**-**	-	**(8,260)**	(9,346)
	1,665	1,625	**14,284**	20,492
Amounts owing to:				
Related companies				
Trade accounts	**(212)**	(232)	**-**	-
	(212)	(232)	**-**	-
Holding company				
Non-trade accounts	**(208)**	(214)	**-**	-
Related companies				
Non-trade accounts	**(854)**	(602)	**(10,928)**	(1,745)
	(1,274)	(1,048)	**(10,928)**	(1,745)

Trade accounts are non-interest bearing and are generally on 30 to 60 days' terms. Non-trade and loan accounts are unsecured, interest-free, repayable on demand and are to be settled in cash. Related companies of the Group refer to subsidiaries of Keppel Corporation Limited.

Amounts owing by related companies that are past due but not impaired

The age analysis of amounts owing by related companies that are past due as at the balance sheet date but not impaired is as follows:

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Past due by:				
Lesser than 3 months	**511**	151	**-**	-
3 to 6 months	**93**	122	**-**	-
	604	273	**-**	-

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Amounts owing by related companies that are impaired

Amounts owing by related companies that are impaired as at the balance sheet date and the movement in allowance for impairment are as follows:

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Gross amount	**-**	-	**8,260**	9,346
Less: Allowance for impairment	**-**	-	**(8,260)**	(9,346)
	-	-	**-**	-
Movement in allowance for impairment				
At 1 January	**-**	-	**9,346**	9,755
Allowance written-back	**-**	-	**(1,086)**	(409)
At 31 December	**-**	-	**8,260**	9,346

For the Company, allowance for impairment amounting to $1,086,000 was written-back during the financial year due to payments received from a subsidiary.

24. Amounts Owing by/(to) Associated Companies

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Amounts owing by associated companies:				
Trade accounts	**2,505**	104	**-**	-
Non-trade accounts	**362**	1,837	**-**	-
Advances	**46**	413	**-**	-
Less: Allowance for impairment	**(46)**	(46)	**-**	-
	2,867	2,308	**-**	-
Amounts owing to associated companies:				
Trade accounts	**(7,452)**	(11)	**-**	-
Non-trade accounts	**(21,303)**	(21,025)	**-**	-
	(28,755)	(21,036)	**-**	-

Trade accounts are non-interest bearing and are generally on 30 to 60 days' terms. Non-trade accounts and advances owing by associated companies are interest-free, unsecured and repayable on demand.

Amounts owing by associated companies that are past due but not impaired

The age analysis of amounts owing by associated companies that are past due as at the balance sheet date but not impaired is as follows:

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Past due by:				
Lesser than 3 months	**151**	2	**-**	-
3 to 6 months	**9**	2	**-**	-
	160	4	**-**	-

Amounts owing by associated companies that are impaired

Amounts owing by associated companies that are impaired as at the balance sheet date are as follows:

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Gross amount	**46**	46	**-**	-
Less: Allowance for impairment	**(46)**	(46)	**-**	-
	-	-	**-**	-

25. Fixed Deposits, Bank Balances and Cash

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Fixed deposits with banks	**15,697**	6,507	**-**	-
Short-term placements with a related company	**128,439**	214,519	**10,513**	12,562
	144,136	221,026	**10,513**	12,562
Bank balances and cash	**44,371**	59,638	**181**	184
	188,507	280,664	**10,694**	12,746

Short-term placements with a related company are made for varying periods of between 11 and 66 days (2014: 11 and 53 days) and earn interest at rates ranging from 0.43% to 0.95% (2014: 0.15% to 0.36%) per annum.

Deposits placed with banks are made for varying periods of between 1 month and 12 months (2014: 3 months and 12 months) depending on the immediate cash requirements of the Group. These deposits earn interest at rates ranging from 0.66% to 5.00% (2014: 0.90% to 4.40%) per annum.

26. Creditors

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Trade creditors	**13,929**	19,886	**-**	-
Deposits from customers	**3,948**	4,113	**-**	-
Retention monies	**8,894**	8,587	**161**	159
Interest payables	**2,149**	2,139	**1,217**	1,217
Sundry creditors	**31,750**	9,069	**1,603**	1,361
Accrued expenses	**28,886**	34,763	**980**	1,078
Derivative financial instruments	**42**	-	**-**	-
Finance lease liabilities (Note 32.3)	**214**	-	**-**	-
Deferred revenue	**6,335**	4,410	**-**	-
Total creditors	**96,147**	82,967	**3,961**	3,815

Amounts due to trade creditors are non-interest bearing and are generally on 30 to 90 days' terms.

Details of valuation techniques and inputs used in the valuation of derivative financial instruments are disclosed in Note 35.

Notes to the Financial Statements

27. Short-term Borrowings

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Bank and other borrowings, unsecured	**9,537**	7,358	**-**	-
Bank borrowings, secured	**2,664**	2,076	**-**	-
Loan from a related company, unsecured	**47,654**	43,971	**-**	-
	59,855	53,405	**-**	-

Unsecured bank and other borrowings are repayable within 1 year and bear interest at rates ranging from 4.60% to 6.85% (2014: 1.35% to 6.46%) per annum.

Secured bank borrowings are repayable within 1 year and bear interest at rates ranging from 6.15% to 10.60% (2014: 6.55% to 11.30%) per annum.

Unsecured loan from a related company of $47,654,000 (2014: $43,971,000) is repayable within 1 year and bears interest at rates ranging from 0.55% to 0.95% (2014: 0.95%) per annum.

28. Long-term Borrowings

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Loans from related companies, unsecured	**128,900**	104,900	**-**	-
Bank borrowings, secured	**65,787**	59,726	**-**	-
Bank borrowings, unsecured	**140,851**	140,949	**-**	-
Medium Term Note	**120,000**	120,000	**120,000**	120,000
	455,538	425,575	**120,000**	120,000

Unsecured loans from related companies include:

(a) $74,900,000 (2014: $74,900,000) that is repayable in July 2018 (2014: June 2016) and bears interest at floating rate ranging from 2.04% to 3.57% (2014: 1.81% to 2.30%) per annum;

(b) $21,000,000 (2014: $21,000,000) that is repayable in June 2018 (2014: June 2018) and bears interest at the fixed rate of 2.70% (2014: 2.70%) per annum;

(c) $24,000,000 (2014: Nil) that is repayable in August 2017 (2014: Nil) and bears interest at the fixed rate of 3.49% (2014: Nil) per annum; and

(d) $9,000,000 (2014: $9,000,000) that is repayable in June 2018 (2014: June 2018) and bears interest at the fixed rate of 2.84% (2014: 2.84%) per annum.

The interest rates of the floating rate loans are repriced at intervals of 3 months.

Secured bank borrowings include:

(a) $53,121,000 (2014: $46,621,000) that is repayable by December 2018 (2014: December 2018) and bears interest at floating rate ranging from 1.19% to 2.62% (2014: 1.18% to 1.71%) per annum;

(b) $6,424,000 (2014: $8,734,000) that is repayable by May 2019 (2014: May 2019) and bears interest at floating rate ranging from 6.15% to 6.55% (2014: 6.55% to 7.53%) per annum; and

(c) $6,242,000 (2014: $4,347,000) that is repayable by October 2019 (2014: October 2019) and bears interest at floating rate ranging from 2.97% to 7.50% (2014: 3.03% to 7.50%) per annum.

The bank borrowings are secured by mortgage over certain fixed assets of the Group (Note 14).

The interest rates of the floating rate loans are repriced at intervals of 1 month to 3 months.

Unsecured bank borrowings include:

(a) $9,900,000 (2014: $11,236,000) that is repayable by May 2017 (2014: May 2017) and bears interest at floating rate ranging from 5.78% to 6.46% (2014: 6.46%) per annum;

(b) $49,000,000 (2014: $49,000,000) that is repayable in June 2018 (2014: June 2018) and bears interest at the fixed rate of 2.70% (2014: 2.70%) per annum;

(c) $62,900,000 (2014: $62,900,000) that is repayable in November 2018 (2014: November 2018) and bears interest at the fixed rate of 2.90% (2014: 2.90%) per annum;

(d) $6,100,000 (2014: $6,100,000) that is repayable in November 2018 (2014: November 2018) and bears interest at floating rate ranging from 1.64% to 2.79% (2014: 1.57% to 1.64%) per annum; and

(e) $12,951,000 (2014: $11,713,000) that is repayable by December 2018 (2014: December 2018) and bears interest at floating rate ranging from 5.15% to 7.20% (2014: 6.55% to 7.20%) per annum.

The interest rates of the floating rate loans are repriced at intervals of 3 months to 12 months.

The $500,000,000 Medium Term Note ("MTN") Programme was established on 29 June 2012 and $120,000,000 was drawn down on 13 August 2012, which is repayable on 13 August 2017 with option to extend for 2 years. The notes are unsecured and bear interest at the fixed rates of 2.625% per annum from August 2012 to August 2017 and 3.825% per annum from August 2017 to August 2019 per annum if extended. The MTN includes a financial covenant which requires the Group to maintain the ratio of net borrowings to capital employed not exceeding 2.75 times.

The fair values of long-term borrowings for the Group and Company are $452,485,000 (2014: $425,737,000) and $118,797,000 (2014: $120,103,000) respectively. These fair values, under level 3 of the fair value hierarchy, are computed on the discounted cash flow method using discount rates based upon the borrowing rates which the Group expects would be available as at the balance sheet date.

29. Other Non-current Liabilities

	Group	
	2015 $'000	2014 $'000
Accrued operating expenses	**667**	667
Finance lease liabilities (Note 32.3)	**2,342**	-
Deferred income	**4,397**	-
	7,406	667

Notes to the Financial Statements

30. Related Party Disclosures

30.1 Sale and Purchase of Goods and Services

During the financial year, the Group entered into transactions with related parties on commercial terms, as shown below:

	Group							
	Sale of goods and rendering of services		Purchase of goods and receiving of services		Management fees paid		Rental of premises	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Holding company	-	-	-	-	(986)	(844)	3	3
Related companies	2,094	3,576	(848)	(1,123)	-	-	4,842	4,249
Associated companies and joint ventures	26,610	18,193	(19)	(27)	-	-	-	-

Other transactions entered by the Group with related parties are disclosed in Notes 7, 8 and 32.

30.2 Compensation of Key Management Personnel

	Group	
	2015 $'000	2014 $'000
Short-term employee benefits	2,253	2,287
Central Provident Fund contributions	46	53
Share options and share plans granted	493	261
	2,792	2,601

31. Capital Commitments

Capital expenditure not provided for in the financial statements in respect of contracts placed for:

	Group	
	2015 $'000	2014 $'000
Development of investment properties	16,875	20,250
Purchase and construction of fixed assets	41,287	1,509
	58,162	21,759

32. Lease Commitments

32.1 Operating Lease Commitments as Lessor

The Group leases properties under non-cancellable operating lease agreements. These leases have remaining lease terms of between 1 month and 14 years.

Future minimum lease receipts under non-cancellable leases are as follows:

	Group	
	2015 $'000	2014 $'000
Not later than one year	158,402	71,923
Later than one year not later than five years	202,768	159,514
Later than five years	115,917	111,400
	477,087	342,837

32.2 Operating Lease Commitments as Lessee

The Group leases out property space under non-cancellable operating lease agreements. These leases have remaining lease terms of between 1 month and 36 years.

Future minimum lease payments under non-cancellable leases are as follows:

	Group	
	2015 $'000	2014 $'000
Not later than one year	**15,702**	19,050
Later than one year not later than five years	**58,774**	57,956
Later than five years	**112,029**	113,870
	186,505	190,876

32.3 Finance Lease Commitments as Lessee

The Group entered into a finance lease for certain plant and equipment with a related company. This lease has no renewal clause but provides the Group with the option to purchase the leased asset at nominal value at the end of the lease term. Under the finance lease, future minimum lease payments and present value of lease liabilities are as follows:

	Group			
	2015		2014	
	Minimum lease payments $'000	**Present value of lease liabilities $'000**	**Minimum lease payments $'000**	**Present value of lease liabilities $'000**
Not later than one year	**216**	**214**	-	-
Later than one year not later than five years	**864**	**814**	-	-
Later than five years	**1,836**	**1,528**	-	-
	2,916	**2,556**	-	-
Less: Future finance charges	**(360)**	**-**	-	-
Present value of finance lease liabilities	**2,556**	**2,556**	-	-

33. Contingent Liabilities

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries. These bank borrowings amount to $199,965,000 (2014: $188,430,000).

34. Segment Analysis

The Group is organised into three main business 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 operating mainly in Singapore, China, Malaysia, and Vietnam.

The Data Centre segment provides data centre co-location services, business continuity, disaster recovery, facility management and REIT management services operating in Singapore, Ireland, the Netherlands, Australia, the United Kingdom and Malaysia.

The Investments segment is the investment holding arm for various entities not within the Logistics and Data Centre segments.

The Group's analysis of geographical segments is based on the location in which the Group's activities are carried out.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Notes to the Financial Statements

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which is measured in the same manner as the operating profit in the consolidated financial statements.

2015
By business segments

	Logistics $'000	Data Centre $'000	Investments $'000	Eliminations $'000	Consolidated Total $'000
Revenue					
External sales	155,375	45,191	-	-	200,566
Inter-segment sales	99	-	-	(99)	-
Total	155,474	45,191	-	(99)	200,566
Segment results					
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	1,774	34,034	50,024	-	85,832
Profit before taxation	12,857	82,283	34,469	-	129,609
Taxation	(6,249)	(7,199)	(10,175)	-	(23,623)
Profit for the year	6,608	75,084	24,294	-	105,986
Attributable to:					
Shareholders of the Company	4,589	62,709	24,183	-	91,481
Non-controlling interests	2,019	12,375	111	-	14,505
	6,608	75,084	24,294	-	105,986
Other information					
Segment assets	532,397	722,388	434,802	(190,020)	1,499,567
Segment liabilities	(246,692)	(395,004)	(223,369)	190,020	(675,045)
Net assets	285,705	327,384	211,433	-	824,522
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
Impairment loss on investments	-	-	8,962	-	8,962
Goodwill written off	1,472	-	-	-	1,472
Fair value gain on investment properties	-	32,133	-	-	32,133

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.

2014
By business segments

	Logistics $'000	Data Centre $'000	Investments $'000	Eliminations $'000	Consolidated Total $'000
Revenue					
External sales	148,706	75,857	-	-	224,563
Inter-segment sales	99	-	-	(99)	-
Total	148,805	75,857	-	(99)	224,563
Segment results					
Operating profit/(loss)	12,911	279,687	(13,695)	-	278,903
Interest income	237	206	2,626	(2,645)	424
Interest expense	(1,949)	(7,661)	(4,903)	2,645	(11,868)
Share of results of associated companies and joint ventures	3,412	8,422	49,314	-	61,148
Profit before taxation	14,611	280,654	33,342	-	328,607
Taxation	(2,129)	(9,084)	(9,205)	-	(20,418)
Profit for the year	12,482	271,570	24,137	-	308,189
Attributable to:					
Shareholders of the Company	9,854	212,882	23,842	-	246,578
Non-controlling interests	2,628	58,688	295	-	61,611
	12,482	271,570	24,137	-	308,189
Other information					
Segment assets	467,955	688,793	423,522	(177,306)	1,402,964
Segment liabilities	(195,532)	(374,339)	(217,838)	177,306	(610,403)
Net assets	272,423	314,454	205,684	-	792,561
Investment in associated companies and joint ventures	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.

Notes to the Financial Statements

35. Fair Values

Fair value hierarchy

The Group categorises fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Assets and liabilities measured at fair value

The following table shows an analysis of the Group's assets and liabilities measured at fair value as at the balance sheet date:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2015				
Recurring fair value measurements				
Financial assets:				
Available-for-sale financial assets (Note 18)				
Equity instruments (unquoted)	**-**	**-**	**9,851**	**9,851**
Non-financial assets:				
Investment properties (Note 15)				
Commercial	**-**	**-**	**288,643**	**288,643**
Financial liabilities:				
Derivative financial instruments (Note 26)				
Interest rate swaps	**-**	**(42)**	**-**	**(42)**
Non-recurring fair value measurements				
Non-financial assets:				
Associated companies				
Investment in SVOA Public Company Limited	**3,591**	**13,799**	**-**	**17,390**
2014				
Recurring fair value measurements				
Financial assets:				
Available-for-sale financial assets (Note 18)				
Equity instruments (unquoted)	-	-	79	79
Non-financial assets:				
Investment properties (Note 15)				
Commercial	-	-	127,067	127,067

There is no transfer between Level 1, Level 2 and Level 3 of the fair value hierarchy during the financial year for assets and liabilities held at the end of the reporting period.

Non-recurring fair value measurements

As at the balance sheet date, the Group's investment in SVOA Public Company Limited, which comprise quoted ordinary shares and unquoted preference shares, was impaired to its recoverable amount determined to be fair value less cost of disposal. Details on the impairment are disclosed in Note 17 to the financial statements.

Level 2 fair value measurements

The fair value of interest rate swaps are based on banker's valuation using forward pricing and swap models with market observable inputs including interest rate curves.

The fair value of unquoted preference shares of SVOA Public Company Limited is determined using the price per share of SVOA Public Company Limited's ordinary shares quoted on the Stock Exchange of Thailand as at the balance sheet date.

Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value $'000	Valuation techniques	Unobservable inputs	Range
Group				
2015				
Available-for-sale financial assets				
Equity instruments (unquoted)	9,851	Discounted cash flow method and/or net asset value	Net asset value	Not applicable
			Cash flow forecast	Not applicable
			Discount rate (%)	12%
Investment properties				
Commercial	288,643	Income capitalisation method and/or discounted cash flow method	Capitalisation rate (%)	6% to 8.5%
			Vacancy rate (%)	5%
			Discount rate (%)	7.5% to 13.5%
			Terminal yield	7.25%
			Terminal growth rate	2%
Group				
2014				
Available-for-sale financial assets				
Equity instruments (unquoted)	79	Net asset value	Net asset value	Not applicable
Investment properties				
Commercial	127,067	Discounted cash flow method	Discount rate (%)	9.5% to 11%
			Terminal yield	8.5% to 8.75%
			Terminal growth rate	1% to 2%

Unquoted equity instruments are valued using discounted cash flow method based on net asset value of these funds' portfolio, after taking into account recoverability and marketability of investments in their portfolio. Discounted cash flow method is used, in addition to net asset value, in the valuation to better reflect the timing of realisation of certain investments. Net asset value is based on the net asset value per share as reported by the managers of these funds, less impairment. Inputs from managers of these funds, including cost of disposal, operating expense and capital gain tax exposure, are taken into account in projecting future cash flows. The valuation of unquoted equity instruments is generally sensitive to changes in the unobservable inputs tabled above. A 3% higher/lower discount rate will result in approximately $540,000 lower/$591,000 higher fair value gain in other comprehensive income.

The valuation of investment properties is generally sensitive to changes in the unobservable inputs tabled above. A significant movement in each of these inputs would result in significant change in the fair value of the investment properties. Reconciliation for investment properties measured at fair value under level 3 of the fair value hierarchy is disclosed in Note 15 to the financial statements.

The following table presents the reconciliation for all financial instruments measured at fair value under level 3 of the fair value hierarchy:

	Group	
	2015 $'000	2014 $'000
At 1 January	**79**	236
Total gains/(losses) in other comprehensive income	**9,772**	(157)
At 31 December	**9,851**	79

Notes to the Financial Statements

Fair value of financial instruments not measured at fair value
Other than long-term borrowings and long-term receivables, management has determined that the carrying amount of the Group's and the Company's financial assets and liabilities that are not measured at fair value reasonably approximate their fair values.

Assets and liabilities not measured at fair value but for which fair value is disclosed
The following table shows an analysis of the assets and liabilities of the Group not measured at fair value at the end of the reporting period but for which fair values are disclosed:

	Fair Value			Carrying
	Level 1 $'000	Level 3 $'000	Total $'000	Amount $'000
Group				
2015				
Assets:				
Associated companies and joint ventures	**774,333**	**-**	**774,333**	**462,750**
Liabilities:				
Long-term borrowings	**-**	**(452,485)**	**(452,485)**	**(455,538)**
2014				
Assets:				
Associated companies and joint ventures	924,928	-	924,928	455,060
Liabilities:				
Long-term borrowings	-	(425,737)	(425,737)	(425,575)

The following table shows an analysis of the assets and liabilities of the Company not measured at fair value at the end of the reporting period but for which fair values are disclosed:

	Fair Value		Carrying
	Level 3 $'000	Total $'000	Amount $'000
Company			
2015			
Assets:			
Long-term receivables	**153,105**	**153,105**	**156,860**
Liabilities:			
Long-term borrowings	**(118,797)**	**(118,797)**	**(120,000)**
2014			
Assets:			
Long-term receivables	140,813	140,813	142,822
Liabilities:			
Long-term borrowings	(120,103)	(120,103)	(120,000)

36. Financial Risk Management

The Group's principal financial instruments comprise loans, cash and short-term deposits. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has other financial assets and liabilities such as trade debtors and trade creditors, which arise directly from its operations. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. The details regarding the Group's exposure to these risks and the objectives, policies and processes for the management of these risks are summarised below.

36.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from fixed deposits, short-term placements and debt obligations. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals not exceeding 12 months (2014: not exceeding 12 months) from the balance sheet date.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. The Group manages interest cost by borrowing from related companies which charges interest at prevailing market rates (Notes 27 and 28).

During the financial year, the Group has entered into an interest rate swap agreement to hedge the interest rate risk exposure arising from one of its SGD floating rate term loans as a cash flow hedge. As at the balance sheet date, the notional amount of the interest rate swap is $43,121,000 (2014: Nil) whereby the Group receives variable rates equal to the Association of Banks in Singapore's Swap Offer Rate and pays at the fixed rate of 1.94% on the notional amount. As at the balance sheet date, the fair value of the interest rate swap is negative at $42,000 (2014: Nil), comprising liabilities of $42,000 recognised in creditors (Note 26).

Sensitivity analysis for interest rate risk

As at the balance sheet date, if interest rates had been 75 (2014: 75) basis points lower/higher with all other variables held constant, the Group's profit after taxation would have been $235,000 higher/lower (2014: $206,000 lower/higher), arising mainly from lower/higher interest expense on floating rate loans from bank and related companies and lower/higher interest income on fixed deposits with banks and short-term placements with a related company. The Company's profit after taxation would have been $66,000 lower/higher (2014: $78,000 lower/higher) arising mainly from lower/higher interest income on short-term placements with a related company.

36.2 Foreign Currency Risk

The Group has transactional currency exposures arising from transactions denominated in currencies other than the respective functional currencies of the Group's entities, primarily Chinese Yuan Renminbi ("CNY"), Hong Kong Dollar ("HKD"), United States Dollar ("USD") and Euro ("EUR").

When a natural hedge is not available, it is the Group's policy to hedge these risks using appropriate financial instruments with the objective of limiting the effect of changes in foreign currency fluctuations.

The Group is exposed to currency translation risk arising from its investments in foreign operations, including the People's Republic of China, Australia, the Netherlands, Vietnam and Malaysia. The Group's net investments in these foreign operations are not hedged as the currency positions are considered to be long-term in nature.

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The carrying amounts of significant financial assets and liabilities denominated in currencies other than the functional currencies of the respective entities are as follows:

	CNY $'000	HKD $'000	USD $'000	EUR $'000
Group				
2015				
Financial Assets:				
Available-for-sale financial assets	**-**	**-**	**2,159**	**-**
Debtors	**113**	**1,007**	**627**	**-**
Fixed deposits, bank balances and cash	**-**	**121**	**869**	**-**
Financial Liabilities:				
Creditors	**-**	**(480)**	**(69)**	**-**
Borrowings	**-**	**-**	**(5,852)**	**(47,654)**
2014				
Financial Assets:				
Debtors	263	670	1,946	-
Amounts owing by associated companies	-	-	-	1,827
Fixed deposits, bank balances and cash	-	21	3,346	-
Financial Liabilities:				
Creditors	-	(538)	(173)	-
Borrowings	-	-	(4,064)	(43,971)

The Company has no significant foreign currency exposure as at 31 December 2015 and 2014.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change by 5% (2014: 5%) in the CNY, HKD, USD and EUR exchange rates (against SGD), with all other variables held constant, the effects on the Group's profit after tax and equity will be as follows:

	Group			
	2015		2014	
	Profit after tax $'000	Equity $'000	Profit after tax $'000	Equity $'000
CNY				
- strengthened	**5**	**(907)**	11	(893)
- weakened	**(5)**	**907**	(11)	893
HKD				
- strengthened	**27**	**416**	60	340
- weakened	**(27)**	**(416)**	(60)	(340)
USD				
- strengthened	**(232)**	**256**	(9)	(9)
- weakened	**232**	**(256)**	9	9
EUR				
- strengthened	**(2,383)**	**(2,433)**	(1,749)	(1,749)
- weakened	**2,383**	**2,433**	1,749	1,749

36.3 Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain sufficient cash and continuity of funding through the use of an adequate amount of committed credit facilities. The Group's funding is obtained from bank loans and borrowings from a related company.

As at the balance sheet date, approximately 12% and Nil (2014: 11% and Nil) of the Group's and the Company's borrowings (Notes 27 and 28) will mature in less than one year based on the carrying amount reflected in the financial statements.

The maturity profile of the Group's and the Company's financial assets and liabilities as at the balance sheet date based on contractual undiscounted repayment obligations is as follows:

	2015			2014		
	1 year or less $'000	**1 to 5 years $'000**	**More than 5 years $'000**	1 year or less $'000	1 to 5 years $'000	More than 5 years $'000
Group						
Financial assets:						
Debtors	**50,046**	**-**	**-**	52,241	-	-
Other receivables	**4,532**	**-**	**-**	3,933	-	-
Fixed deposits, bank balances and cash	**188,507**	**-**	**-**	280,664	-	-
Total undiscounted financial assets	**243,085**	**-**	**-**	336,838	-	-
Financial liabilities:						
Creditors	**(88,672)**	**(667)**	**-**	(78,402)	(667)	-
Borrowings	**(74,354)**	**(473,729)**	**-**	(65,625)	(448,753)	-
Finance lease liabilities	**(216)**	**(864)**	**(1,836)**	-	-	-
Other liabilities	**(30,029)**	**-**	**-**	(22,084)	-	-
Total undiscounted financial liabilities	**(193,271)**	**(475,260)**	**(1,836)**	(166,111)	(449,420)	-
Total net undiscounted financial assets/(liabilities)	**49,814**	**(475,260)**	**(1,836)**	170,727	(449,420)	-
Company						
Financial assets:						
Debtors	**2**	**-**	**-**	2	-	-
Other receivables	**17,266**	**158,687**	**-**	22,982	146,853	-
Fixed deposits, bank balances and cash	**10,694**	**-**	**-**	12,746	-	-
Total undiscounted financial assets	**27,962**	**158,687**	**-**	35,730	146,853	-
Financial liabilities:						
Creditors	**(2,360)**	**-**	**-**	(2,456)	-	-
Borrowings	**(3,159)**	**(121,942)**	**-**	(3,150)	(125,100)	-
Other liabilities	**(10,928)**	**-**	**-**	(1,749)	-	-
Total undiscounted financial liabilities	**(16,447)**	**(121,942)**	**-**	(7,355)	(125,100)	-
Total net undiscounted financial assets	**11,515**	**36,745**	**-**	28,375	21,753	-

Notes to the Financial Statements

36.4 Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should counterparties default on their obligations. The Group's exposure to credit risk arises primarily from debtors and other receivables. For other financial assets, the Group minimises credit risk by dealing exclusively with high credit rating counterparties. As at the balance sheet date, the Group's maximum exposure to credit risk in the event that the counterparties fail to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the balance sheet, and is generally limited to the amounts, if any, by which the counterparty's obligations exceed the obligations of the Group.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. It is the Group's policy to enter into financial instruments with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses on its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry or geographical factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instruments is broadly diversified along industry, product and geographic lines, and transactions are entered into with diverse credit-worthy counterparties, thereby mitigating any significant concentration of credit risk.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its debtors and other receivables on an ongoing basis. The credit risk concentration profile of the Group's debtors and other receivables as at the balance sheet date is as follows:

	Group			
	2015		2014	
	$'000	% of total	$'000	% of total
By country				
Singapore	35,051	64%	35,550	63%
People's Republic of China	11,332	21%	11,296	20%
Vietnam	3,772	7%	4,865	9%
Malaysia	1,137	2%	2,675	5%
Other countries	3,286	6%	1,788	3%
	54,578	100%	56,174	100%
By industry sectors				
Logistics	36,178	66%	39,009	69%
Data Centre	18,059	33%	17,158	31%
Investments	341	1%	7	-%
	54,578	100%	56,174	100%

36.5 Financial Instruments by Category

The carrying amount of financial instruments and their categories is as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Loans and receivables	243,085	336,838	181,840	176,062
Available-for-sale financial assets	9,851	79	-	-
Financial liabilities at amortised cost	(637,317)	(580,133)	(133,288)	(124,201)

37. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. To maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders, issue new shares, buy-back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Group's and the Company's strategies towards maintaining an optimal capital structure is through constant monitoring of its gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less fixed deposits, bank balances and cash. Total capital refers to the capital employed.

	Group	
	2015 $'000	2014 $'000
Net debt	**326,886**	198,316
Total capital	**824,522**	792,561
Gearing ratio	**40%**	25%

Externally imposed capital requirements of the Group are mainly debt covenants included in certain borrowings which require the Group to maintain a gearing ratio not exceeding 275%.

The Group is in compliance with all imposed capital requirements for the financial years ended 31 December 2015 and 2014.

38. Subsidiaries, Associated Companies and Joint Ventures

Information relating to the major subsidiaries, associated companies and joint ventures whose results are included in the financial statements are shown below:

	Effective Equity Interest		Cost of Investment		Country of Incorporation and Operation	Principal Activities
	2015 %	2014 %	**2015 $'000**	2014 $'000		
Subsidiaries						
Logistics						
Keppel Logistics Pte Ltd	100	100	42,534	42,534	Singapore	Integrated logistics services and supply chain solutions
Keppel Logistics (Foshan) Limited[1(b)]	70	70	15,645	15,645	China	Integrated logistics port operations, warehousing and distribution
Keppel Logistics (Foshan Sanshui Port) Company Limited[1(b)]	42	42	#	#	China	Integrated logistics port operations and warehousing
Keppel Logistics (Hong Kong) Limited[1(e)]	70	70	#	#	Hong Kong	Freight forwarding and shipping agencies
Steamers (HK) Limited[1(e)]	100	100	*	*	Hong Kong	Investment holding
Keppel Tianjin Logistics Pte Ltd	100	100	*	*	Singapore	Investment holding
Keppel Logistics (Tianjin Eco-city) Limited[1(e)]	100	100	#	#	China	Integrated logistics services, warehousing and distribution
Keppel Jilin Food Logistics Park Pte Limited	100	100	*	*	Singapore	Investment holding
Jilin Sino-Singapore Food Zone International Logistics Co Ltd[1(e)]	70	70	#	#	China	Integrated logistics services, warehousing and distribution
Keppel Anhui Food Logistics Park Pte Ltd	100	100	*	*	Singapore	Investment holding

Notes to the Financial Statements

	Effective Equity Interest 2015 %	2014 %	Cost of Investment 2015 $'000	2014 $'000	Country of Incorporation and Operation	Principal Activities
Keppel Wanjiang International Coldchain Logistics Park (Anhui) Co Ltd[1(b)]	60	60	#	#	China	Integrated logistics services, food trading hub, warehousing and distribution
Indo-Trans Keppel Logistics Vietnam Co Ltd[1(a)]	51	51	#	#	Vietnam	Warehousing and distribution
Keppel Logistics (Australia) Pty Ltd[1(a)]	100	100	#	#	Australia	Warehousing and distribution
Data Centre						
Keppel Data Centres Pte Ltd	100	100	26,500	26,500	Singapore	Investment holding
Keppel Data Centres Holding Pte Ltd	70	70	#	#	Singapore	Investment holding
Keppel Datahub Pte Ltd	70	70	#	#	Singapore	Data centre facilities management
Keppel Datahub 2 Pte Ltd	70	70	#	#	Singapore	Data centre facilities and co-location services
Keppel Datahub 3 Pte Ltd[2]	70	-	#	-	Singapore	Data centre facilities and co-location services
Keppel Digihub Ltd	70	70	#	#	Singapore	Data centre facilities management
Keppel Almere Pte Ltd	70	70	#	#	Singapore	Investment holding
Keppel Data Centre Netherlands BV[1(f)]	70	70	#	#	Netherlands	Develop and trade in industrial property rights; render services to third parties
Keppel Data Centre Almere BV[1(f)]	70	70	#	#	Netherlands	Investment holding
Keppel DC REIT Management Pte Ltd	100	100	#	#	Singapore	Investment holding and fund management
Keppel Data Centre Facility Management Pte Ltd	100	100	#	#	Singapore	Data centre facilities management
iseek-KDC Services Pty Ltd[1(e)]	60	60	#	#	Australia	Data centre facilities management
Keppel DC Investment Holdings Pte Ltd	100	100	#	#	Singapore	Investment holding
Investments						
Adfact Pte Ltd	100	100	17,435	17,435	Singapore	Investment holding
Apsilon Ventures Pte Ltd	100	100	75,101	75,101	Singapore	Investment holding
Keppel Telecoms Pte Ltd	100	100	#	#	Singapore	Investment holding
Keppel Communications Pte Ltd	100	100	#	#	Singapore	Trading and provision of communications system and accessories

	Effective Equity Interest 2015 %	2014 %	Cost of Investment 2015 $'000	2014 $'000	Country of Incorporation and Operation	Principal Activities
Associated Companies						
Logistics						
Asia Airfreight Terminal Company Limited[1(c), 3]	10	10	6,621	6,621	Hong Kong	Operation of an air cargo handling terminal
PT Keppel Puninar Logistics[1(e)]	49	49	#	#	Indonesia	Distribution and transportation services
Data Centre						
Keppel DC REIT[1(c)]	30	30	#	#	Singapore	Data centre facilities and co-location services
Investments						
Advanced Research Group Co Ltd[1(a)]	45	45	#	#	Thailand	IT publication and business information
Business Online Public Company Limited[1(a)]	21	21	#	#	Thailand	Online information service provider
Computer Generated Solutions Inc[1(e)]	21	21	#	#	USA	IT consulting and outsourcing provider
M1 Limited[3]	19	19	#	#	Singapore	Telecommunications services
ARIP Public Company Ltd[1(a)]	20	20	#	#	Thailand	Publication of IT and business information, exhibition organiser and online information service provider
ABIKS Development Co Ltd[1(e)]	20	20	#	#	Thailand	Provision and management of office buildings
SVOA Public Company Limited[1(a)]	32	32	#	#	Thailand	Distribution of IT products and telecommunications services
Trisilco Radiance Communications Sdn Bhd[1(a)]	52	52	#	#	Malaysia	Sales, installation and maintenance of telecommunications systems, equipment and accessories

Notes to the Financial Statements

	Effective Equity Interest 2015 %	2014 %	Cost of Investment 2015 $'000	2014 $'000	Country of Incorporation and Operation	Principal Activities
Joint Ventures						
Logistics						
Wuhu Sanshan Port Co Ltd[1(e)]	50	50	27,951	27,951	China	Integrated logistics services and port operations
Investments						
Radiance Communications Pte Ltd	50	50	#	#	Singapore	Distribution and maintenance of communications equipment and systems

Notes
These companies are indirectly held by Keppel Telecommunications & Transportation Ltd
* Amount below $1,000
1. All companies are audited by Ernst & Young LLP, Singapore except for the following:
   (a) Audited by member firms of Ernst & Young Global in the respective countries.
   (b) Audited by Ruihua Certified Public Accountants, Foshan, China.
   (c) Audited by member firms of KPMG International in the respective countries.
   (d) Audited by Grant Thornton, Ireland.
   (e) Audited by other firms of Certified Public Accountants.
   (f) Not required to be audited by law in country of incorporation.
   In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries, significant associated companies and joint ventures would not compromise the standard and effectiveness of the audit of the Company.
2. Incorporated during the financial year ended 31 December 2015.
3. Although the Group holds less than 20 percent of the voting power in Asia Airfreight Terminal Company Limited ("AAT") and M1 Limited ("M1") respectively, these entities are equity accounted in view of the fact that the Group has representation in the board of directors of AAT and M1.

39. Dividends

	Group and Company 2015 $'000	2014 $'000
Tax exempt (one-tier) dividends on ordinary shares declared and paid during the financial year:		
- Final dividend of 3.5 cents per share for 2014 (2014: 3.5 cents per share for 2013)	**19,459**	19,421
- Special dividend of 11.5 cents per share for 2014 (2014: Nil) per share	**63,938**	-
	83,397	19,421
Tax exempt (one-tier) dividends on ordinary shares in respect of the current financial year proposed for approval by shareholders at the next Annual General Meeting to be convened but not recognised as a liability as at 31 December:		
- Final dividend of 3.5 cents (2014: 3.5 cents) per share	**19,459**	19,422
- Special dividend of Nil (2014: 11.5 cents) per share	**-**	63,815
	19,459	83,237

40. Authorisation of Financial Statements

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on 16 February 2016.

Independent Auditor's Report

Report on the Consolidated Financial Statements

We have audited the accompanying financial statements of Keppel Telecommunications & Transportation Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 92 to 148, which comprise the balance sheets of the Group and the Company as at 31 December 2015, the statements of changes in equity of the Group and the Company, the consolidated profit and loss account, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore
Audit Partner: Terry Wee Hiang Bing
Year Appointed: 2015

16 February 2016

Corporate Governance

The Company believes in having high standards of corporate governance, and is committed to making sure that effective self-regulatory corporate practices exist to protect the interests of its shareholders and maximise long term shareholder value.

As required by the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX"), the following report describes the Company's corporate governance practices with specific reference to the principles and guidelines set out in the Code of Corporate Governance 2012 (the "Code").

Board's Conduct of Affairs
Principle 1: Effective Board to lead and control the Company

The Board's responsibility is to oversee the business, assets, affairs and performance of the Company in the best interest of its shareholders. The principal functions of the Board are to:

- decide on matters in relation to the Group's activities which are of a significant nature, including decisions on strategic directions and guidelines and the approval of periodic plans and major investments and divestments;
- oversee the business and affairs of the Company, establish, with management, the strategies (including corporate social responsibility) and financial objectives to be implemented by management, and monitor the performance of management;
- oversee processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, and safety; satisfy itself as to the adequacy of such processes to safeguard shareholders' interest and the Company's assets;
- assume responsibility for corporate governance; and
- consider sustainability issues such as environmental and social factors as part of its strategic formulation.

Independent Judgment: All directors are expected to exercise independent judgment in the best interests of the Company. This is one of the performance criteria for the peer and self assessment of the effectiveness of the individual directors. Based on the results of the peer and self assessment carried out by the directors for FY2015, all directors have discharged this duty consistently well.

Board Committees: To assist the Board in the discharge of its oversight function, various board committees, namely the Audit Committee, the Nominating Committee, the Remuneration Committee, the Board Risk Committee and the Board Safety Committee, have been constituted with clear written terms of reference. All the board committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. The key terms of reference of the respective board committees are disclosed in the Appendix to this report.

Meetings: The Board meets five times a year and as warranted by particular circumstances. Board meetings are scheduled and circulated to the directors prior to the start of the financial year to allow directors to plan ahead to attend such meetings, so as to maximise participation. Telephonic attendance and conference via audio-visual communication at board meetings are allowed under the Company's constitution. The number of board and board committee meetings held in FY2015 and the directors' attendance at these board and board committee meetings are disclosed below:

Directors	**Board Meeting**	**Board Committee Meetings**					**Non-Executive Director Meetings (without presence of management)**
		Audit	**Nominating**	**Remuneration**	**Board Risk**	**Board Safety**	
Loh Chin Hua	7	-	2	2	-	-	2
Thomas Pang Thieng Hwi	7	-	-	-	-	3	-
Bernard Tan Tiong Gie [1]	3 of 3	-	1 of 1	3 of 3	-	1 of 1	1 of 1
Wee Sin Tho	7	4	-	-	4	-	2
Tan Boon Huat	7	-	-	4	4	3	2
Karmjit Singh	7	5	2	-	-	3	2
Neo Boon Siong	6	4	-	-	3	-	2
Khor Poh Hwa	6	5	-	3	-	-	1
Lim Chin Leong [2]	7	-	2	2 of 2	-	2	2
Lee Ai Ming [3]	4 of 4	-	-	-	-	-	1 of 1
Chan Hon Chew	7	4	-	-	-	-	2
No. of meeting held in FY2015	**7**	**5**	**2**	**4**	**4**	**3**	**2**

Notes:
1. Prof Bernard Tan Tiong Gie retired from the Board at the annual general meeting of the Company on 15 April 2015 and although eligible, did not seek re-election.
2. Mr Lim Chin Leong was appointed as a member of the Remuneration Committee with effect from 4 February 2015.
3. Mrs Lee Ai Ming was appointed as an independent director with effect from 1 August 2015.

Internal Limits of Authority: The Company has adopted internal guidelines setting forth matters that require Board approval. Under these guidelines, investments, acquisitions and disposals by any Group company, and all commitments to term loans and lines of credit from banks and financial institutions by the Company, require the approval of the Board. Each Board member has equal responsibility to oversee the business and affairs of the Company. Management on the other hand is responsible for the day-to-day operation and administration of the Company in accordance with the policies and strategies set by the Board.

Director Orientation: A formal letter is sent to newly-appointed directors upon their appointment explaining their duties and obligations as directors. All newly-appointed directors also undergo an orientation programme which includes management presentations on the Group's businesses and strategic plans and objectives. If the newly-appointed director has no prior experience as a director of a listed company, training in relevant areas such as finance and legal, as well as industry-related areas will be provided.

Training: The directors are provided with continuing education in areas such as finance, economics, management and committees' duties and responsibilities so as to update and refresh them on matters that affect their performance as board or board committee members. Updates on relevant legal or regulatory developments may be provided to the Board by circulation or through seminars and presentations conducted or sponsored by the Company.

Board Composition and Succession Planning
Principle 2: Strong and independent element on the Board

Board Composition and Succession Planning: To discharge its oversight responsibilities, the Board must be an effective board which can lead and control the business of the Group. There is a process of refreshing the Board progressively overtime so that the experience of longer serving directors can be drawn upon while tapping into the new external perspectives and insights which more recent appointees bring to the Board's deliberation.

In this regard, at the forthcoming annual general meeting, two long-serving directors, Mr Wee Sin Tho and Mr Tan Boon Huat will be retiring from the Board and Mrs Lee Ai Ming, an independent director appointed on 1 August 2015, will be seeking re-election.

Board Independence: With the exception of Mr Thomas Pang, who is the Chief Executive Officer ("CEO"), the other directors are all non-executive directors, seven out of nine of whom are deemed independent. Please refer to page 153 of this report for the basis of the Nominating Committee's determination as to whether a director should or should not be deemed independent.

Board Size: The Board, in concurrence with the Nominating Committee, is of the view that taking into account the nature and scope of the operations of the Company, the requirements of the Company's businesses and the need to avoid undue disruptions from changes to the composition of the Board and board committees, the current size of the Board is appropriate for the time being for the Board to discharge its duties and responsibilities effectively.

Board Competency: The Nominating Committee is of the view that the Board and the board committees comprise directors who as a group provide appropriate balance and diversity of skills, experience, gender, and knowledge of the Group, and core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board and the board committees to be effective.

The nature of the directors' appointments on the Board and details of their membership on Board committees are set out in the Appendix hereto. The profiles of each of the directors are set out on pages 6 to 9 of this Annual Report.

Board Information: The Board and management fully appreciate that fundamental to good corporate governance is an effective and robust board whose members engage in open and constructive debate and challenge management on its assumptions and proposals, and that for this to happen, the Board, in particular, the non-executive directors, must be kept well informed of the Company's businesses and affairs and be knowledgeable about the industry in which the businesses operate. The Company has therefore adopted initiatives to put in place processes to ensure that the non-executive directors are well supported by accurate, complete and timely information, have unrestricted access to management, and have sufficient time and resources to discharge their oversight function effectively. These initiatives include informal meetings for management to brief the directors on prospective deals, and providing the Board with regular updates on projects and initiatives at an early stage to keep the Board abreast of the business developments. An off-site board strategy meeting is organised annually for in-depth discussion on strategic issues and direction of the Group to give the non-executive directors a better understanding of the Group and its businesses and to provide an opportunity for the non-executive directors to familiarise themselves with the management team so as to facilitate the Board's review of the Group's succession planning and leadership development programme.

Corporate Governance

The non-executive directors set aside time at each scheduled quarterly meeting to meet without the presence of management to discuss matters such as board processes, performance of the CEO, succession planning and senior management appointments. Such meetings may also be scheduled on a need-be basis.

Chairman and Chief Executive Officer
Principle 3: Chairman and Chief Executive Officer should in principle be separate persons to ensure appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making

Mr Loh Chin Hua is the non-executive Chairman, and Mr Thomas Pang is the CEO, of the Company. The Chairman and the CEO are not related to each other.

The Chairman takes a leading role in the Company's drive to achieve and maintain a high standard of corporate governance with the full support of the directors, Company Secretary and management.

The Chairman, with the assistance of the Company Secretary, schedules meetings and prepares meeting agenda in consultation with the CEO, to enable the Board to perform its duties responsibly having regard to the flow of the Company's businesses and operations. He monitors the flow of information from management to the Board to ensure that all material information are provided in a timely manner, and encourages constructive relations between Board members and between the Board and management. He further facilitates the discussion of agenda items, particularly strategic issues, at Board meetings, and encourages contributions from the non-executive directors.

At annual general meetings and other shareholders' meetings, the Chairman ensures constructive dialogue between Board, management and shareholders.

The CEO, assisted by the management team, makes strategic proposals to the Board and after robust and constructive board discussion, executes the agreed strategy, manages and develops the Group's business and directs the business of the Group in line with the Group's strategic directions and policies. The CEO keeps in regular communication with the Chairman and the Board to update them on corporate issues and business developments.

Taking into account that the Chairman and CEO are not related, the Board and board committees comprise majority independent directors, and each board committee is chaired by an independent director, the Board is of the view that it is not necessary, for the time being, to appoint a lead independent director.

Board Membership
Principle 4: Formal and transparent process for appointment and re-appointment of directors to the Board

Nominating Committee
The Company has established a Nominating Committee (NC) to, among other things, make recommendations to the Board on all Board appointments and re-appointments, and oversee the Board and senior management's succession and leadership development plans.

The NC comprises three directors, two of whom (including the Chairman) are independent, namely:

Mr Karmjit Singh	Chairman
Mr Lim Chin Leong	Member
Mr Loh Chin Hua	Member

The responsibilities of the NC are set out in the Appendix to this report.

Process for appointment of new directors
The NC recommended, and the Board approved, a formal process for the selection of new directors to increase transparency of the nominating process in identifying and evaluating nominees for directors. The NC leads the process and makes recommendations to the Board as follows:

(a) NC evaluates the diversity and balance of skills, gender, knowledge and experience on the Board and the size of the Board which would facilitate decision-making, and, in the light of such evaluation and in consultation with management, assesses if there is any inadequate representation in respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment.
(b) External help (for example, Singapore Institute of Directors, search consultants, open advertisement) may be used to source for potential candidates, if need be. Directors and management may also make recommendations.

(c) NC meets with short-listed candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required.
(d) NC makes recommendations to the Board for approval.

Criteria for appointment of new directors
All new appointments of directors are subject to the recommendation of the NC based on the following objective criteria:

(1) Integrity
(2) Independent mindedness
(3) Diversity – Possess core competencies that meet the current needs of the Company and complement the skills and competencies of the existing directors on the Board
(4) Ability to commit time and effort to carry out duties and responsibilities effectively – As a guide, the proposed director should not have more than six listed company board representations and other principal commitments
(5) Track record of making good decisions
(6) Experience in high-performing companies
(7) Financial literacy

Adopting the above appointment process and criteria, the Board will be recommending at the forthcoming annual general meeting, the re-election of a new director, Mrs Lee Ai Ming, who was appointed on 1 August 2015.

Mrs Lee Ai Ming is a senior consultant at the law firm, Rodyk & Davidson LLP. Prior to this, she was a senior partner at Rodyk & Davidson LLP, having more than 30 years of experience in the areas of real estate, commercial litigation and intellectual property. Mrs Lee also serves in leadership roles on various other forums, including the Steering Committee for the IP Competency Framework constituted by the Intellectual Property Office of Singapore, the Singapore Copyright Tribunal, and the International Trademarks Association, and is a director on the boards of HTL International Holdings Limited and Agri-Food and Veterinary Authority of Singapore.

Re-nomination of Directors
The NC is also charged with the responsibility of re-nomination of directors, having regard to the director's contribution and performance (such as attendance, preparedness, participation and candour), with reference to the results of the assessment of the performance of the individual director by his peers.

The directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to the Company's constitution, one-third of the directors retire from office at the Company's annual general meeting, and a newly appointed director must submit himself for re-election at the annual general meeting immediately following his appointment.

Review of Directors' Independence
The NC determines on an annual basis whether or not a director is independent, bearing in mind the Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a director not to be independent [1].

In this respect, the NC has carried out a review on the independence of each non-executive director based on the respective directors' self-declaration and their actual performance on the Board and board committees.

The NC noted that Mr Khor Poh Hwa has stepped down as the Chairman of Keppel Infrastructure Fund Management Pte Ltd (trustee-manager of Keppel Infrastructure Trust (now known as Crystal Trust)) and has declared that there were no existing relationship or circumstances that would affect or influence his independence on the Board. The NC further took into account Mr Khor's actual performance on the Board and board committees and the outcome of the recent self and peer Individual Director Performance assessment, and agreed that Mr Khor has been exercising independent judgment in the best interests of the Company in the discharge of his director's duties and should therefore be deemed an independent director.

The NC further noted that Mr Wee Sin Tho and Mr Tan Boon Huat had served on the Board for more than nine years. The Code states that the independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In this regards, taking into consideration, among other things, the instances of constructive challenge and probing of management by Mr Wee Sin Tho and Mr Tan Boon Huat at Board and board committee meetings, the NC is of the view that both Mr Wee Sin Tho and Mr Tan Boon Huat have been exercising independent judgment in the best interests of the Company in the discharge of their director's duties, and should continue to be deemed independent.

1 The Code defines an "independent" director is one who has no relationship with the company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the company. A related corporation in relation to a company, is the company's holding company, subsidiary or fellow subsidiary. A 10% shareholder shall refer to a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares in the company. "Voting share" exclude treasury shares.

Corporate Governance

The Board concurred with the reasons set forth by the NC and was of the view that Mr Wee Sin Tho, Mr Tan Boon Huat, Prof Neo Boon Siong, Mr Karmjit Singh, Mr Lim Chin Leong, Mr Khor Poh Hwa and Mrs Lee Ai Ming should be deemed independent.

Annual Review of Directors' time commitments
The NC also determines annually whether a director with listed company board representations and other principal commitments is able to and has been adequately carrying out his duties as a director of the Company. The NC has adopted internal guidelines addressing competing time commitments that are faced when directors serve on multiple listed company boards. As a guide, directors should not serve on more than six listed company board representations and other principal commitments.

The NC took into account the results of the assessment of the effectiveness of the individual director, and the respective directors' actual conduct on the Board, in making the determination, and is satisfied that all the directors have been able to and have adequately carried out their duties as director notwithstanding their multiple listed board representations and other principal commitments.

Key information regarding Directors
The following key information regarding Directors is set out in the following pages of this Annual Report:

Pages 6 to 9: Academic and professional qualifications, date of first appointment as director, date of last re-election as director, whether appointment is executive or non-executive, whether considered by the NC to be independent, board committees served on (as a member or Chairman), directorships and chairmanships both present and past held over the preceding five years in other listed companies and other major appointments; and

Pages 87 to 88: Shareholding in the Company and its related corporations.

Board Performance
Principle 5: Formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board

The Board has implemented formal processes for assessing the effectiveness of the Board as a whole, its board committees, the contribution by each individual director to the effectiveness of the Board, as well as the effectiveness of the Chairman of the Board.

To ensure that the assessments are done promptly and fairly, the Board has appointed an independent third party (the "Independent Co-ordinator") to assist in collating and analysing the returns of the Board members. Mr Chaly Mah, CEO of Deloitte Southeast Asia, was appointed for this role. Mr Chaly Mah does not have any other connection with the Company or any of its directors which may affect his independent judgment.

The evaluation processes and performance criteria are set out in the Appendix to this report.

The board assessment exercise provides an opportunity to obtain constructive feedback from each director on whether the Board's procedures and processes allow him to discharge his duties effectively and the changes which should be made to enhance the effectiveness of the Board as a whole. The assessment exercise also helps the directors to focus on their key responsibilities. The individual director assessment exercise allows for peer review with a view to raising the quality of Board members. It also assists the NC in determining whether to re-nominate directors who were due for retirement at the next annual general meeting, and in determining whether directors with multiple listed board representations and other principal commitments were nevertheless able to and had adequately discharged their duties as directors of the Company.

Access to Information
Principle 6: Directors to have complete, adequate and timely information

The Company fully recognises that the continual flow of relevant information on an accurate and timely basis is critical for the Board to be effective in the discharge of its duties. Directors are entitled to request and management is therefore expected to provide the Board with accurate information in a timely manner concerning the Company's progress or shortcomings in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues facing the Company.

As a general rule, board papers are required to be sent to directors at least seven days before the board meeting so that the members may better understand the matters prior to the board meeting and discussion may be focused on questions that the directors has may have. Directors are provided with tablet devices to enable them to access and read the board papers. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the board meeting. In additional, management provides the Board with project briefs at an early stage to keep the Board abreast of the progress of the projects and potential business developments.

Management also provides the Board members with reports and accounts on a monthly basis. Such reports keep the Board informed, on a balanced and understandable basis, of the Group's performance, financial position and prospects.

Directors are also provided with the names and contact details of the Company's senior management and the Company Secretary to facilitate direct access to senior management and the Company Secretary.

The Company Secretary administers, attends and prepares minutes of board proceedings. He assists the Chairman to ensure that board procedures (including but not limited to assisting the Chairman to ensure timely and good information flow to the Board and the board committees, and between management and the non-executive directors, and facilitating orientation and assisting in the professional development of the directors) are followed and regularly reviewed to ensure effective functioning of the Board, and that the Company's constitution and relevant rules and regulations, including requirements of the Companies Act, Securities & Futures Act and SGX Listing Manual, are complied with. He also assists the Chairman and the Board to implement and strengthen corporate governance practices and processes with a view to enhancing long-term shareholder value. He is also the primary channel of communication between the Company and SGX.

The appointment and removal of the Company Secretary are subject to the approval of the Board.

Subject to the approval of the Chairman, the directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of the Company.

Remuneration Matters
Principle 7: Formal and transparent procedure for developing policy on executive remuneration and for fixing remuneration packages of individual directors
Principle 8: The level and structure of director fees are aligned with the long-term interest of the company and appropriate to attract, retain and motivate directors to provide good stewardship of the company. The level and structure of key management remuneration are aligned with the long-term interest and risk policies of the company and appropriate to attract, retain and motivate key management to successfully manage the company
Principle 9: Disclosure on remuneration policies, level and mix of remuneration, and procedure for setting remuneration

Remuneration Committee
The Remuneration Committee (RC) comprises four non-executive directors, three of whom (including the Chairman) are independent, namely:

Mr Tan Boon Huat	Chairman
Mr Khor Poh Hwa	Member
Mr Lim Chin Leong	Member
Mr Loh Chin Hua	Member

Upon the retirement of Mr Tan Boon Huat at the forthcoming annual general meeting, Mr Khor Poh Hwa will be appointed as Chairman of the RC.

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual directors and senior management. The RC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise shareholder value. The RC recommends to the Board for endorsement a framework of remuneration (which covers all aspects of remuneration including directors' fees, salaries, allowances, bonuses, grant of shares and share options and benefits-in-kind) and the specific remuneration packages for each director and the key management personnel. The RC also reviews the remuneration of senior management and administers the Keppel T&T Share Option Scheme 1993 [2] ("KT&T Share Option Scheme"), the KT&T Restricted Share Plan ("KT&T RSP") and the KT&T Performance Share Plan ("KT&T PSP", and together with the KT&T RSP, the "KT&T Share Plans").

The RC has access to expert advice from external remuneration consultants where required. In FY2015, the RC sought views on market practice and trends from external remuneration consultants, Aon Hewitt. The RC undertook a review of the independence and objectivity of the external remuneration consultants through discussions with the external remuneration consultants, and has confirmed that the external remuneration consultants had no relationships with the Company which would affect their independence and objectivity.

The responsibilities of the RC are set out in the Appendix to this report.

2 The KT&T Share Option Scheme was terminated with effect from 2 July 2010. No further share options shall be offered by the Company but the termination shall not affect share options which had been granted and accepted, whether such share options had been exercised (whether fully or partially) or not.

Corporate Governance

Annual Remuneration Report

Policy in respect of non-executive directors' remuneration

The non-executive directors are paid directors' fees, the amount of which is dependent on their level of responsibilities. Each non-executive director is paid a basic fee. In addition, non-executive directors who perform additional services in Board committees are paid an additional fee for such services. The members of the Audit Committee are paid a higher fee than the members of the other Board committees because of the heavier responsibilities and more frequent meetings required of them. The Chairman of each Board committee is also paid a higher fee compared with the members of the respective committees in view of the greater responsibility carried by that office. The directors' fees payable to non-executive directors are subject to shareholders' approval at the Company's annual general meetings. The CEO, being an executive director, does not receive director's fee. No termination and retirement benefits will be granted to the directors.

The directors' fee structure is set out in the following table.

		Annual Retainer
Non-executive Chairman		$52,000
Non-executive Director		$40,000
Audit Committee	Chairman	$27,000
	Member	$16,000
Other Board Committees	Chairman	$16,000
	Member	$10,000

Remuneration policy of the Chief Executive Officer and other Key Management Personnel

The Company advocates a performance-based remuneration system that is highly flexible and responsive to the market, the Company's, business unit's and individual employee's performance.

In designing the compensation structure, the RC seeks to ensure that the level and mix of remuneration is competitive, relevant and balanced. The total remuneration mix comprises three key components; that is, annual fixed cash, annual performance incentive and the KT&T Share Plans. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances. The annual performance incentive is tied to the Company's, business unit's and individual employee's performance, inclusive of a portion which is tied to EVA performance. The KT&T Share Plans are in the form of two share plans approved by shareholders, the KT&T RSP and the KT&T PSP. The EVA performance incentive plan and the KT&T Share Plans are both long term incentive plans.

The RC exercises broad discretion and independent judgment in ensuring that the amount and mix of compensation are aligned with the interests of shareholders and promote the long-term success of the Company. The mix of fixed and variable reward is considered appropriate for the Group and for each individual role.

The compensation structure is directly linked to corporate and individual performance, both in terms of financial, non-financial performance and the creation of shareholder wealth. This link is achieved in the following ways:

(1) by placing a significant portion of executives' remuneration at risk ("At Risk component") and in some cases, subject to a vesting schedule;
(2) by incorporating appropriate key performance indicators ("KPIs") for awarding of annual cash incentives:
  A. There are four scorecard areas that the Company has identified as key to measuring the performance of the Group: (i) Financial; (ii) Process; (iii) Stakeholders; and (iv) People. Some of the key sub-targets within each of the Scorecard areas include key financial indicators, safety KPI, enhancing risk management and controls measure, corporate social responsibilities activities, employee engagement level, talent development and succession plan;
  B. The four scorecards areas have been chosen because they support how the Group achieves its strategic objectives. The framework provides a link for staff in understanding how they contribute to each area of the scorecard, and therefore to the Company's overall strategic goals. This is designed to achieve a consistent approach and understanding across the Group.
(3) by selecting performance conditions such as ROE, Total Shareholder Return and EVA for equity awards that are aligned with shareholder interests;
(4) by requiring those KPIs or conditions to be met in order for the At Risk components of remuneration to be awarded or to vest; and
(5) forfeiture of the At Risk components of remuneration when those KPIs or conditions are not met at a satisfactory level.

The RC also recognised the need for a reasonable alignment between risk and remuneration to discourage excessive risk taking. Therefore, in determining the compensation structure, the RC had taken into account the risk policies and risk tolerance of the Group as well as the time horizons of risks, and incorporated risk-adjustments into the compensation structure through several initiatives, including but not limited to:

(a) prudent funding of annual cash incentives;
(b) bonus deferrals under the EVA performance incentive plans;
(c) vesting of contingent share awards under the KT&T Share Plans being subject to KPIs and/or performance conditions being met; and
(d) potential forfeiture of variable incentives in any year due to misconduct.

The RC is therefore of the view that the overall level of remuneration is not considered to be at a level which is likely to promote behaviours contrary to the Group's risk profile.

In determining the actual quantum of variable component of remuneration, the RC had taken into account of the extent to which the performance conditions, set forth above, have been met. The RC is of the view that remuneration is aligned to performance during FY2015.

The CEO and the key management personnel are remunerated on an earned basis and there are no termination, retirement and post-employment benefits that are granted over and above what has been disclosed.

Long Term Incentive Plans

EVA Incentive Plan
Each year, a portion of the executive's annual performance incentive is tied to EVA performance and a portion of his current year's EVA bonus is paid out and the other portion is deferred and credited into his EVA bank for payment in future years, subject to the continued performance of the Company.

The EVA bank concept is used to defer incentive compensation over a time horizon to ensure that the executive continues to generate sustainable shareholder value over the longer term. The EVA bank account is designated on a personal basis and represents the executive's contribution to the EVA performance of the Company. Monies credited into the EVA bank are at risk in that the amount in the bank can decrease should EVA performance be adversely affected in the future years.

KT&T Share Plans
The KT&T Share Plans are put in place to increase the Group's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance and to motivate them to continue to strive for the Group's long-term shareholder value. The KT&T Share Plans also aim to strengthen the Group's competitiveness in attracting and retaining talented key senior management and employees. The KT&T RSP applies to a broader base of employees while the KT&T PSP applies to a select group of key management personnel. Generally, it is envisaged that the range of performance targets to be set under the KT&T RSP and the KT&T PSP will be different, with the latter emphasising stretched or strategic targets aimed at sustaining longer-term growth.

The RC has the discretion not to award variable incentives in any year or to reclaim incentive components of remuneration if an executive is directly involved in a material misstatement of financial statements or of misconduct resulting in misstatement of financial statements or of misconduct resulting in financial loss to the Company. Outstanding EVA bank, KT&T RSP and KT&T PSP are also subject to RC's discretion before further payment or vesting can occur.

Details of the KT&T Share Plans are set out on pages 88 to 91 and 117 to 119 of the Annual Report.

Corporate Governance

Level and mix of remuneration of Directors and Key Management Personnel for the year ended 31 December 2015

The level and mix of each of the directors' remuneration are set out below:

	Base/Fixed Salary ($)	Performance Related Bonuses Earned [1] (including EVA and non-EVA Bonuses) ($)		Directors' Fees [2] ($)	Benefits-in-Kind ($)	Contingent award of Shares [3]		Total Remuneration
		Paid	Deferred & at risk			PSP	RSP	
Remuneration & Name of Director								
Thomas Pang Thieng Hwi	372,050	321,700	273,200	-	-	171,000	126,700	1,264,650
Loh Chin Hua	-	-	-	72,000	-	-	-	72,000
Chan Hon Chew	-	-	-	56,000	-	-	-	56,000
Wee Sin Tho	-	-	-	72,000	-	-	-	72,000
Tan Boon Huat [4]	-	-	-	78,696	-	-	-	78,696
Karmjit Singh	-	-	-	82,000	-	-	-	82,000
Neo Boon Siong	-	-	-	77,000	-	-	-	77,000
Khor Poh Hwa	-	-	-	66,000	-	-	-	66,000
Lim Chin Leong [5]	-	-	-	69,068	-	-	-	69,068
Lee Ai Ming [6]	-	-	-	16,767	-	-	-	16,767
Bernard Tan Tiong Gie [7]	-	-	-	21,864	-	-	-	21,864

Notes:

1 The RC is satisfied that the quantum of performance-related bonuses earned by the executive director was fair and appropriate taking into account the extent to which his KPIs for FY2015 were met.

2 The directors' fees are subject to shareholders' approval at the Company's annual general meeting.

3 Shares awarded under the KT&T PSP and KT&T RSP are subject to pre-determined performance targets set over a three-year and a one-year performance period respectively. As at 10 April 2015 (being the grant date), the estimated fair value of each share granted in respect of the contingent awards under the KT&T PSP and KT&T RSP were $1.71 and $1.81 respectively. For the KT&T PSP, the figures are based on the fair value of the PSP shares at 100% of the awards and the figures may not be indicative of the actual value at vesting which can range from 0% to 150% of the awards.

4 Mr Tan Boon Huat was appointed as the Chairman of the Remuneration Committee with effect from 21 July 2015. Fees are pro-rated.

5 Mr Lim Chin Leong was appointed as a member of the Remuneration Committee with effect from 4 February 2015. Fees are pro-rated.

6 Mrs Lee Ai Ming was appointed as an independent director with effect from 1 August 2015. Fees are pro-rated.

7 Prof Bernard Tan Tiong Gie retired from the Board at the annual general meeting of the Company on 15 April 2015 and although eligible, did not seek re-election. Concurrently, Prof Tan ceased to be a member of the Nominating Committee, Board Safety Committee and Chairman of the Remuneration Committee. Fees are pro-rated.

The total remuneration paid to the key management personnel (who are not directors or the CEO) in FY2015 was $1,788,300. The level and mix of each of the key management personnel in bands of $250,000 are set out below:

	Base/Fixed Salary ($)	Performance Related Bonuses Earned [8] (including EVA and non-EVA Bonuses) ($)		Benefits-in-Kind ($)	Contingent award of Shares	
		Paid	Deferred & at risk		PSP	RSP
Remuneration Band & Name of Key Management Personnel [9]						
Above $750,000 to $1,000,000						
Chua Hsien Yang	40%	26%	6% [10]	-	15% [11]	13% [11]
Above $500,000 to $750,000						
Vincent Ko Woon Chun	49%	21%	10%	-	20%	- [12]
Above $250,000 to $500,000						
Chan Shui Har	62%	9%	-	-	29%	- [12]
Below $250,000						
Desmond Gay Kah Meng [13]	100%	-	-	-	-	-

Notes:

8 The RC is satisfied that the quantum of performance-related bonuses earned by key management personnel was fair and appropriate taking into account the extent to which their KPIs for FY2015 were met.

9 As two of the key management personnel, Ms Tan Eng Hwa, CFO of the Company and Mr Wong Wai Meng, CEO of Keppel Data Centre joined the Group on 1 January 2016 and 18 January 2016 respectively, their remuneration would only be reported from FY2016 onwards.

10 Deferred and payable in 2017.

11 Awarded units under the Performance Unit Plan (PUP) and the Restricted Unit Plan (RUP) of Keppel DC REIT Management Pte. Ltd. (manager of Keppel DC REIT) ("KDCRM") which are subject to pre-determined performance targets set over a three-year and a one-year performance period respectively. As at 31 July 2015 (being the grant date), the estimated fair value of each unit granted in respect of the contingent awards under the KDCRM PUP and KDCRM RUP were $0.78 and $0.99 respectively. For the KDCRM PUP, the figures are based on the fair value of the PUP units at 100% of the awards and the figures may not be indicative of the actual value at vesting which can range from 0% to 150% of the awards.

12 Officers who are retired and re-employed on contract basis would not be eligible to participate in the KT&T RSP awards in accordance to the KT&T RSP policy.

13 Desmond Gay joined the Group as CEO of Keppel Logistics Pte Ltd on 1 December 2015. Remuneration paid is not for the full financial year ended 31 December 2015.

Remuneration of employees who are immediate family members of a Director or the Chief Executive Officer

No employee of the Company and its subsidiaries was an immediate family member of a director or the CEO and whose remuneration exceeded $50,000 during the financial year ended 31 December 2015. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

Details of the KT&T Share Option Scheme and the KT&T Share Plans

The KT&T Share Option Scheme and the KT&T Share Plans, which have been approved by shareholders of the Company, are administered by the RC. Please refer to pages 88 to 91 and 117 to 119 for details of the KT&T Share Option Scheme and the KT&T Share Plans.

Accountability and Audit

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects

Principle 12: Establishment of Audit Committee with written terms of reference

The Board is responsible for providing a balanced and understandable assessment of the Company's performance, position and prospects, including interim and other price sensitive public reports, and reports to regulators (if required).

The Board has embraced openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financial reports and other price sensitive information are disseminated to shareholders through announcements via SGXNET, press releases and the Company's website. The Company's Annual Report in CD-Rom format is sent to all shareholders and accessible at the Company's website. A physical copy of the Annual Report is available on request.

Management provides the Board members with management accounts and information on a monthly basis and as the Board may require from time to time. Such reports keep the Board informed of, on a balanced and understandable basis, to enable the Board to make an informed assessment of the Group's performance, position and prospects.

Audit Committee

The Audit Committee (AC) comprises five non-executive directors, four of whom (including the Chairman) are independent, namely:

Prof Neo Boon Siong	Chairman
Mr Wee Sin Tho	Member
Mr Karmjit Singh	Member
Mr Chan Hon Chew	Member
Mr Khor Poh Hwa	Member

Prof Neo Boon Siong and Mr Chan Hon Chew have recent and relevant accounting and related financial management expertise and experience. Upon the retirement of Mr Wee Sin Tho and subject to the re-election of Mrs Lee Ai Ming at the forthcoming annual general meeting, Mrs Lee will be appointed as a member of the Audit Committee.

The AC's main role is to assist the Board to ensure integrity of financial reporting and that there is in place sound internal control systems. The AC's responsibilities are set out in the Appendix to this report.

The AC has explicit authority to investigate any matters within its terms of reference, full access to and cooperation of the management, full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. Keppel Corporation Limited's Group Internal Audit ("Group Internal Audit"), together with the external auditors, report their findings and recommendations to the AC independently.

The AC met with the external auditors and with the internal auditors four times during the year, with at least one of the meetings conducted without the presence of management.

Corporate Governance

During the year, the AC performed independent review of the financial statements of the Company before the announcement of the Company's quarterly and full-year financial results. In the process, the AC reviewed the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a material impact on the financials.

The AC also reviewed and approved both Group Internal Audit's and the external auditor's plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls of the Company. Such significant controls comprise financial, operational, compliance and information technology controls. All audit findings and recommendations presented by Group Internal Audit and the external auditors were also reviewed during AC meetings, and significant issues were discussed.

The AC reviewed the independence and objectivity of the external auditors through discussions with the external auditors as well as, reviewed the non-audit fees awarded to them, and has confirmed that the non-audit services performed by the external auditors would not affect their independence. For details of fees payable to the auditors in respect of audit and non-audit services, please refer to Note 6 of the Notes to the Financial Statements on page 113 of this Annual Report.

The Company has complied with Rule 712, and Rule 715 read with Rule 716 of the SGX Listing Manual in relation to its auditing firms.

The AC is satisfied that Group Internal Audit is adequately resourced to discharge its duties effectively, and has appropriate standing within the Company.

The Company has in place the "Keppel T&T: Whistle-Blower Protection Policy" ("Policy") which provides the mechanism by which employees and any persons who have dealings with the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. The AC reviewed the Policy and is satisfied that arrangements are in place for independent investigation of such matters, including anonymous complaints, and for appropriate follow-up actions. To facilitate the management of incidences of alleged fraud or other misconduct, the AC is guided by a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions, and remediation of control weaknesses that perpetrated the fraud or misconduct so as to prevent a recurrence. In addition, the AC reviews the Policy regularly to ensure that it remains current.

On a quarterly basis, the AC reviews the interested person transactions ("IPTs") reported by management in accordance with the Company's shareholders' mandate for IPTs. The IPTs were reviewed by Group Internal Audit. All findings are reported during the AC meetings.

The AC members are kept updated whenever there are changes to the accounting standards or issues that may have an impact on the financial statements of the Company. In addition, the AC members are invited to the annual finance seminar organized by Keppel Corporation Limited where relevant changes to the accounting standards that will impact the Keppel Group companies are shared by, and discussed with accounting practitioners from one of the leading accounting firms.

Risk Management and Internal Controls
Principle 11: Sound system of risk management and internal controls

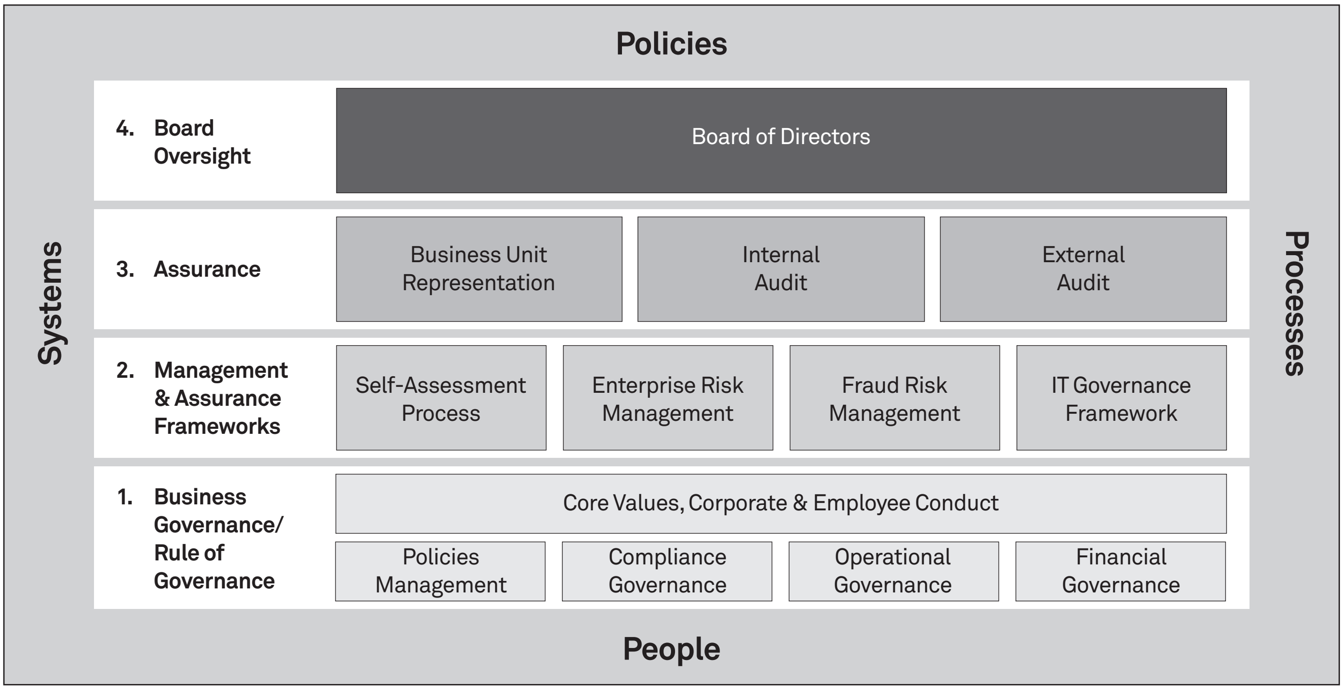
The Board Risk Committee (BRC) comprises three independent Directors (including the Chairman), namely,

Mr Wee Sin Tho	Chairman
Prof Neo Boon Siong	Member
Mr Tan Boon Huat	Member

The BRC members have extensive financial and commercial experience. Upon the retirement of Mr Wee Sin Tho and Mr Tan Boon Huat at the forthcoming annual general meeting, Mrs Lee Ai Ming and Mr Lim Chin Leong will be appointed as Chairman and member of the BRC respectively. Please refer to the profile of each BRC member on pages 6 to 9 of this Annual Report.

The BRC assists the Board in examining the adequacy and effectiveness of the Company's risk management system to ensure that management maintains a robust risk management system. The BRC reviews and guides management in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks, to safeguard shareholders' interests and the Company's assets. The BRC reports to the Board on material findings and recommendations in respect of significant risk matters. The responsibilities of the BRC are set out in the Appendix to this report.

The Company has in place a System of Management Controls Framework outlining the Company's internal control and risk management processes and procedures. The Framework comprises three Lines of Defence towards ensuring the adequacy and effectiveness of the Group's system of internal controls and risk management.



Under the first Line of Defence, management is required to ensure good corporate governance through the implementation and management of policies and procedures relevant to the Group's business scope and environment. Such policies and procedures govern financial, operational, information technology and regulatory compliance matters and are reviewed and updated periodically. Employees are also guided by the Group's Core Values and expected to comply strictly with the Employee Code of Conduct.

Under the second Line of Defence, significant business units are required to conduct a self-assessment exercise on an annual basis. This exercise requires such business units to assess the status of their respective internal controls and risk management via self-assessment questionnaires. Action plans would then be drawn up to remedy identified control gaps. Under the Group's Enterprise Risk Management Framework, significant risks areas of the Group are also identified and assessed, with systems, policies and processes put in place to manage and mitigate the identified risks. Fraud risk management processes include mandatory conflict of interest declaration by employees in high-risk positions and the implementation of policies such as the Keppel T&T: Whistle-Blower Protection Policy and Employee Code of Conduct to establish a clear tone at the top with regard to employees' business and ethical conduct.

Under the third Line of Defence, to assist the Company to ascertain the adequacy and effectiveness of the Group's internal controls, business units are required to provide the Company with written assurances as to the adequacy and effectiveness of their system of internal controls and risk management. Such assurances are also sought from the Company's internal and external auditors based on their independent assessments.

The Board, supported by the AC and BRC, oversees the Group's system of internal controls and risk management.

The Company's approach to risk management is set out in the "Risk Management" section on page 47 of this Annual Report. The Company is guided by a set of Risk Tolerance Guiding Principles, approved by the Board, as detailed under the "Risk Management" section. A Risk Management Assessment Framework is in place to facilitate the Board's assessment on the adequacy and effectiveness of the Company's risk management system. The assessment framework lays out the governing policies, processes and systems pertaining to each of the key risk areas of the Company and assessments are made on the adequacy and effectiveness of the Company's risk management system in managing each of these key risk areas.

Group Internal Audit and the external auditors also conduct an annual review of the effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by management on the recommendations made by Group Internal Audit and the external auditors in this respect.

Corporate Governance

The Board has received assurance from the CEO and Deputy CEO (who was also the CFO of the Company of FY2015), that, amongst others:

(a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances;

(b) the internal controls of the Group are adequate and effective to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business scope and environment and that they are not aware of any material weakness in the Group's overall system of internal controls; and

(c) they are of the view that the Group's risk management system is adequate and effective.

Based on the review of the Group's governing framework, systems, policies and processes in addressing the key risks under the Group's Enterprise Risk Management Framework, the monitoring and review of the Group's overall performance and representation from the management, the Board, with the concurrence of the BRC, is of the view that, as at 31 December 2015, the Group's risk management system is adequate and effective.

Based on the Group's framework of management control, the internal control policies and procedures established and maintained by the Group, and the regular audits, monitoring and reviews performed by the internal and external auditors, the Board, with the concurrence of the AC, is of the opinion that, as at 31 December 2015, the Group's internal controls are adequate and effective to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business scope and environment.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

Internal Audit
Principle 13: Adequately resourced and independent internal audit function

The role of Group Internal Audit is to assist the AC to ensure that the Company maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the AC, and conducting regular in-depth audits of high risk areas. Staffed by suitably qualified and experienced executives, Group Internal Audit has unfettered access to all the Company's documents, properties and personnel, including direct access to the AC, and reports to the AC Chairman on all issues of concern. The Head of Group Internal Audit's primary line of reporting is to the Chairman of the Audit Committee.

As a corporate member of the Singapore branch of the Institute of Internal Auditors, USA ("IIA"), Group Internal Audit is guided by the International Standards for the Professional Practice of Internal Auditing set by the IIA. These standards consist of attribute and performance standards. These standards consist of attribute and performance standards. In addition, Group Internal Audit performs a yearly declaration to confirm their adherence to the Code of Ethics established by IIA, from which, the principles of objectivity, competence, confidentiality and integrity are based. The professional competence of Group Internal Audit is maintained through its continuing professional development programme for its staff which includes sending auditors to attend professional courses conducted by external accredited organizations to enhance their knowledge on auditing techniques, data analytics, auditing and accounting pronouncements.

External quality assessment reviews are carried out at least once every five years by qualified professionals, with the last assessment conducted in 2011 and the results reaffirmed that the internal audit activity conforms to the International Standards.

Group Internal Audit adopted a risk-based auditing approach that focuses on material internal controls, including financial, operational, compliance and information technology controls. Audits were carried out on all significant business units in the Group, including limited review performed on dormant and inactive companies. All internal audit reports are submitted to the AC for deliberation with copies of these reports extended to the Chairman and the relevant senior management. To ensure timely and adequate closure of the identified issues, the progress of the corrective action plans is tracked and discussed at the AC meetings.

The AC reviewed, and was satisfied that the Group Internal Audit was adequately resourced to perform its functions and had appropriate standing within the Group.

Shareholder Rights and Responsibilities, and Conduct of Shareholder Meetings
Principle 14: Recognition, protection and facilitation of the exercise of shareholders' rights
Principle 15: Regular, effective and fair communication with shareholders
Principle 16: Greater shareholder participation at general meetings of shareholders

In addition to the matters mentioned above in relation to "Accountability and Audit", the Group Corporate Communications Department of Keppel Corporation Limited (with assistance from the Group Finance and Group Legal Departments of Keppel Corporation Limited, when required) regularly communicates with shareholders and receives and attends to their queries and concerns.

The Company has in place an Investor Relations Policy, which sets out the principles and practices that the Company applies in order to provide shareholders and prospective investors with information necessary to make well-informed investment decisions and to ensure a level playing field. The Investor Relations Policy is published on the Company's website at www.keppeltt.com.sg.

The Company maintains open channels of communication through which shareholders can give feedback through email or telephone. Shareholders are invited to share feedback with the Board at general meetings of the Company. To better engage the investment community and ensure a level playing field, the senior management held 21 meetings and conference calls with institutional investors in FY 2015. The Company also hosted several site visits to its logistics facilities in Singapore and Foshan, China.

The senior management also kept equity research analysts apprised of corporate developments through quarterly results conference calls to facilitate research coverage.

In recognition of its efforts in improving communications with investors, the Company was conferred the Best Investor Relations Silver Award for mid-cap companies at the Singapore Corporate Awards 2015.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNET and the press. All corporate announcements are also made available on the Company's website, which has been enhanced to facilitate investors' access to information via mobile devices. To ensure a level playing field and provide confidence to shareholders, unpublished price sensitive information is not selectively disclosed, and on the rare occasions when such information is inadvertently disclosed, it is immediately released to the public via SGXNET and the press. The Company's mobile-friendly website is also continually updated with the latest information concerning the Company, such as the latest updates on business and operations, quarterly financial statements, Group corporate structure, annual reports, and notices of general meetings. Contact details of the investor relations department are also set out on the website to facilitate any queries from investors.

The Company ensures that shareholders have the opportunity to participate effectively and vote at shareholders'meeting. In this regard, the shareholders' meeting are generally held in centrally located locations which are easily accessible by public transportation. Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon, and to vote on the resolutions at shareholders' meetings. Such resolutions include matters of significance to shareholders such as, where applicable, proposed amendments to the Company's constitution, the authorisation to issue additional shares, the transfer of significant assets, and the remuneration of non-executive directors. Shareholders are also informed of the voting procedures governing such meetings.

If any shareholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance.

Any payment of interim dividend or, upon receipt of shareholders' approval at annual general meetings, final dividend, will be paid to all shareholder in an equitable and timely manner.

At shareholders' meetings, each distinct issue is proposed as a separate resolution. To encourage transparency, the Company conducts electronic poll voting for shareholders/proxies present at the meeting for all the resolutions proposed at the general meeting. A scrutineer is also appointed to count and validate the votes cast at the meetings. Votes cast for and against and the respective percentages, on each resolution will be displayed 'live' to shareholders/proxies immediately after each poll conduct. The total number of votes cast for or against the resolutions and the respective percentages are also announced in a timely manner after the general meeting via SGXNET. Each share is entitled to one vote.

Where possible, all the directors will attend shareholders' meetings. The Chairman of each board committee is particularly required to be present at these meetings to address any queries raised. External auditors are also present at such meetings to assist the directors to address shareholders' queries, if necessary.

Corporate Governance

The Company is not implementing absentia voting methods such as by mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company Secretary prepares minutes of shareholders' meeting, which incorporates the list of board members who attended the meeting, substantial and relevant comments or queries from shareholders and responses from the Board and management and the results of the shareholders' meeting. These minutes are available to shareholders upon request.

Securities Transactions

Insider Trading Policy and Guidance on Dealings in Securities

The Company has a formal policy on dealings in the securities of the Company, which sets out the implications of insider trading and guidance on dealings in the securities of the Company. The policy has been distributed to all directors and officers. In compliance with Rule 1207(19) of the Listing Manual on best practices on dealing in securities, the Company issues circulars to its directors and officers informing that the Company and its officers must not deal in listed securities of the Company a month before the release of the full-year results and two weeks before the release of the quarterly results, as the case may be, and if they are in possession of unpublished material price-sensitive information. The Company's officers are also informed that they should not deal in the Company's securities on short-term considerations. Directors and CEO are also required to report their dealings in the Company's securities within 2 business days.

APPENDIX

BOARD COMMITTEES – KEY TERMS OF REFERENCE

A. Audit Committee

(1) Review financial statements and formal announcements relating to financial performance, and review significant financial reporting issues and judgments contained in them, for better assurance of the integrity of such statements and announcements.
(2) Review and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties).
(3) Review audit plans and reports of the external auditors and internal auditors, and consider the effectiveness of actions or policies taken by management on the recommendations and observations.
(4) Review the independence and objectivity of the external auditors.
(5) Review the nature and extent of non-audit services performed by the auditors.
(6) Meet with external auditors and internal auditors, without the presence of management, at least annually.
(7) Make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors.
(8) Review the adequacy and effectiveness of the Company's internal audit function, at least annually.
(9) Ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, at least annually.
(10) Approve the hiring, removal evaluation and compensation of the head of the internal audit function, or the accounting / auditing firm or corporation to which the internal audit function is outsourced.
(11) Review the policy and arrangements by which employees of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow up action to be taken.
(12) Review interested person transactions.
(13) Investigate any matters within the Audit Committee's purview, whenever it deems necessary.
(14) Report to the Board on material matters, findings and recommendations.
(15) Review the Audit Committee's terms of reference annually and recommend any proposed changes to the Board.
(16) Perform such other functions as the Board may determine.
(17) Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Audit Committee may deem fit.

B. Nominating Committee

(1) Recommend to the Board the appointment/re-appointment of directors.
(2) Annual review of balance and diversity of skills, experience, gender and knowledge required by the Board, and the size of the Board which would facilitate decision-making.
(3) Annual review of independence of each director, and to ensure that the Board comprises at least one-third independent directors. In this connection, the Nominating Committee should conduct particularly rigorous review of the independence of any director who has served on the Board beyond 9 years from the date of his first appointment.
(4) Decide, where a director has other listed company board representation and/or other principal commitments, whether the director is able to and has been adequately carrying out his duties as director of the Company.
(5) Recommend to the Board the process for the evaluation of the performance of the Board, the board committees and individual directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each director.
(6) Annual assessment of the effectiveness of the Board as a whole and individual directors.
(7) Review the succession plans for the Board (in particular, the Chairman) and senior management (in particular, the CEO).
(8) Review talent development plans.
(9) Review the training and professional development programs for Board members.
(10) Review and, if deemed fit, approve recommendations for nomination of candidates as nominee director (whether as chairman or member) to the board of directors of investee companies which are:
    (i) listed on the Singapore Exchange or any other stock exchange;
    (ii) managers or trustee-managers of any collective investment schemes, business trusts, or any other trusts which are listed on the Singapore Exchange or any other stock exchange; and
    (iii) parent companies of the Company's core businesses which are unlisted.
(11) Report to the Board on material matters and recommendations.
(12) Review the Nominating Committee's terms of reference annually and recommend any proposed changes to the Board.
(13) Perform such other functions as the Board may determine.
(14) Sub-delegate any of its powers within its terms of reference as listed above, from time to time as the Committee may deem fit.

Corporate Governance

C. Remuneration Committee

(1) Review and recommend to the Board a framework of remuneration for Board members and key management personnel, and the specific remuneration packages for each director as well as for the key management personnel.
(2) Review the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous.
(3) Consider whether directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive scheme).
(4) Administer the Company's employee share option scheme (the "KT&T Share Option Scheme"), and the Company's Restricted Share Plan and Performance Share Plan (collectively, the "KT&T Share Plans"), in accordance with the rules of the KT&T Share Option Scheme and KT&T Share Plans.
(5) Report to the Board on material matters and recommendations.
(6) Review the Remuneration Committee's terms of reference annually and recommend any proposed changes to the Board.
(7) Perform such other functions as the Board may determine.
(8) Sub-delegate any of its powers within its terms of reference as listed above, from time to time as the Remuneration Committee may deem fit.

Save that a member of this Committee shall not be involved in the deliberations in respect of any remuneration, compensation, options or any form of benefits to be granted to him.

D. Board Risk Committee

(1) Receive, as and when appropriate, reports and recommendations from Management on risk tolerance and strategy, and recommend to the Board for its determination the nature and extent of significant risks which the Group overall may take in achieving its strategic objectives and the overall Group's levels of risk tolerance and risk policies.
(2) Review and discuss, as and when appropriate, with Management the Group's risk governance structure and its risk policies and risk mitigation and monitoring processes and procedures.
(3) Receive and review at least quarterly reports from Management on major risk exposures and the steps taken to monitor, control and mitigate such risks.
(4) Review the Group's capability to identify and manage new risk types.
(5) Review and monitor Management's responsiveness to the findings and recommendations of the risk management department.
(6) Provide timely input to the Board on critical risk issues.
(7) Review the Committee's terms of reference annually and recommend any proposed changes to the Board.
(8) Perform such other functions as the Board may determine.
(9) Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Committee may deem fit.

E. Board Safety Committee

(1) Ensure there is a set of Group Health, Safety and Environment ("HSE") policies and standards to guide HSE operation and performance across the Group.
(2) Monitor HSE performance of the Group companies, analyse trends and accident root causes, and recommend or propose Group-wide initiatives for improvement where appropriate to ensure a robust HSE management system is maintained.
(3) Review serious accident and near miss incident investigation reports timely to understand underlying root causes and introduce Group-wide initiatives or remedial measures where appropriate.
(4) Follow up on key actions initiated by the Board Safety Committee.
(5) Ensure that each Group company complies with HSE legislation in the country in which it operates as a minimum.
(6) Keep abreast of developments in the HSE world, discuss such developments and best practices and consider the desirability of implementation in the Group.
(7) Ensure that the safety functions in Group companies are adequately resourced (in terms of number, qualification and budget) and have appropriate standing within the organization.
(8) Consider management's proposals on safety-related matters.
(9) Carry out such investigations into safety-related matters as the Committee deems fit.
(10) Report to the Board on material matters, findings and recommendations.
(11) Perform such other functions as the Board may determine.
(12) Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Committee may deem fit.

Nature of current Directors' appointments and membership on Board committees

Director	Board Membership	Board Committee Membership				
		Audit	Nominating	Remuneration	Board Risk	Board Safety
Loh Chin Hua	Non-Executive Chairman	-	Member	Member	-	-
Thomas Pang Thieng Hwi	Executive Director	-	-	-	-	Member
Wee Sin Tho [1]	Independent Director	Member	-	-	Chairman	-
Tan Boon Huat [1]	Independent Director	-	-	Chairman	Member	Chairman
Karmjit Singh	Independent Director	Member	Chairman	-	-	Member
Neo Boon Siong	Independent Director	Chairman	-	-	Member	-
Khor Poh Hwa [2]	Independent Director	Member	-	Member	-	-
Lim Chin Leong [2]	Independent Director	-	Member	Member	-	Member
Lee Ai Ming [2]	Independent Director	-	-	-	-	-
Chan Hon Chew	Non-Executive Director	Member	-	-	-	-

Notes:

(1) Mr Wee Sin Tho and Mr Tan Boon Huat will retire at the conclusion of the forthcoming annual general meeting on 15 April 2016 or any adjourment thereof, and although eligible, will not be seeking re-election.

(2) Upon the retirement of Mr Wee Sin Tho and Mr Tan Boon Huat, with effect from the conclusion of the forthcoming annual general meeting on 15 April 2016 or any adjourment thereof:

a. Mr Khor Poh Hwa will be appointed as Chairman of the Remuneration Committee;
b. Mr Lim Chin Leong will be appointed Chairman of the Board Safety Committee and Member of the Board Risk Committee; and
c. subject to her re-election at the forthcoming annual general meeting, Mrs Lee Ai Ming will be appointed as Chairman of the Board Risk Committee and member of the Audit Committee.

Board Performance

Evaluation processes

Board and Committees

Each Board member is required to complete a Board Evaluation Questionnaire and send the Questionnaire directly to the Independent Co-ordinator within five working days. An "Explanatory Note" is attached to the Questionnaire to clarify the background, rationale and objectives of the various performance criteria used in the Board Evaluation Questionnaire with the aim of achieving consistency in the understanding and interpretation of the questions. Based on the returns from each of the directors, the Independent Co-ordinator prepares a consolidated report and briefs the Chairman of the Nominating Committee on the report. The Independent Co-ordinator will, together with the Chairman of the Nominating Committee, brief the Chairman of the Board on the report. Thereafter, the Independent Co-ordinator will present the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively.

Individual Directors

The Board differentiates the assessment of an executive director from that of a non-executive director.

In the assessment of the performance of the executive director, each non-executive director is required to complete the executive director's assessment form and send the form directly to the Independent Co-ordinator within five working days. It is emphasised that the purpose of the assessment is to assess the executive director on his performance on the Board (as opposed to his executive performance). The executive director is not required to perform a self-assessment.

In the assessment of the performance of the non-executive directors, each director (both non-executive and executive) is required to complete the non-executive directors' assessment form and send the form directly to the Independent Co-ordinator within five working days. Each non-executive director is also required to perform a self-assessment in addition to a peer assessment.

Based on the returns, the Independent Co-ordinator prepares a consolidated report and briefs the Chairman of the Nominating Committee. The Independent Co-ordinator will then, together with the Chairman of the Nominating Committee, brief the Chairman of the Board on the report. Thereafter, the Independent Co-ordinator will present the report for discussion at a board meeting.

Following the meeting, the Chairman of the Nominating Committee will meet with directors individually to provide the necessary feedback on their respective performance with a view to improving their board performance and shareholder value.

Corporate Governance

Chairman
The Chairman Evaluation Form is completed by each director (other than the Chairman) and sent directly to the Independent Co-ordinator within five working days. Based on the returns, the Independent Co-ordinator prepares a consolidated report and briefs the Chairman of the Nominating Committee on the report. The Independent Co-ordinator will then, together with the Chairman of the Nominating Committee, brief the Chairman of the Board on the report. Thereafter, the Independent Co-ordinator will present the report for discussion at a board meeting.

Performance Criteria
The performance criteria for the board evaluation are in respect of board size and composition, board independence, board processes, board information and accountability, management in diversity, board performance in relation to discharging its principal functions and board committee performance in relation to discharging their responsibilities set out in their respective terms of reference. Based on the responses received, the Board continues to perform and fulfill its duties and responsibilities duly in accordance with the established Board processes of the Company.

The individual director's performance criteria are categorized into five segments; namely, (1) interactive skills (under which factors as to whether the director works well with other directors, and participates actively are taken into account); (2) knowledge (under which factors as to the director's industry and business knowledge, functional expertise, whether he provides valuable inputs, his ability to analyse, communicate and contribute to the productivity of meetings, and his understanding of finance and accounts are taken into consideration); (3) director's duties (under which factors as to the director's board committee work contribution, whether the director takes his role of director seriously and works to further improve his own performance, whether he listens and discusses objectively and exercises independent judgment, and meeting preparation are taken into consideration); (4) availability (under which the director's attendance at board and board committee meetings, whether he is available when needed, and his informal contribution via e-mail, telephone, written notes etc are considered); and (5) overall contribution, bearing in mind that each director was appointed for his/her strength in certain areas which, taken together with the skill sets of the other directors, provides the Board with the required mix of skills and competencies.

The assessment of the Chairman of the Board is based on his ability to lead, whether he established proper procedures to ensure the effective functioning of the Board, whether he ensured that the time devoted to board meetings were appropriate (in terms of number of meetings held a year and duration of each board meeting) for effective discussion and decision making by the Board, whether he ensured that information provided to the Board was adequate (in terms of adequacy and timeliness) for the Board to make informed and considered decisions, whether he guides discussions effectively so that there is timely resolution of issues, whether he ensured that meetings are conducted in a manner that facilitates open communication and meaningful participation, and whether he ensured that Board committees are formed where appropriate, with clear terms of reference, to assist the Board in the discharge of its duties and responsibilities.

Keppel T&T: Whistle-Blower Protection Policy
Keppel T&T: Whistle-Blower Protection Policy (the "Policy") took effect on 1 September 2004 to encourage reporting in good faith of suspected Reportable Conduct (as defined below) by establishing clearly defined processes through which such reports may be made with confidence that employees and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal.

Reportable Conduct refers to any act or omission by an employee of the Group or contract worker appointed by a company within the Group, which occurred in the course of his or her work (whether or not the act is within the scope of his or her employment) which in the view of a Whistle-Blower acting in good faith, is:

(a) dishonest, including but not limited to theft or misuse of resources within the Group;
(b) fraudulent;
(c) corrupt;
(d) illegal;
(e) other serious improper conduct;
(f) an unsafe work practice; or
(g) any other conduct which may cause financial or non-financial loss to the Group or damage to the Group's reputation.

A person who files a report or provides evidence which he knows to be false, or without a reasonable belief in the truth and accuracy of such information, will not be protected by the Policy and may be subject to administrative and/or disciplinary action.

Similarly, a person may be subject to administrative and/or disciplinary action if he subjects (i) a person who has made or intends to make a report in accordance with the Policy, or (ii) a person who was called or may be called as a witness, to any form of reprisal which would not have occurred if he did not intend to, or had not made the report or be a witness.

The General Manager of Group Internal Audit is the Receiving Officer for the purposes of the Policy and is responsible for the administration, implementation and overseeing ongoing compliance with the Policy. She reports directly to the Audit Committee (AC) Chairman on all matters arising under the Policy.

Reporting Mechanism

The Policy emphasises that the role of the Whistle-Blower is as a reporting party, and that Whistle-Blowers are not to investigate, or determine the appropriate corrective or remedial actions that may be warranted. Employees are encouraged to report suspected Reportable Conduct to their respective supervisors who are responsible for promptly informing the Receiving Officer, who in turn is required to promptly report to the AC Chairman, of any such report. The supervisor must not start any investigation in any event. If any of the persons in the reporting line prefers not to disclose the matter to the supervisor and/or Receiving Officer (as the case may be), he may make the report directly to the Receiving Officer or the AC Chairman.

Other Whistle-Blowers may report a suspected Reportable Conduct to either the Receiving Officer or the AC Chairman.

All reports and related communications made will be documented by the person first receiving the report. The information disclosed should be as precise as possible so as to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures to be undertaken.

Investigation

The AC Chairman will review the information disclosed, interview the Whistle-Blower(s) when required and, either exercising his own discretion or in consultation with the other AC members, determine whether the circumstances warrant an investigation and if so, the appropriate investigative process to be employed and corrective actions (if any) to be taken. The AC Chairman will use his best endeavours to ensure that there is no conflict of interests on the part of any person involved in the investigations.

All employees have a duty to cooperate with investigations initiated under the Policy. An employee may be placed on administrative leave or investigatory leave when it is determined by the AC Chairman that it would be in the best interests of the employee, the Company or both. Such leave is not to be interpreted as an accusation or a conclusion of guilt or innocence of any employee, including the employee on leave. All participants in the investigation must also refrain from discussing or disclosing the investigation or their testimony with anyone not connected to the investigation. In no circumstance should such persons discuss matters relating to the investigation with the person(s) who is/are subject(s) of the investigation ("Investigation Subject(s)").

Identities of Whistle-Blower, participants of the investigations and the Investigation Subject(s) will be kept confidential to the extent possible.

No Reprisal

No person will be subject to any reprisal for having made a report in accordance with the Policy or having participated in the investigation. A reprisal means personal disadvantage by:

(a) dismissal;
(b) demotion;
(c) suspension;
(d) termination of employment / contract;
(e) any form of harassment or threatened harassment;
(f) discrimination; or
(g) current or future bias.

Any reprisal suffered may be reported to the Receiving Officer (who shall refer the matter to the AC Chairman) or directly to the AC Chairman. The AC Chairman shall review the matter and determine the appropriate actions to be taken. Any protection does not extend to situations where the Whistle-Blower or witness has committed or abetted the Reportable Conduct that is the subject of allegation. However, the AC Chairman will take into account the fact that he or she has cooperated as a Whistle-Blower or a witness in determining the suitable disciplinary measure to be taken against him or her.

Corporate Governance

CODE OF CORPORATE GOVERNANCE 2012

Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Yes.
	b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	Not Applicable.
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	Investments, acquisitions and disposals by any Group company, and all commitments to term loans and lines of credit from banks and financial institutions by the Company, require the approval of the Board.
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	The Nominating Committee (NC) evaluates the diversity and balance of skills, gender, knowledge and experience on the Board and the size of the Board which would facilitate decision-making, and, in the light of such evaluation and in consultation with management, assesses if there is any inadequate representation in respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	The NC is of the view that the Board and the board committees comprise directors who as a group provide appropriate balance and diversity of skills, experience, gender, and knowledge of the Group, and core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board and the board committees to be effective.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	There is a process of refreshing the Board progressively. See Guideline 4.6 below on process for nomination of new directors and Board succession planning.

Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	For new directors, the NC evaluates the diversity and balance of skills, gender, knowledge and experience on the Board and the size of the Board which would facilitate decision-making. In the light of such evaluation and in consultation with management, the NC assesses if there is any inadequate representation in respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment. NC then met with the short-listed candidates to assess suitability and to ensure that the candidates were aware of the expectations and the level of commitment required. NC made recommendations to the Board for approval. For incumbent directors, pursuant to the Company's constitution, one-third of the directors retire from office at the Company's annual general meeting, and a newly appointed director must submit himself for re-election at the annual general meeting immediately following his appointment. NC recommended the re-nomination of directors to the Board for approval, having regard to the director's contribution and performance (such as attendance, preparedness, participation and candour), with reference to the results of the assessment of the performance of the individual director by his peers.
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Yes, all new directors undergo a comprehensive orientation programme. If the newly-appointed director has no prior experience as a director of a listed company, training in relevant areas such as finance and legal, as well as industry-related areas will be provided.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	All directors are provided with continuing education in areas such as finance, economics, management and committees' duties and responsibilities so as to update and refresh them on matters that affect their performance as board or board committee members. Updates on relevant legal or regulatory developments may be provided to the Board by circulation or through seminars and presentations conducted or sponsored by the Company.
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	Directors should not have more than 6 listed company board representations and/or other principal commitments. This serves as a guide and the NC takes into account other factors in deciding on the capacity of director.
	(b) If a maximum number has not been determined, what are the reasons?	Not Applicable.

Corporate Governance

	(c) What are the specific considerations in deciding on the capacity of directors?	The NC takes into account the results of the annual assessment of the effectiveness of the individual director, and the respective directors' actual conduct on the Board, in determining whether a director with other listed company board representations and/or other principal commitments is able to and has been adequately carrying out his duties as a director of the Company.
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	An independent third party (the "Independent Co-ordinator") was appointed to assist in collating and analysing the returns of the board members for the annual assessment. Based on the returns from each of the directors, the Independent Co-ordinator prepared a consolidated report and briefed the NC Chairman and the Board Chairman on the report. Thereafter, the Independent Co-ordinator presented the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively. The detailed process for the conduct of the assessment is set out on page 167 of the Corporate Governance Report.
	(b) Has the Board met its performance objectives?	Yes.
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes.
	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	No.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not Applicable.

Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Yes. Mr Wee Sin Tho and Mr Tan Boon Huat had served on the Board for more than nine years from the date of first appointment. Taking into consideration, among other things, the instances of constructive challenge and probing of management by Mr Wee Sin Tho and Mr Tan Boon Huat at Board and board committee meetings, the NC is of the view that both Mr Wee Sin Tho and Mr Tan Boon Huat have been exercising independent judgment in the best interests of the Company in the discharge of their director's duties, and should continue to be deemed independent. The Board concurs with the NC's determination.
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Aggregate remuneration paid to key management personnel in FY2015 was S$1,788,300. As two of the key management personnel, Ms Tan Eng Hwa, CFO of the Company and Mr Wong Wai Meng, CEO of Keppel Data Centre joined the Group on 1 January 2016 and 18 January 2016 respectively, their remuneration would only be reported from FY2016 onwards.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No.

Corporate Governance

Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	The total remuneration mix comprises three key components; that is, annual fixed cash, annual performance incentive and the KT&T Share Plans. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances. The annual performance incentive is tied to the Company's, business unit's and individual employee's performance, inclusive of a portion which is tied to EVA performance. The KT&T Share Plans are in the form of two share plans approved by shareholders, the KT&T RSP and the KT&T PSP. The EVA performance incentive plan and the KT&T Share Plans are both long term incentive plans.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	The compensation structure is directly linked to corporate and individual performance, both in terms of financial, non-financial performance and the creation of shareholder wealth. The key performance indicators ("KPIs") for awarding of annual cash incentives are based on corporate performance and individual performance. The four scorecard areas that the Company has identified as key to measuring performance are – (i) Financial; (ii) Process; (iii) Stakeholders; and (iv) People. For the long-term incentive plans, performance conditions that are aligned with shareholder interests such as ROE, Total Shareholder Return and EVA are selected for equity awards.
	(c) Were all of these performance conditions met? If not, what were the reasons?	Yes, the performance conditions were met and the RC is satisfied that the quantum of performance-related bonuses and the value of shares vested under the KT&T PSP and RSP to the executive director and key management personnel was fair and appropriate taking into account the extent to which their KPIs for FY2015 were met. Please refer to pages 158 to 159 of the Corporate Governance Report for more details.
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	The Company has adopted initiatives to put in place processes to ensure that the non-executive directors are well supported by accurate, complete and timely information, and have unrestricted access to management. These initiatives include informal meetings for management to brief the directors on prospective deals, and providing the Board with regular updates on projects and initiatives at an early stage to keep the Board abreast of the business developments.

		An off-site board strategy meeting is also organised annually for in-depth discussion on strategic issues and direction of the Group to give the non-executive directors a better understanding of the Group and its businesses and to provide an opportunity for the non-executive directors to familiarise themselves with the management team so as to facilitate the Board's review of the Group's succession planning and leadership development programme. Management also provides the Board members with management accounts and information on a monthly basis and as the Board may require from time to time. Such reports keep the Board informed of, on a balanced and understandable basis, to enable the Board to make an informed assessment of the Group's performance, position and prospects. In addition, management provides the Board with project briefs at an early stage to keep the Board abreast of the progress of the projects and potential business developments.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes. The Company's internal audit functions are discharged by Keppel Corporation Limited's Group Internal Audit.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	The Board oversees the Group's system of internal controls and risk management with the support from Audit Committee and Board Risk Committee. Board's view on the adequacy and effectiveness of the Company's internal controls is based on the Group's framework of management control, the internal control policies and procedures established and maintained by the Group, and the regular audits, monitoring and reviews performed by the internal and external auditors. The Audit Committee has concurred with this view. The Board's view on the adequacy and effectiveness of the Company's risk management system is based on the review of the Group's governing framework, systems, policies and processes in addressing the key risks under the Group's Enterprise Risk Management Framework, the monitoring and review of the Group's overall performance and representation from the management. The Board Risk Committee has concurred with this view.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes. The Board has received assurance from the CEO and the Deputy CEO (who was also the CFO for FY2015) on points (i) and (ii). The Board has received assurance from internal auditor on the adequacy and effectiveness of the Company's internal control systems.

Corporate Governance

Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	The Group's estimated audit fee for the current financial year payable to the external auditors of the Company and other auditors of subsidiaries is S$502,000. The Group's non audit services paid to external auditor of the Company and other auditors of subsidiaries amounted to S$2,000.
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	The AC reviewed the independence and objectivity of the external auditors through discussions with the external auditors as well as, reviewed the non-audit fees awarded to them, and has confirmed that the non-audit services performed by the external auditors would not affect their independence.
Communication with Shareholders		
Guideline 15.4		
	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Yes. The Company maintains open channels of communication through which shareholders can give feedback through email or telephone. Shareholders are invited to share feedback with the Board at general meetings of the Company. To better engage the investment community and ensure a level playing field, the senior management held 21 meetings and conference calls with institutional investors, as well as hosted several site visits to the Company's logistics facilities in Singapore and Foshan, China. The senior management also kept equity research analysts apprised of corporate developments through quarterly results conference calls.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	This role is performed by Group Communications Department (with assistance from the Group Finance and Group Legal Department, where required)
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Engagement with shareholders and other stakeholders take many forms including, email communications, publications and content on the Company's website. Senior management also meets with investors, analysts and the media, as well as participates in industry conferences to solicit and understand the views of the investment community. The Company's website has also been enhanced to facilitate investors' access to company information via mobile devices.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not Applicable

Code of Corporate Governance 2012

Specific Principles and Guidelines for Disclosure

Relevant Guideline or Principle	Page Reference in this Report
Guideline 1.3 Delegation of authority, by the Board to any board committee, to make decisions on certain board matters	150
Guideline 1.4 The number of meetings of the Board and board committees held in the year, as well as the attendance of every board member at these meetings	150
Guideline 1.5 The type of material transactions that require board approval under guidelines	151
Guideline 1.6 The induction, orientation and training provided to new and existing directors	151
Guideline 2.3 The Board should identify in the company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him as independent should be disclosed	153
Guideline 2.4 Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed.	153
Guideline 3.1 Relationship between the Chairman and the CEO where they are immediate family members	152
Guideline 4.1 Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board	152 and 165
Guideline 4.4 The maximum number of listed company board representations which directors may hold should be disclosed	154
Guideline 4.6 Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process	153
Guideline 4.7 Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent	6 to 9
Guideline 5.1 The Board should state in the company's Annual Report how assessment of the Board, its board committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's Annual Report	154 and 167 to 168
Guideline 7.1 Names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board	155 and 166

Corporate Governance

Guideline 7.3 Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the company	155
Principle 9 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration	156 to 159
Guideline 9.1 Remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO)	156 to 159
Guideline 9.2 Fully disclose the remuneration of each individual director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives	158
Guideline 9.3 Name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel	158
Guideline 9.4 Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S$50,000	159
Guideline 9.5 Details and important terms of employee share schemes	88 to 91 and 117 to 119
Guideline 9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met	156 to 159
Guideline 11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems The commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems	162

Guideline 12.1 Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board	159 and 165
Guideline 12.6 Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement	160
Guideline 12.7 The existence of a whistle-blowing policy should be disclosed in the company's Annual Report	168 to 169
Guideline 12.8 Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements	160
Guideline 15.4 The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings	163
Guideline 15.5 Where dividends are not paid, companies should disclose their reasons	Not Applicable

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
General Transactions				
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**	-
Treasury Transactions				
Keppel Corporation Limited Group	**-**	-	**125,820**	526,484
Management Services				
Keppel Corporation Limited Group	**67,334**	-	**842**	921
Investment Transactions				
Mapletree Investments Pte Ltd Group	**14,000**	-	**-**	-
	81,873	445	**132,460**	548,534

Save for the interested person transactions disclosed above, there were no other material contracts entered into by the Company and its subsidiaries involving the interests of its chief executive officer, directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

Shareholding Statistics

As at 2 March 2016

Total number of issued shares : 557,000,168
Issued and fully paid-up capital : $79,830,988.10
Class of Shares : Ordinary shares with equal voting rights

	No. of Shareholders	%	No. of Shares	%
Size of Shareholdings				
1-99	81	1.34	3,691	0.00
100-1,000	1,271	21.12	1,094,099	0.20
1,001-10,000	3,740	62.15	17,517,885	3.15
10,001-1,000,000	914	15.19	38,510,724	6.91
1,000,001 and above	12	0.20	499,873,769	89.74
Total	6,018	100.00	557,000,168	100.00
Location of Shareholders				
Singapore	5,602	93.09	550,451,352	98.82
Malaysia	343	5.70	1,673,361	0.30
Others	73	1.21	4,875,455	0.88
Total	6,018	100.00	557,000,168	100.00

Twenty Largest Shareholders		No. of Shares	%
1.	Keppel Corporation Limited	442,935,526	79.52
2.	Citibank Nominees Singapore Pte Ltd	19,175,443	3.44
3.	Raffles Nominees (Pte) Limited	10,681,827	1.92
4.	DBS Nominees (Private) Limited	9,895,278	1.78
5.	United Overseas Bank Nominees (Private) Limited	4,212,512	0.76
6.	Morph Investments Ltd	4,121,100	0.74
7.	BNP Paribas Securities Services Singapore Branch	2,310,716	0.41
8.	DBSN Services Pte. Ltd.	1,501,400	0.27
9.	Lim Kim Hong	1,450,000	0.26
10.	UOB Kay Hian Private Limited	1,376,264	0.25
11.	OCBC Nominees Singapore Private Limited	1,210,578	0.22
12.	DBS Vickers Securities (Singapore) Pte Ltd	1,003,125	0.18
13.	Heng Siew Eng	987,500	0.18
14.	HSBC (Singapore) Nominees Pte Ltd	861,253	0.15
15.	Law Chin Pong	750,000	0.13
16.	OCBC Securities Private Limited	678,408	0.12
17.	Phillip Securities Pte Ltd	672,918	0.12
18.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	501,500	0.09
19.	Chan Sui Ha@Chan Shui Har	499,450	0.09
20.	Maybank Kim Eng Securities Pte Ltd	426,617	0.08
Total		505,251,415	90.71

Substantial Shareholders (as shown in the Register of Substantial Shareholders)

		Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%	Total Interest No. of Shares	%
1.	Keppel Corporation Limited	442,935,526	79.52	-	-	442,935,526	79.52
2.	Temasek Holdings (Private) Limited(1)	-	-	442,935,526	79.52	442,935,526	79.52
3.	Investoasia Pte. Ltd. (formerly known as Kapital Asia Pte Ltd)(2)	-	-	33,545,000	6.02	33,545,000	6.02
4.	Agus Anwar(3)	4,328,000	0.78	29,217,000	5.24	33,545,000	6.02
5.	Tjia Marcel Han Liong(3)	-	-	33,545,000	6.02	33,545,000	6.02

Notes:
(1) The interest of Temasek Holdings (Private) Limited arises from its shareholdings in Keppel Corporation Limited.
(2) Includes interests held by Kapital Asia Company Limited and Agus Anwar.
(3) The interests of Agus Anwar and Tjia Marcel Han Liong arise from their controlling interests in Investoasia Pte. Ltd. and Kapital Asia Company Limited.

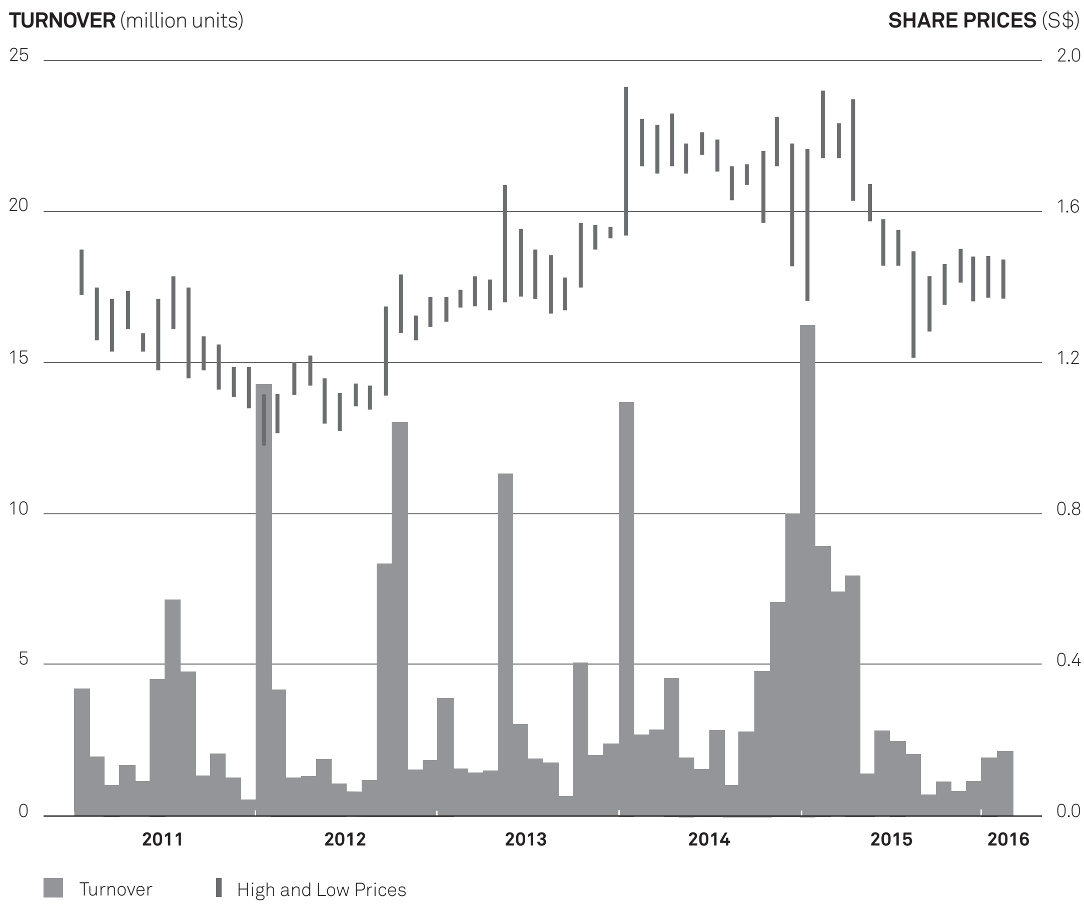
Public Shareholders

Based on the information available to the Company as at 2 March 2016, approximately 14.46% of the issued shares of the Company was held by the public and therefore, pursuant to Rules 723 and 1207 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the ordinary shares of the Company is at all times held by the public.

Treasury Shares

As at 2 March 2016, there were no treasury shares held.

Share Prices and Turnover



	2011	2012	2013	2014	**2015**
Earnings per share (cents) (Note 1)	14.4	10.0	11.4	44.4	**16.5**
Dividends per share (cents)	3.5	3.5	3.5	15.0	**3.5**
Share price (cents)					
Highest	150	144	167	193	**192**
Lowest	108	98	131	146	**121**
Average	129	121	149	170	**157**
Dividend yield (%) (Note 2)	2.7	2.9	2.3	8.8	**2.2**
Net price earnings ratio (Note 2)	9.0	12.1	13.1	3.8	**9.5**
Net tangible assets ($)	0.71	0.77	0.85	1.24	**1.27**

Notes:
1. Earnings per share are calculated based on the Group net profit by reference to the weighted average number of shares in issue during the year.
2. In calculating dividend yields and net price earnings ratios, the average share prices have been used.

Notice of Annual General Meeting/ Closure of Books

Keppel T&T

Keppel Telecommunications & Transportation Ltd
Co Reg No.: 196500115G
(Incorporated in the Republic of Singapore)

ALL MEMBERS ARE CORDIALLY INVITED TO ATTEND the annual general meeting of Keppel Telecommunications & Transportation Ltd (the "Company") to be held at Raffles City Convention Centre, Stamford Ballroom, Level 4, 80 Bras Basah Road, Singapore 189560, on Friday, 15 April 2016 at 10.30 a.m. to transact the following business:

Ordinary Business

Resolution 1
To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 31 December 2015.

Resolution 2
To declare a final dividend of 3.5 cents per share tax exempt one-tier for the year ended 31 December 2015 (2014: final dividend of 3.5 cents per share tax exempt one-tier and special dividend of 11.5 cents per share tax exempt one-tier).

Resolution 3
To re-elect Mr Loh Chin Hua who retires in accordance with Article 86 of the Articles of Association comprising part of the Constitution of the Company ("Constitution") and who, being eligible, offers himself for re-election (see Note 3).

Resolution 4
To re-elect Mr Thomas Pang Thieng Hwi who retires in accordance with Article 86 of the Articles of Association comprising part of the Constitution and who, being eligible, offers himself for re-election (see Note 3).

Note: Each of Mr Wee Sin Tho and Mr Tan Boon Huat, who retires pursuant to Article 86 of the Articles of Association comprising part of the Constitution, and although eligible, has given notice to the Company that he does not wish to stand for re-election.

Resolution 5
To re-elect Mrs Lee Ai Ming who, being appointed by the board of directors of the Company ("Directors") after the last annual general meeting of the Company, retires in accordance with Article 93 of the Articles of Association comprising part of the Constitution and who, being eligible, offers herself for re-election (see Note 3).

Resolution 6
To approve Directors' fees of $611,395 for the year ended 31 December 2015 (2014: $631,594).

Resolution 7
To appoint PricewaterhouseCoopers LLP as the auditors of the Company, in place of the retiring auditors, Ernst & Young LLP, to hold office until the conclusion of the next annual general meeting of the Company and authorise the Directors to fix their remuneration (see Note 4).

Special Business

To consider and, if thought fit, approve with or without modification, the following resolutions, of which Resolutions 8, 9 and 10 will be proposed as ordinary resolutions and Resolution 11 will be proposed as a special resolution:

Notice of Annual General Meeting/ Closure of Books

Resolution 8
That authority be and is hereby given to the Directors to:

(1) (a) issue shares in the capital of the Company ("Shares"), whether by way of rights, bonus or otherwise, and including any capitalisation of any sum for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and/or

(b) make or grant offers, agreements or options that might or would require Shares to be issued (including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares) (collectively "Instruments"),

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(2) (notwithstanding that the authority so conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while the authority was in force;

provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed 50 per cent. of the total number of issued Shares (excluding treasury Shares) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed 20 per cent. of the total number of issued Shares (excluding treasury Shares) (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury Shares) at the time this Resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards which are outstanding or subsisting as at the time this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or sub-division of Shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Companies Act, Chapter 50 of Singapore ("Companies Act"), the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being in force; and

(iv) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier (see Note 5).

Resolution 9
That:

(1) for the purposes of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(a) market purchase(s) (each a "Market Purchase") on the SGX-ST; and/or

(b) off-market purchase(s) (each an "Off-Market Purchase") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

(2) (unless varied or revoked by the members of the Company in a general meeting) the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period (the "Relevant Period") commencing from the date of the passing of this Resolution and expiring on the earlier of:

(a) the date on which the next annual general meeting of the Company is held;

(b) the date on which the next annual general meeting of the Company is required by law to be held; or

(c) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(3) in this Resolution:

"Maximum Limit" means that number of issued Shares representing 10 per cent. of the total number of issued Shares as at the date of the passing of this Resolution, unless a reduction of the share capital of the Company is effected in accordance with Section 78C or Section 78I of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding treasury Shares), and

"Maximum Price", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which is:

(a) in the case of a Market Purchase, 5 per cent. above the Average Closing Price (as hereafter defined); and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 20 per cent. above the Average Closing Price,

where:

"Average Closing Price" means the average of the closing market prices of a Share over the last five (5) Market Days (a "Market Day" being a day on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded, in the case of Market Purchases, before the day on which the purchase or acquisition of Shares was made and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days, or in the case of Off-Market Purchases, before the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(4) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution (see Note 6).

Resolution 10
That:

(1) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and target associated companies (as defined in Appendix 3 to this Notice of Annual General Meeting ("Appendix 3")), or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions described in Appendix 3 with any person who falls within the classes of Interested Persons described in Appendix 3, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for Interested Person Transactions as set out in Appendix 3 (the "Shareholders' Mandate");

(2) the Shareholders' Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier;

Notice of Annual General Meeting/ Closure of Books

(3) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of such procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual which may be prescribed by the SGX-ST from time to time; and

(4) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing such documents as may be required) as they and/or he may consider expedient, necessary, incidental or in the interests of the Company to give effect to the Shareholders' Mandate and/or this Resolution (see Note 7).

Resolution 11
That the regulations contained in the new Constitution submitted to this annual general meeting and, for the purpose of identification, as set out in Annexure 4A to Appendix 4 to this Notice of Annual General Meeting, be approved and adopted as the Constitution in substitution for, and to the exclusion of, the existing Constitution (see Note 8).

To transact such other business which can be transacted at the annual general meeting of the Company.

NOTICE IS HEREBY GIVEN THAT:

(a) the Share Transfer Books and the 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 of 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 dividend. 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 dividend. The proposed final dividend if approved at the annual general meeting of the Company will be paid on 10 May 2016; and

(b) the electronic copy of the Company's Annual Report 2015 will be published on the Company's website on 24 March 2016. The Company's website address is http://www.keppeltt.com.sg, and the electronic copy of the Annual Report 2015 can be viewed or downloaded from the "Annual Reports" section, which can be accessed from the main menu item "Investor Relations".

BY ORDER OF THE BOARD

Kenny Lee
Company Secretary

Singapore, 24 March 2016

Notes:

1. A member of the Company entitled to attend and vote at a meeting of the Company, and who is not a Relevant Intermediary, is entitled to appoint one or two proxies to attend and vote instead of him. A member of the Company who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote at a meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. A proxy need not be a member of the Company.

   "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

2. The instrument appointing a proxy must be deposited at the registered office of the Company not less than 48 hours before the time appointed for holding the annual general meeting. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the annual general meeting as certified by The Central Depository (Pte) Limited to the Company.

3. Detailed information on the Directors can be found in the "Board of Directors" section of the Company's Annual Report for the financial year ended 31 December 2015 ("Annual Report 2015"). Mr Loh Chin Hua will, upon re-election continue to serve as a member of the Remuneration Committee and the Nominating Committee. Mr Thomas Pang Thieng Hwi will, upon re-election, continue to serve as a member of the Board Safety Committee. Mrs Lee Ai Ming will, upon re-election, be appointed as Chairman of the Board Risk Committee and member of the Audit Committee. Mrs Lee Ai Ming is considered by the Board to be an independent Director. Mr Loh Chin Hua and Mr Thomas Pang Thieng Hwi are considered by the Board to be non-independent in view of their executive positions in Keppel Corporation Limited and the Company respectively. The list of all current directorships in other listed companies and details of other principal commitments of the above-mentioned Directors are set out in pages 6 to 9 of the Annual Report 2015.

4. Resolution 7 relates to the appointment of PricewaterhouseCoopers LLP ("PwC") as the auditors of the Company, in place of the retiring auditors, Ernst & Young LLP ("EY"). Please refer to Appendix 1 to this Notice of Annual General Meeting for details. In accordance with the requirements of Rule 1203(5) of the Listing Manual:

   (a) the outgoing auditors, EY, have confirmed in writing that they are not aware of any professional reasons why the new auditors, PwC, should not accept appointment as auditors of the Company;

   (b) the Company confirms that there were no disagreements with the retiring auditors, EY, on accounting treatments within the last 12 months of the date of this Notice of Annual General Meeting;

   (c) the Company confirms that, other than as set out in Appendix 1 to this Notice of Annual General Meeting, it is not aware of any circumstances connected with the proposed change of auditors that should be brought to the attention of shareholders;

   (d) the specific reasons for the proposed change of auditors are disclosed in Appendix 1 to this Notice of Annual General Meeting; and

   (e) the Company confirms that it is in compliance with Rule 712 and Rule 715 read with Rule 716 of the Listing Manual in relation to the appointment of PwC as the auditors of the Company.

5. Resolution 8 is to empower the Directors to issue Shares and Instruments in the Company, up to a number not exceeding 50 per cent. of the total number of Shares (excluding treasury Shares) (with a sub-limit of 20 per cent. of the total number of Shares (excluding treasury Shares) in respect of Shares to be issued other than on a pro rata basis to shareholders) during the Relevant Period. For the purpose of determining the total number of Shares (excluding treasury Shares) that may be issued, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury Shares) at the time that Resolution 8 is passed, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 8 is passed, and any subsequent bonus issue, consolidation or sub-division of Shares.

6. Resolution 9 relates to the renewal of the Share Purchase Mandate, which was originally approved by Shareholders on 21 May 2003 and amended on 23 April 2004. The Share Purchase Mandate was last renewed at the last annual general meeting of the Company held on 15 April 2015. Please refer to Appendix 2 to this Notice of Annual General Meeting for details.

7. Resolution 10 relates to the renewal of a mandate given by Shareholders on 30 October 2002 and amended on 21 May 2003, 26 April 2005 and 18 April 2012 allowing the Company, its subsidiaries and target associated companies to enter into transactions with interested persons as defined in Chapter 9 of the Listing Manual of the SGX-ST. Please refer to Appendix 3 to this Notice of Annual General Meeting for details.

8. Resolution 11 is to adopt a new Constitution. The proposed new Constitution largely comprises the existing provisions of the memorandum and articles of association of the Company and incorporates various changes, primarily to give effect to the amendments made to the Companies Act and ensure consistency with the prevailing listing rules as set out in the Listing Manual of the SGX-ST. Please refer to Appendix 4 to this Notice of Annual General Meeting for details.

Personal Data Privacy:

By submitting an instrument appointing proxy or proxies and/or representative(s) to attend, speak and vote at the annual general meeting and/or any adjournment thereof, a member (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the annual general meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), and (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure of such individual's personal data for the Purposes.

Corporate Information

Board of Directors
Loh Chin Hua (Chairman)
Thomas Pang Thieng Hwi
Wee Sin Tho
Tan Boon Huat
Neo Boon Siong
Karmjit Singh
Khor Poh Hwa
Lim Chin Leong
Lee Ai Ming
Chan Hon Chew

Audit Committee
Neo Boon Siong (Chairman)
Wee Sin Tho
Karmjit Singh
Khor Poh Hwa
Chan Hon Chew

Nominating Committee
Karmjit Singh (Chairman)
Loh Chin Hua
Lim Chin Leong

Remuneration Committee
Tan Boon Huat (Chairman)
Loh Chin Hua
Khor Poh Hwa
Lim Chin Leong

Board Risk Committee
Wee Sin Tho (Chairman)
Tan Boon Huat
Neo Boon Siong

Board Safety Committee
Tan Boon Huat (Chairman)
Thomas Pang Thieng Hwi
Karmjit Singh
Lim Chin Leong

Registered Office
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632
Telephone: (65) 6270 6666
Facsimile: (65) 6413 6391

Head Office
7 Gul Circle
Singapore 629563
Telephone: (65) 6897 7372
Facsimile: (65) 6868 2820
Email: keppeltt@keppeltt.com.sg
Website: www.keppeltt.com.sg

Share Registrar
Boardroom Corporate & Advisory
Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Telephone: (65) 6536 5355
Facsimile: (65) 6536 1360

Auditors
Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
Audit Partner: Terry Wee Hiang Bing
Year appointed: 2015

Company Secretary
Kenny Lee

Financial Calendar

Financial year-end	31 December 2015
Announcement of 2015 results:	
First quarter	14 April 2015
Second quarter	21 July 2015
Third quarter	20 October 2015
Full year	19 January 2016
Despatch of Annual Report to Shareholders	24 March 2016
Annual General Meeting	15 April 2016
2015 proposed final dividends	
Books closure date	5.00 p.m., 25 April 2016
Payment date	10 May 2016
Announcement of 2016 results	
First quarter	April 2016
Second quarter	July 2016
Third quarter	October 2016
Full year	January 2017

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Keppel T&T

Keppel Telecommunications & Transportation Ltd
Co Reg No.: 196500115G
(Incorporated in the Republic of Singapore)

IMPORTANT
1. Relevant Intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore), may appoint more than two proxies to attend and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy ordinary shares in the capital of Keppel Telecommunications & Transportation Ltd ("Shares"), this report is forwarded to them at the request of their CPF Agent Banks and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. A CPF/SRS investor who wishes to attend the Annual General Meeting as proxy has to submit his request to his CPF Agent Bank so that his CPF Agent Bank may appoint him as its proxy within the specified timeframe. (CPF Agent Bank: Please refer to Notes 2(b) and 4 on the reverse side of this form on the required details.)

Personal Data Privacy
By submitting an instrument appointing proxy or proxies and/or representative(s), a member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 24 March 2016.

ANNUAL GENERAL MEETING

Proxy Form

I/We ______________________________ (Name) ______________ (NRIC/Passport/UEN Number)

of ____ (Address)

being a member or members of Keppel Telecommunications & Transportation Ltd (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (Ordinary Shares)	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (Ordinary Shares)	
			No. of Shares	%

as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 15 April 2016 at Raffles City Convention Centre, Stamford Ballroom, Level 4, 80 Bras Basah Road, Singapore 189560, at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the meeting and at any adjournment thereof.

Resolutions	Number of Votes For **	Number of Votes Against **
Ordinary Business		
1. Adoption of Directors' Statement and Audited Financial Statements		
2. Declaration of Dividend		
3. Re-election of Mr Loh Chin Hua as Director		
4. Re-election of Mr Thomas Pang Thieng Hwi as Director		
5. Re-election of Mrs Lee Ai Ming as Director		
6. Approval of directors' fees to non-executive Directors		
7. Appointment of PricewaterhouseCoopers LLP as auditors of the Company		
Special Business		
8. Authority to issue shares and convertible instruments		
9. Renewal of Share Purchase Mandate		
10. Renewal of Shareholders' Mandate for Interested Person Transactions		
11. Adoption of the new Constitution		

** If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick ("✔") within the relevant box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant Resolution, please indicate the number of Shares in the boxes provided.

Dated this ________ day of ______________ 2016

Total Number of Shares held	

____
Signature(s) or Common Seal of Member(s)

IMPORTANT: Please read the notes overleaf before completing this Proxy Form.

Fold and glue along dotted line

Fold and glue along dotted line

Fold and glue along dotted line

Notes:

1. Please insert the total number of Shares held by you. If you only have Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Shares. If you only have Shares registered in your name in the Register of Members, you should insert that number of Shares. However, if you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the proxy form shall be deemed to relate to all the Shares held by you (in both the Register of Members and the Depository Register).

2. (a) A member of the Company entitled to attend and vote at a meeting of the Company, and who is not a Relevant Intermediary, is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company. Where a member of a Company appoints two proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no percentage is specified, the first named proxy shall be deemed to represent 100 per cent. of the shareholding and the second named proxy shall be deemed to be an alternate to the first named proxy.

   (b) A member of the Company who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote at a meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where more than one proxy is appointed, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the proxy form. In relation to a Relevant Intermediary who wishes to appoint more than two proxies, it should annex to the proxy form the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of shareholding (number of Shares, class of Shares and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank who intends to appoint CPF/SRS investors as its proxies shall comply with this Note.

   (c) "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

Fold along this line (1)

Affix
Postage
Stamp

The Company Secretary
Keppel Telecommunications & Transportation Ltd
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

Fold along this line (2)

3. Completion and return of the proxy form shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies will be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the proxy form, to the meeting.

4. The proxy form must be deposited at the registered office of the Company at 1 HarbourFront Avenue #18-01 Keppel Bay Tower, Singapore 098632, not less than 48 hours before the time appointed for the Annual General Meeting.

5. The proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where a proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the proxy form, failing which the proxy form may be treated as invalid.

6. A corporation which is a member of the Company may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

7. The Company shall be entitled to reject the proxy form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any proxy form lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

Keppel Telecommunications & Transportation Ltd
(Incorporated in the Republic of Singapore)
7 Gul Circle
Singapore 629563

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Email: keppeltt@keppeltt.com.sg
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Co Reg No: 196500115G