

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016

20 July 2016

The Directors of Keppel Telecommunications & Transportation Ltd advise the following results of the Company and of the Group for the second quarter and half year ended 30 June 2016.

These figures have not been audited.

1H FY2016 RESULTS HIGHLIGHTS

1. Revenue grew by 1.4% to \$98.4 million.
2. Net profit attributable to shareholders improved by 1.5% to \$32.1 million.
3. Earnings per share for first half of 2016 improved by 1.8% to 5.8 cents.
4. Net asset value per ordinary share was \$1.29 per share.

For more information, please contact:

Media

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

Investor Relations

Ivana Chua (Ms)
Assistant General Manager
Group Corporate Communications
Keppel Corporation Limited
Tel: +65 6413 6436
Email: ivana.chua@kepcorp.com

This press release is also available at www.kepcorp.com and www.keppeltt.com.sg.

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD

(Co Reg No: 196500115G)

(Incorporated in the Republic of Singapore)

SECOND QUARTER 2016 FINANCIAL STATEMENTS**TABLE OF CONTENTS**

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

Second Quarter 2016 Financial Statements

1 UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016

The Directors of **Keppel Telecommunications & Transportation Ltd** advise the following unaudited results of the Group for the second quarter and half year ended 30 June 2016.

1(a) GROUP PROFIT AND LOSS ACCOUNT for the second quarter and half year ended 30 June 2016

	Second Quarter			Half Year		
	2016 \$'000	2015 \$'000	+ / (-) %	2016 \$'000	2015 \$'000	+ / (-) %
REVENUE	50,178	49,128	2.1	98,446	97,058	1.4
Operating expenses	(43,835)	(46,834)	(6.4)	(87,755)	(91,097)	(3.7)
Other income	1,970	2,343	(15.9)	4,317	4,969	(13.1)
OPERATING PROFIT	8,313	4,637	79.3	15,008	10,930	37.3
Interest income	371	344	7.8	778	718	8.4
Interest expense	(3,110)	(2,905)	7.1	(6,551)	(5,526)	18.5
Share of results of associated companies and joint ventures	19,631	18,892	3.9	35,668	36,647	(2.7)
PROFIT BEFORE TAXATION	25,205	20,968	20.2	44,903	42,769	5.0
Taxation	(4,164)	(3,974)	4.8	(8,919)	(8,156)	9.4
PROFIT FOR THE PERIOD	<u>21,041</u>	<u>16,994</u>	23.8	<u>35,984</u>	<u>34,613</u>	4.0
Attributable to:						
Shareholders of the Company	18,808	15,877	18.5	32,121	31,659	1.5
Non-controlling interests	2,233	1,117	99.9	3,863	2,954	30.8
	<u>21,041</u>	<u>16,994</u>	23.8	<u>35,984</u>	<u>34,613</u>	4.0
Earnings per share						
- basic	3.4 cts	2.9 cts	17.2	5.8 cts	5.7 cts	1.8
- diluted	3.4 cts	2.8 cts	21.4	5.7 cts	5.7 cts	-

**1(a) GROUP PROFIT AND LOSS ACCOUNT (cont'd)
for the second quarter and half year ended 30 June 2016**

Notes to Group Profit and Loss Account

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

	<u>Second Quarter</u>			<u>Half Year</u>		
	2016 \$'000	2015 \$'000	+ /(-) %	2016 \$'000	2015 \$'000	+ /(-) %
Purchase of goods and services ^(a)	12,322	15,785	(21.9)	24,640	31,776	(22.5)
Staff costs	15,047	14,470	4.0	29,968	28,820	4.0
Share-based payment expenses	617	589	4.8	1,275	1,197	6.5
Depreciation of fixed assets ^(b)	4,379	3,915	11.9	8,782	7,125	23.3
Equipment rental and facilities expenses	8,571	8,856	(3.2)	17,147	15,897	7.9
Other operating expenses	2,899	3,219	(9.9)	5,943	6,282	(5.4)
Operating expenses	<u>43,835</u>	<u>46,834</u>	(6.4)	<u>87,755</u>	<u>91,097</u>	(3.7)
Other income	<u>1,970</u>	<u>2,343</u>	(15.9)	<u>4,317</u>	<u>4,969</u>	(13.1)

Notes:

- (a) Purchase of goods and services decreased due mainly to lower transportation costs and handling fees, in line with lower revenue in the Logistics Division.
(b) Depreciation increased due mainly to depreciation charges on new logistics facilities.

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

	<u>Second Quarter</u>			<u>Half Year</u>		
	2016 \$'000	2015 \$'000	+ /(-) %	2016 \$'000	2015 \$'000	+ /(-) %
Loss/(gain) on disposal of fixed assets	14	71	(80.3)	14	(960)	nm
(Write-back of)/provision for doubtful debts and bad debts written off	(14)	2	nm	(19)	(2)	>500.0
Foreign exchange (gain)/loss	(44)	(68)	(35.3)	(339)	402	nm

(iii) Taxation included over-provision of taxation of \$682,000 for the quarter (2Q 2015: over-provision of taxation of \$1,000) in respect of prior years.

nm – not meaningful

**1(b) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the second quarter and half year ended 30 June 2016**

	Second Quarter			Half Year		
	2016 \$'000	2015 \$'000	+ /(-) %	2016 \$'000	2015 \$'000	+ /(-) %
Profit for the period	21,041	16,994	23.8	35,984	34,613	4.0
<u>Items that may be reclassified subsequently to profit and loss account:</u>						
Available-for-sale financial assets						
- Fair value changes	283	-	nm	(4,696)	-	nm
Cash flow hedge						
- Fair value changes	(298)	-	nm	(498)	-	nm
- Realised and transferred to profit and loss account	122	-	nm	194	-	nm
Foreign currency translation						
- Exchange differences arising on consolidation	(3,314)	(3,786)	(12.5)	(10,445)	2,686	nm
Share of other comprehensive income of associated companies						
- Cash flow hedge	(397)	440	nm	(1,131)	440	nm
- Foreign currency translation	(4,527)	(6,568)	(31.1)	(6,278)	(7,161)	(12.3)
Other comprehensive income for the period, net of tax	(8,131)	(9,914)	(18.0)	(22,854)	(4,035)	466.4
Total comprehensive income for the period	12,910	7,080	82.3	13,130	30,578	(57.1)
Attributable to:						
Shareholders of the Company	11,677	7,258	60.9	12,385	27,100	(54.3)
Non-controlling interests	1,233	(178)	nm	745	3,478	(78.6)
	12,910	7,080	82.3	13,130	30,578	(57.1)

nm – not meaningful

1(c)(i) BALANCE SHEETS as at 30 June 2016

	Group		Company	
	30.6.2016 \$'000	31.12.2015 \$'000	30.6.2016 \$'000	31.12.2015 \$'000
Share capital	79,831	78,246	79,831	78,246
Reserves	636,799	644,263	100,878	101,610
Share capital and reserves	716,630	722,509	180,709	179,856
Non-controlling interests	107,114	102,013	-	-
Capital employed	<u>823,744</u>	<u>824,522</u>	<u>180,709</u>	<u>179,856</u>
Represented by:				
<u>Non-current assets</u>				
Fixed assets	353,635	356,152	-	-
Investment properties	295,686	288,643	-	-
Investments				
Subsidiaries	-	-	98,141	98,141
Associated companies and joint ventures	554,292	557,372	34,572	34,572
Others	4,857	9,851	-	-
Intangibles	-	16,757	-	-
Long-term receivables	-	-	156,860	156,860
	<u>1,208,470</u>	<u>1,228,775</u>	<u>289,573</u>	<u>289,573</u>
<u>Current assets</u>				
Stocks	688	631	-	-
Debtors	80,030	77,122	709	194
Amounts owing by holding and related companies	1,015	1,665	18,992	14,284
Amounts owing by associated companies	1,075	2,867	-	-
Fixed deposits	98,041	144,136	3,865	10,513
Bank balances and cash	39,231	44,371	168	181
	<u>220,080</u>	<u>270,792</u>	<u>23,734</u>	<u>25,172</u>
Assets classified as held for sale (Note 1(c)(iv))	23,040	-	-	-
	<u>243,120</u>	<u>270,792</u>	<u>23,734</u>	<u>25,172</u>
<u>Current liabilities</u>				
Creditors	79,160	96,147	3,048	3,961
Amounts owing to holding and related companies	347	1,274	9,550	10,928
Amounts owing to associated companies	26,627	28,755	-	-
Short-term borrowings	66,825	59,855	-	-
Taxation	5,351	16,272	-	-
	<u>178,310</u>	<u>202,303</u>	<u>12,598</u>	<u>14,889</u>
Liabilities directly associated with assets classified as held for sale (Note 1(c)(iv))	2,580	-	-	-
	<u>180,890</u>	<u>202,303</u>	<u>12,598</u>	<u>14,889</u>
Net current assets	<u>62,230</u>	<u>68,489</u>	<u>11,136</u>	<u>10,283</u>
<u>Non-current liabilities</u>				
Long-term borrowings	420,392	455,538	120,000	120,000
Deferred taxation	15,119	9,798	-	-
Other non-current liabilities	11,445	7,406	-	-
	<u>446,956</u>	<u>472,742</u>	<u>120,000</u>	<u>120,000</u>
Net assets	<u>823,744</u>	<u>824,522</u>	<u>180,709</u>	<u>179,856</u>

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

Amount repayable in one year or less, or on demand

As at 30.6.2016		As at 31.12.2015	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
5,013	61,812	2,664	57,191

Amount repayable after one year

As at 30.6.2016		As at 31.12.2015	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
60,515	359,877	65,787	389,751

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

Details of any collateral

Certain subsidiaries of the Company pledged their assets in order to obtain loans from financial institutions. The Group has mortgaged certain properties and assets of up to an aggregate amount of \$126,747,000 (31 December 2015: \$129,832,000) to banks for loan facilities.

1(c)(iii) BALANCE SHEET ANALYSIS

Group shareholders' funds decreased by \$5.9 million to \$716.6 million as at 30 June 2016 due mainly to final dividends paid, fair value loss on other investments and foreign currency translation loss, partly offset by net profit for the period.

Group total assets of \$1,451.6 million as at 30 June 2016 were \$48.0 million lower than as at the previous year end. Other investments decreased by \$5.0 million due to fair value loss for the period. Fixed deposits, bank balances and cash decreased by \$51.2 million to \$137.3 million due largely to capital expenditure, repayment of borrowings and dividends paid to shareholders of the Company, partly offset by cash generated from operations and dividends received from associated companies.

Group total liabilities of \$627.8 million as at 30 June 2016 were \$47.2 million lower than as at the previous year end due mainly to repayment of creditors, borrowings and tax liabilities. Group total borrowings as at 30 June 2016 were \$487.2 million compared to \$515.4 million as at the previous year end.

1(c)(iv) ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On 1st July 2016, Keppel Data Centres Pte. Ltd., a wholly-owned subsidiary of the Company, completed the sale of 50% of the shares of Keppel DC REIT Management Pte. Ltd. (“KDCRM”). Following the disposal, KDCRM has ceased to be a subsidiary of the Company.

In accordance with FRS 105 – Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities of KDCRM have been presented separately as “assets classified as held for sale” and “liabilities directly associated with assets classified as held for sale” in the Group’s consolidated balance sheet, as follows:

	30.6.2016
	\$'000
<u>Assets classified as held for sale</u>	
Fixed assets	40
Associated companies and joint ventures	133
Intangibles	16,757
Debtors	149
Amounts owing by associated companies	3,027
Fixed deposits	2,556
Bank balances and cash	378
	<u>23,040</u>
<u>Liabilities directly associated with assets classified as held for sale</u>	
Creditors	1,748
Amounts owing to holding and related companies	32
Taxation	800
	<u>2,580</u>

1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS
for the second quarter and half year ended 30 June 2016

	Second Quarter		Half Year	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating profit	8,313	4,637	15,008	10,930
Adjustments:				
Depreciation of fixed assets	4,379	3,915	8,782	7,125
Share-based payment expenses	617	589	1,275	1,197
Loss/(gain) on disposal of fixed assets	14	71	14	(960)
Distributions received from other investments	(144)	-	(360)	-
Gain on dilution of interest in associated companies	-	(1,392)	(76)	(2,234)
Operating cash flows before changes in working capital	13,179	7,820	24,643	16,058
Working capital changes:				
Stocks	(75)	60	(57)	47
Debtors	(4,358)	3,130	(3,576)	1,545
Creditors	2,295	2,736	3,158	2,095
Amount due to/from associated companies	2,185	(1,881)	(3,553)	7,426
Cash flows from operations	13,226	11,865	20,615	27,171
Interest received	312	396	744	696
Interest paid	(2,877)	(3,146)	(6,881)	(6,707)
Income taxes paid	(8,242)	(5,892)	(8,274)	(6,813)
NET CASH FROM OPERATING ACTIVITIES	2,419	3,223	6,204	14,347
CASH FLOWS FROM INVESTING ACTIVITIES				
Addition to fixed assets	(8,376)	(8,849)	(17,066)	(32,151)
Addition to investment properties	(7,882)	(24,547)	(18,708)	(24,647)
Proceeds from disposal of fixed assets	14	69	15	1,331
Distributions received from other investments	144	-	360	-
Dividends received from associated companies	17,593	23,745	26,312	25,572
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	1,493	(9,582)	(9,087)	(29,895)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from share issues	-	219	-	309
Proceeds from short-term loans	73	5,933	4,623	6,279
Repayment of short-term loans	-	(5,004)	(4,691)	(5,004)
Proceeds from long-term loans	5,492	1,311	6,057	9,222
Repayment of long-term loans	(4,658)	(1,426)	(32,510)	(1,954)
Repayment of lease liabilities	(54)	-	(108)	-
Contribution from non-controlling shareholder of a subsidiary	-	-	4,356	2,343
Dividends paid to shareholders of the Company	(19,495)	(83,397)	(19,495)	(83,397)
Dividends paid to non-controlling shareholder of a subsidiary	-	-	(848)	-
NET CASH USED IN FINANCING ACTIVITIES	(18,642)	(82,364)	(42,616)	(72,202)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,730)	(88,723)	(45,499)	(87,750)
Cash and cash equivalents as at beginning of period	156,229	284,043	188,507	280,664
Effect of exchange rate changes on cash and cash equivalents	(1,293)	(1,302)	(2,802)	1,104
Cash and cash equivalents as at end of period (Note A)	140,206	194,018	140,206	194,018

**1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
for the second quarter and half year ended 30 June 2016**

Notes to Consolidated Statement of Cash Flows

A. Cash and cash equivalents

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

	<u>Second Quarter</u>		<u>Half Year</u>	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Fixed deposits	98,041	144,478	98,041	144,478
Bank balances and cash	39,231	49,540	39,231	49,540
	<u>137,272</u>	<u>194,018</u>	<u>137,272</u>	<u>194,018</u>
Fixed deposits classified as held for sale (Note 1(c)(iv))	2,556	-	2,556	-
Bank balances and cash classified as held for sale (Note 1(c)(iv))	378	-	378	-
	<u>140,206</u>	<u>194,018</u>	<u>140,206</u>	<u>194,018</u>

1(d)(ii) CASH FLOW ANALYSIS

Second Quarter

Net cash from operating activities for the quarter was \$2.4 million compared to \$3.2 million for the corresponding quarter last year due mainly to higher taxes paid, partly offset by higher cash flows from operations.

Net cash from investing activities for the quarter was \$1.5 million due mainly to dividends received from associated companies, partly offset by capital expenditure on construction of warehouses and fit-out of data centres.

Net cash used in financing activities for the quarter was \$18.6 million due mainly to dividends paid to shareholders of the Company.

Half Year

Net cash from operating activities was \$6.2 million compared to \$14.3 million for the corresponding period last year due to working capital changes and higher interest and taxes paid, partly offset by higher operating cash flows.

Net cash used in investing activities was \$9.1 million mainly for capital expenditure on construction of warehouses and fit-out of data centres, partly offset by dividends received from associated companies.

Net cash used in financing activities was \$42.6 million mainly for dividends paid to shareholders of the Company and repayment of loans, partly offset by contribution from non-controlling interests.

1(e)(i) STATEMENTS OF CHANGES IN EQUITY
for the second quarter and half year ended 30 June 2016

	Attributable to owners of the Company						
	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserve \$'000	Foreign Currency Translation Account \$'000	Share Capital & Reserves \$'000	Non-Controlling Interests \$'000	Capital Employed \$'000
Group							
Balance at 1 January 2016	78,246	42,215	614,880	(12,832)	722,509	102,013	824,522
Total comprehensive income for the period							
Profit for the period	-	-	13,313	-	13,313	1,630	14,943
Other comprehensive income for the period *	-	(5,841)	-	(6,764)	(12,605)	(2,118)	(14,723)
Total comprehensive income for the period	-	(5,841)	13,313	(6,764)	708	(488)	220
Transactions with owners, recognised directly in equity							
<u>Contributions by and distributions to owners</u>							
Issue of shares	1,585	(1,585)	-	-	-	-	-
Cost of share-based payment	-	550	-	-	550	-	550
Total contributions by and distributions to owners	1,585	(1,035)	-	-	550	-	550
<u>Changes in ownership interests in subsidiaries</u>							
Cash contributed by non-controlling shareholder	-	-	-	-	-	4,356	4,356
Total changes in ownership interests in subsidiaries	-	-	-	-	-	4,356	4,356
Total transactions with owners	1,585	(1,035)	-	-	550	4,356	4,906
Share of reserves of associated companies	-	73	-	-	73	-	73
Balance at 31 March 2016	79,831	35,412	628,193	(19,596)	723,840	105,881	829,721

1(e)(i) STATEMENTS OF CHANGES IN EQUITY (cont'd)
for the second quarter and half year ended 30 June 2016

	Attributable to owners of the Company						
	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserve \$'000	Foreign Currency Translation Account \$'000	Share Capital & Reserves \$'000	Non- Controlling Interests \$'000	Capital Employed \$'000
Group							
Balance at 31 March 2016	79,831	35,412	628,193	(19,596)	723,840	105,881	829,721
Total comprehensive income for the period							
Profit for the period	-	-	18,808	-	18,808	2,233	21,041
Other comprehensive income for the period *	-	(290)	-	(6,841)	(7,131)	(1,000)	(8,131)
Total comprehensive income for the period	-	(290)	18,808	(6,841)	11,677	1,233	12,910
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Cost of share-based payment	-	551	-	-	551	-	551
Dividend paid for 2015	-	-	(19,495)	-	(19,495)	-	(19,495)
Total contributions by and distributions to owners	-	551	(19,495)	-	(18,944)	-	(18,944)
Total transactions with owners	-	551	(19,495)	-	(18,944)	-	(18,944)
Share of reserves of associated companies	-	57	-	-	57	-	57
Balance at 30 June 2016	79,831	35,730	627,506	(26,437)	716,630	107,114	823,744

1(e)(i) STATEMENTS OF CHANGES IN EQUITY (cont'd)
for the second quarter and half year ended 30 June 2016

	Attributable to owners of the Company						
	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserve \$'000	Foreign Currency Translation Account \$'000	Share Capital & Reserves \$'000	Non-Controlling Interests \$'000	Capital Employed \$'000
Group							
Balance at 1 January 2015	76,741	30,646	607,083	(7,912)	706,558	86,003	792,561
Total comprehensive income for the period							
Profit for the period	-	-	15,782	-	15,782	1,837	17,619
Other comprehensive income for the period *	-	-	-	4,060	4,060	1,819	5,879
Total comprehensive income for the period	-	-	15,782	4,060	19,842	3,656	23,498
Transactions with owners, recognised directly in equity							
<u>Contributions by and distributions to owners</u>							
Issue of shares	1,286	(1,196)	-	-	90	-	90
Cost of share-based payment	-	572	-	-	572	-	572
Total contributions by and distributions to owners	1,286	(624)	-	-	662	-	662
<u>Changes in ownership interests in subsidiaries</u>							
Cash contributed by non-controlling shareholder	-	-	-	-	-	2,343	2,343
Total changes in ownership interests in subsidiaries	-	-	-	-	-	2,343	2,343
Total transactions with owners	1,286	(624)	-	-	662	2,343	3,005
Share of reserves of associated companies	-	70	-	-	70	-	70
Balance at 31 March 2015	78,027	30,092	622,865	(3,852)	727,132	92,002	819,134

1(e)(i) STATEMENTS OF CHANGES IN EQUITY (cont'd)
for the second quarter and half year ended 30 June 2016

	Attributable to owners of the Company						
	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserve \$'000	Foreign Currency Translation Account \$'000	Share Capital & Reserves \$'000	Non-Controlling Interests \$'000	Capital Employed \$'000
Group							
Balance at 31 March 2015	78,027	30,092	622,865	(3,852)	727,132	92,002	819,134
Total comprehensive income for the period							
Profit for the period	-	-	15,877	-	15,877	1,117	16,994
Other comprehensive income for the period *	-	440	-	(9,059)	(8,619)	(1,295)	(9,914)
Total comprehensive income for the period	-	440	15,877	(9,059)	7,258	(178)	7,080
Transactions with owners, recognised directly in equity							
<u>Contributions by and distributions to owners</u>							
Issue of shares	219	-	-	-	219	-	219
Cost of share-based payment	-	552	-	-	552	-	552
Dividend paid for 2014	-	-	(83,397)	-	(83,397)	-	(83,397)
Total contributions by and distributions to owners	219	552	(83,397)	-	(82,626)	-	(82,626)
Total transactions with owners	219	552	(83,397)	-	(82,626)	-	(82,626)
Share of reserves of associated companies	-	(63)	-	-	(63)	-	(63)
Balance at 30 June 2015	<u>78,246</u>	<u>31,021</u>	<u>555,345</u>	<u>(12,911)</u>	<u>651,701</u>	<u>91,824</u>	<u>743,525</u>

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

1(e)(i) STATEMENTS OF CHANGES IN EQUITY (cont'd)
for the second quarter and half year ended 30 June 2016

	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserve \$'000	Total \$'000
Company				
Balance at 1 January 2016	78,246	6,374	95,236	179,856
Loss for the period, representing total comprehensive income for the period	-	-	(396)	(396)
Transactions with owners, recognised directly in equity				
Issue of shares	1,585	(1,585)	-	-
Cost of share-based payment	-	550	-	550
Total transactions with owners	1,585	(1,035)	-	550
Balance at 31 March 2016	79,831	5,339	94,840	180,010
Profit for the period, representing total comprehensive income for the period	-	-	19,643	19,643
Transactions with owners, recognised directly in equity				
Cost of share-based payment	-	551	-	551
Dividend paid for 2015	-	-	(19,495)	(19,495)
Total transactions with owners	-	551	(19,495)	(18,944)
Balance at 30 June 2016	<u>79,831</u>	<u>5,890</u>	<u>94,988</u>	<u>180,709</u>
Company				
Balance at 1 January 2015	76,741	5,884	91,661	174,286
Profit for the period, representing total comprehensive income for the period	-	-	1,587	1,587
Transactions with owners, recognised directly in equity				
Issue of shares	1,286	(1,196)	-	90
Cost of share-based payment	-	572	-	572
Total transactions with owners	1,286	(624)	-	662
Balance at 31 March 2015	78,027	5,260	93,248	176,535
Profit for the period, representing total comprehensive income for the period	-	-	70,108	70,108
Transactions with owners, recognised directly in equity				
Issue of shares	219	-	-	219
Cost of share-based payment	-	552	-	552
Dividend paid for 2014	-	-	(83,397)	(83,397)
Total transactions with owners	219	552	(83,397)	(82,626)
Balance at 30 June 2015	<u>78,246</u>	<u>5,812</u>	<u>79,959</u>	<u>164,017</u>

1(e)(ii) SHARE CAPITAL

Issued share capital and treasury shares

	<u>Number of shares</u>
Balance at 1 January 2016	555,982,987
Issue of shares under restricted share plan and performance share plan	<u>1,017,181</u>
Balance at 31 March 2016 and 30 June 2016	<u><u>557,000,168</u></u>

As at 30 June 2016, the number of ordinary shares in issue was 557,000,168 of which none were held by the Company as treasury shares (30 June 2015: 555,982,987 ordinary shares of which none were held as treasury shares; 31 December 2015: 555,982,987 ordinary shares of which none were held as treasury shares).

Share Options

As at 30 June 2016, there were unexercised options for 595,000 (30 June 2015: 595,000) of unissued ordinary shares under the Company's Share Option Scheme.

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

As at 30 June 2016, the number of contingent shares granted and not released was 1,163,500 (30 June 2015: 1,051,781) for KT&T Restricted Share Plan ("KT&T RSP"). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 1,163,500 ordinary shares of the Company for KT&T RSP.

As at 30 June 2016, the number of restricted shares released but not vested was 911,715 (30 June 2015: 887,915) for KT&T RSP.

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

As at 30 June 2016, the number of contingent shares granted and not released was 635,000 (30 June 2015: 490,000) for KT&T Performance Share Plan ("KT&T PSP"). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 952,500 ordinary shares of the Company for KT&T PSP.

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

Contingent awards:

Date of Grant	<u>Number of Shares</u>					At 30.6.16
	At 1.1.16	Contingent shares granted	Adjustment upon release	Released	Cancelled	
<u>KT&T RSP</u>						
10.4.15	1,001,781	-	-	(1,001,781)	-	-
29.04.16	-	1,163,500	-	-	-	1,163,500
	<u>1,001,781</u>	<u>1,163,500</u>	<u>-</u>	<u>(1,001,781)</u>	<u>-</u>	<u>1,163,500</u>
<u>KT&T PSP</u>						
3.4.13	125,000	-	1,300	(126,300)	-	-
7.4.14	125,000	-	-	-	-	125,000
10.4.15	240,000	-	-	-	-	240,000
29.04.16	-	270,000	-	-	-	270,000
	<u>490,000</u>	<u>270,000</u>	<u>1,300</u>	<u>(126,300)</u>	<u>-</u>	<u>635,000</u>

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

Awards released but not vested:

Date of Grant	Number of Shares				
	At 1.1.16	Released	Vested	Cancelled	At 30.6.16
<u>KT&T RSP</u>					
3.4.13	252,400	-	(252,400)	-	-
7.4.14	589,015	-	(297,800)	(13,600)	277,615
10.4.15	-	1,001,781	(340,681)	(27,000)	634,100
	<u>841,415</u>	<u>1,001,781</u>	<u>(890,881)</u>	<u>(40,600)</u>	<u>911,715</u>
<u>KT&T PSP</u>					
3.4.13	-	126,300	(126,300)	-	-
	<u>-</u>	<u>126,300</u>	<u>(126,300)</u>	<u>-</u>	<u>-</u>

2. AUDIT

The financial statements have not been audited nor reviewed by our auditors.

3. AUDITORS' REPORT

Not applicable.

4. ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2015, except as disclosed in paragraph 5.

5. CHANGES IN ACCOUNTING POLICIES

The Group has adopted all amendments to Financial Reporting Standards (FRS) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2016 as follows:

- Amendments to FRS 1: Disclosure Initiative;
- Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation;
- Amendments to FRS 27: Equity Method in Separate Financial Statements;
- Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception;
- Amendments to FRS 111: Accounting for Acquisitions of Interest in Joint Operations;
- FRS 114 Regulatory Deferral Accounts; and
- Improvements to FRSs (November 2014).

The adoption of these FRS did not have any significant impact on the financial performance or position of the Group.

6. EARNINGS PER ORDINARY SHARE

	GROUP					
	Second Quarter			Half Year		
	2016	2015	+/(-)%	2016	2015	+/(-)%
Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders of the Company:-						
(i) Based on the weighted average number of shares (cents)	3.4	2.9	17.2	5.8	5.7	1.8
- Weighted average number of shares ('000)	556,832	555,752	0.2	556,832	555,752	0.2
(ii) On a fully diluted basis (cents)	3.4	2.8	21.4	5.7	5.7	-
- Adjusted weighted average number of shares ('000)	559,223	557,917	0.2	559,223	557,917	0.2

7. NET ASSET VALUE

	GROUP			COMPANY		
	30.6.2016	31.12.2015	+/(-)%	30.6.2016	31.12.2015	+/(-)%
	Net asset value per ordinary share based on issued share capital at the end of the financial period/year (\$)	1.29	1.30	(0.8)	0.32	0.32

8. REVIEW OF GROUP PERFORMANCE

Second Quarter and Half Year

Group revenue in the second quarter and first half year was higher by 2% and 1% at \$50.2 million and \$98.4 million respectively compared to the corresponding period in 2015. This was due mainly to higher revenue from Data Centre division, partly offset by lower revenue from Logistics division.

Operating profit for the second quarter and first half year was higher by 79% and 37% at \$8.3 million and \$15.0 million respectively due largely to higher contribution from Data Centre division. The increase was partly offset by lower contribution from Logistics division and lower dilution gain on investment in associated companies.

Profit before taxation for the second quarter and first half year of \$25.2 million and \$44.9 million increased by \$4.2 million and \$2.1 million respectively due mainly to higher operating profits, partly offset by higher net interest expense.

After taking into account higher taxation and higher non-controlling interests, the Group's net profit attributable to shareholders for the second quarter and first half year was higher by \$2.9 million and \$0.5 million at \$18.8 million and \$32.1 million respectively.

9. VARIANCE FROM FORECAST STATEMENT

No forecast for the half year ended 30 June 2016 was previously provided.

10. PROSPECTS

The slowdown in China and Southeast Asia continue to pose challenges to the Logistics Division's performance. Occupancy in Singapore logistics facilities were slightly affected by the recent slowdown in domestic retail trade and weaker exports volume, but remained healthy in Southeast Asia. In China, Tianjin Eco-city distribution centre is in the process of system commissioning and testing, while progress in the development of the Lu'an Food Logistics Park was hampered by the recent severe wet weather which may push the startup to late in the year or early next year. The Division remains focused on building sales pipelines in Southeast Asia and China, and improving productivity.

The Data Centre Division marked its entry into Hong Kong through a collaboration with PCCW Global, a Hong Kong's premier telecommunications service provider, to co-develop and market an international carrier exchange which offers data centre co-location and connectivity-related managed services to facilitate interconnects. Keppel DC Singapore 3* (T27) has been fully committed since earlier this year. The development of Keppel DC Singapore 4* (T20) is progressing according to plan for completion by early 2017.

On 1st July 2016, the Group completed the sale of 50% of the shares in Keppel DC REIT Management to Keppel Capital for a cash consideration of S\$38 million. Following the disposal, Keppel DC REIT Management has ceased to be a subsidiary and will remain as an associated company. The Group, through its 70% subsidiary, Keppel Data Centres Holding, will be collaborating with Alpha Investment Partners, a wholly-owned subsidiary of Keppel Capital, on a data centre fund (DC Fund) to fund development of up to about US\$1 billion worth of data centre projects. As development projects are capital intensive, the DC Fund will enable the Division to seize more opportunities to quickly expand the pipeline of quality data centres and cement its position as a premier developer and operator of data centres in its targeted markets in Asia Pacific and Europe.

* As part of joint marketing efforts, the colocation assets within Keppel T&T's data centre division and Keppel DC REIT have been renamed to streamline the naming convention and strengthen collective branding.

Under Keppel DC REIT's portfolio, Keppel Digihub (S25) and Keppel Datahub 1 (T25) in Singapore will be renamed to Keppel DC Singapore 1 and Keppel DC Singapore 2 respectively while Citadel 100 Data Centre in Dublin, Ireland will be renamed to Keppel DC Dublin 1. Keppel T&T's Keppel Datahub 2 (T27) and Keppel Datahub 3 (T20) in Singapore will be renamed to Keppel DC Singapore 3 and Keppel DC Singapore 4 respectively. Data centres on double- and triple-net leases will not be affected by the renaming exercise.

11. DIVIDENDS

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date Payable

Not applicable.

(d) Books Closure Date

Not applicable.

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

No dividend has been declared for the quarter ended 30 June 2016 (30 June 2015: Nil).

13. SEGMENT ANALYSIS

Half Year ended 30 June 2016

By business segments

	Logistics \$'000	Data Centre \$'000	Investments \$'000	Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	71,562	26,884	-	-	98,446
Inter-segment sales	49	-	-	(49)	-
Total	71,611	26,884	-	(49)	98,446
<u>Segment results</u>					
Operating profit/(loss)	6,347	14,567	(5,906)	-	15,008
Interest income	281	481	1,526	(1,510)	778
Interest expense	(1,589)	(3,835)	(2,637)	1,510	(6,551)
Share of results of associated companies and joint ventures	435	11,479	23,754	-	35,668
Profit before taxation	5,474	22,692	16,737	-	44,903
Taxation	(1,580)	(2,806)	(4,533)	-	(8,919)
Profit for the period	3,894	19,886	12,204	-	35,984
Attributable to:					
Shareholders of the Company	2,672	17,396	12,053	-	32,121
Non-controlling interests	1,222	2,490	151	-	3,863
	3,894	19,886	12,204	-	35,984
<u>Other Information</u>					
Segment assets	527,899	716,427	436,629	(229,365)	1,451,590
Segment liabilities	(252,003)	(371,699)	(233,509)	229,365	(627,846)
Net assets	275,896	344,728	203,120	-	823,744
Investment in associated companies and joint ventures	50,790	259,370	244,132	-	554,292
Additions to non-current assets	15,942	5,952	5	-	21,899
Depreciation	8,626	124	32	-	8,782

By geographical information

	Singapore \$'000	China \$'000	ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
External sales	57,328	26,939	8,042	6,137	98,446
Non-current assets	816,834	247,634	42,631	101,371	1,208,470

Information about major customers

For the half year ended 30 June 2016, revenue of \$11,593,000 was derived from a single external customer in the Data Centre segment for the provision of data centre co-location and other services.

13. SEGMENT ANALYSIS (cont'd)

Half Year ended 30 June 2015

By business segments

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

By geographical information

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

Information about major customers

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

13. SEGMENT ANALYSIS (cont'd)

Notes:

- (a) The Group is organised into business units based on their products and services, and has three reportable operating segments namely Logistics, Data Centre and Investments. The Logistics segment provides integrated logistics port operations, third-party logistics services, supply chain solutions, warehousing, distribution, container storage and repairs, and freight forwarding services. The Data Centre segment provides data centre co-location services, business continuity, disaster recovery, facility management and REIT management services. The Investments segment is the investment holding arm for various entities not within the Logistics and Data Centre segments.
- (b) Pricing of inter-segment sales is at fair market value.
- (c) Segment assets and liabilities are those used in the operation of each segment.
- (d) Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the half year ended 30 June 2016 and 30 June 2015.

14. REVIEW OF SEGMENT PERFORMANCE

Logistics Division's revenue of \$71.6 million decreased by \$6.4 million compared to the same period last year due to lower warehousing and port operations revenue. Operating profit decreased by \$1.6 million to \$6.3 million due largely to lower revenue and absence of gain on disposal of fixed assets. Profit before taxation of \$5.5 million decreased by \$2.3 million due to lower operating profit, lower share of results of associated companies and higher interest expense. After taking into account higher taxation and lower non-controlling interests, net profit attributable to shareholders was lower at \$2.7 million.

Data Centre Division's revenue of \$26.9 million was \$7.7 million higher compared to the same period last year due largely to higher co-location service income in Keppel DC Singapore 3 (T27) and Keppel Almere. Consequently, operating profit increased by 113% to \$14.6 million. Profit before taxation of \$22.7 million increased by \$7.6 million due to higher operating profit and share of results of an associated company, partly offset by higher interest expense. Net profit attributable to shareholders was higher by \$5.4 million at \$17.4 million after taking into account higher taxation and non-controlling interests.

Investments Division's profit before taxation of \$16.7 million decreased by \$3.2 million compared to the same period last year due to lower contribution from associated companies and lower dilution gain on investment in associated companies. Consequently, net profit attributable to shareholders was lower at \$12.1 million.

15. INTERESTED PERSON TRANSACTIONS

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 15 April 2016. During the financial period, the following interested person transactions were entered into by the Group:

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)	
	2016 6 Months \$'000	2015 6 Months \$'000	2016 6 Months \$'000	2015 6 Months \$'000
<u>General Transactions</u>				
Keppel Corporation Limited Group	237	182	1,314	2,657
Singapore Telecommunications Limited Group	-	-	418	538
Singapore Technologies Engineering Group	-	-	4,497	-
Singapore Technologies Telemedia Pte Ltd Group	-	-	-	146
<u>Treasury Transactions</u>				
Keppel Corporation Limited Group	-	-	71,393	121,035
- Deposits outstanding at period-end	-	-	11,346	7,525
- Interest income / Interest expense / Foreign exchange transactions	-	-	-	-
<u>Management Services</u>				
Keppel Corporation Limited Group	-	-	996	842
<u>Investment Transactions</u>				
Mapletree Investments Pte Ltd Group	-	14,000	-	-
	237	14,182	89,964	132,743

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

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

BY ORDER OF THE BOARD

KENNY LEE
Company Secretary
20 July 2016

Confirmation by the Board

We, LOH CHIN HUA and NEO BOON SIONG being two directors of Keppel Telecommunications & Transportation Ltd (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the second quarter 2016 financial statements to be false or misleading in any material respect.

On behalf of the board of directors



LOH CHIN HUA
Chairman



NEO BOON SIONG
Director

Singapore, 20 July 2016