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KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2018

23 January 2019

The Directors of Keppel Telecommunications & Transportation Ltd (Keppel T&T) advise the following results of the Company and of the Group for the fourth quarter and financial year ended 31 December 2018.

These figures have not been audited.

4Q & FY2018 RESULTS HIGHLIGHTS

Keppel T&T's net profit up 17% to S\$65.5 million for full year 2018

4Q 2018 net profit was S\$18.2 million compared to S\$20.4 million a year ago.

Keppel Telecommunications & Transportation Ltd (Keppel T&T) registered a net profit of S\$65.5 million for the full year 2018, up 17% from S\$56.1 million a year ago. The increase was due mainly to higher share of results from the associated companies, dilution gain and gain on disposal of an associated company, partly offset by higher operating expenses, impairment and fair value loss.

Net profit for 4Q 2018 was S\$18.2 million, decreased by 11% compared to 4Q 2017 due mainly to impairment loss on an associated company, fair value loss on a data centre and higher operating expenses, partly offset by higher share of profits and fair value gains on investment properties from associated companies.

Revenue for 4Q 2018 and full year 2018 increased by 8% and 4% to S\$47.2 million and S\$183.2 million respectively compared to corresponding periods last year. This was due mainly to higher data centre facility management income and revenue from logistics warehousing and channel management business partially offset by lower revenue from port operations in China.

Keppel T&T's earnings per share for 4Q 2018 and FY2018 was 3.3 cents and 11.7 cents respectively, compared to 3.6 cents and 10.0 cents for 4Q 2017 and FY2017.

Keppel T&T's net asset value per ordinary share increased to S\$1.58 per share as at 31 December 2018, compared to S\$1.52 per share as at end-2017.

Net gearing was 0.38x as at 31 December 2018, same as end-2017. Cash and cash equivalents amounted to S\$136.5 million at end-2018, compared to S\$96.0 million at end-2017.

Following the announcement on 27 September 2018 on the proposed acquisition of Keppel T&T's ordinary shares by Keppel Corporation, a document in respect of the Scheme of Arrangement ("Scheme Document") will be issued to shareholders in due course. Shareholders are advised to exercise caution when dealing in the Shares and refrain from taking any action which may be prejudicial to their interests until they have considered the information set out in the Scheme Document.

- End -

Note: The figures for 2017 have been restated following the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)s) on 1 January 2018.

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KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD

(Co Reg No: 196500115G)

(Incorporated in the Republic of Singapore)

FULL YEAR 2018 FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

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	4
1(c)(i)	BALANCE SHEETS	5
1(d)(i)	CONSOLIDATED STATEMENT OF CASH FLOWS	8
1(e)(i)	STATEMENTS OF CHANGES IN EQUITY	12
2	AUDIT	16
3	AUDITORS' REPORT	16
4	ACCOUNTING POLICIES	16
5	CHANGES IN ACCOUNTING POLICIES	16
6	EARNINGS PER ORDINARY SHARE	19
7	NET ASSET VALUE	19
8	REVIEW OF GROUP PERFORMANCE	20
9	VARIANCE FROM FORECAST STATEMENT	20
10	PROSPECTS	20
11	DIVIDENDS	21
11(e)	TOTAL ANNUAL DIVIDEND	21
12	SEGMENT ANALYSIS	22
13	REVIEW OF SEGMENT PERFORMANCE	24
14	BREAKDOWN OF SALES	25
15	INTERESTED PERSON TRANSACTIONS	25
16	REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CEO OR SUBSTANTIAL SHAREHOLDER	26
17	CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS	26

Full Year 2018 Financial Statements and Dividend Announcement

1. UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2018

The Directors of **Keppel Telecommunications & Transportation Ltd** advise the following unaudited results of the Group for the fourth quarter and financial year ended 31 December 2018.

1(a) GROUP PROFIT AND LOSS ACCOUNT for the fourth quarter and financial year ended 31 December 2018

	Fourth Quarter			Full Year		
	2018 \$'000	2017 \$'000 (Restated)	+ / (-) %	2018 \$'000	2017 \$'000 (Restated)	+ / (-) %
REVENUE	47,199	43,684	8.0	183,223	176,988	3.5
Operating expenses	(58,742)	(48,538)	21.0	(206,636)	(183,403)	12.7
Other income/(expense)	(2,260)	20,675	nm	18,205	26,155	(30.4)
OPERATING (LOSS)/PROFIT	(13,803)	15,821	nm	(5,208)	19,740	nm
Interest income	1,290	73	>500.0	1,929	1,120	72.2
Interest expense	(3,451)	(2,683)	28.6	(11,206)	(11,493)	(2.5)
Share of results of associated companies and joint ventures	36,435	8,061	352.0	87,215	55,642	56.7
PROFIT BEFORE TAXATION	20,471	21,272	(3.8)	72,730	65,009	11.9
Taxation	693	(264)	nm	(3,494)	(4,825)	(27.6)
PROFIT FOR THE PERIOD	<u>21,164</u>	<u>21,008</u>	0.7	<u>69,236</u>	<u>60,184</u>	15.0
Attributable to:						
Shareholders of the Company	18,213	20,366	(10.6)	65,450	56,051	16.8
Non-controlling interests	<u>2,951</u>	<u>642</u>	359.7	<u>3,786</u>	<u>4,133</u>	(8.4)
	<u>21,164</u>	<u>21,008</u>	0.7	<u>69,236</u>	<u>60,184</u>	15.0
Earnings per share						
- basic	3.3 cts	3.6 cts	(8.3)	11.7 cts	10.0 cts	17.0
- diluted	3.2 cts	3.6 cts	(11.1)	11.7 cts	10.0 cts	17.0

nm – not meaningful

1(a) GROUP PROFIT AND LOSS ACCOUNT (cont'd)
for the fourth quarter and financial year ended 31 December 2018

Notes to Group Profit and Loss Account

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

	Fourth Quarter			Full Year		
	2018	2017	+ / (-)	2018	2017	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
	(Restated)			(Restated)		
Purchase of goods and services ^(a)	14,833	13,235	12.1	56,919	51,589	10.3
Staff costs ^(b)	17,914	15,724	13.9	64,740	57,857	11.9
Share-based payment expenses	315	717	(56.1)	2,426	2,562	(5.3)
Depreciation of fixed assets	5,149	5,287	(2.6)	20,606	20,739	(0.6)
Equipment rental and facilities expenses ^(c)	13,967	10,070	38.7	45,879	39,698	15.6
Other operating expenses ^(d)	6,564	3,505	87.3	16,066	10,958	46.6
Operating expenses	58,742	48,538	21.0	206,636	183,403	12.7
Other income/(expense) ^(e)	(2,260)	20,675	nm	18,205	26,155	(30.4)

nm – not meaningful

Notes:

- (a) Purchase of goods and services increased due mainly to higher transportation costs, contract labour and subcontract costs in the Logistics Division.
- (b) Staff costs was higher due mainly to increase in headcount in Logistics and Data Centre Divisions to support new business opportunities and developments.
- (c) Equipment rental and facilities expenses increased due mainly to higher expenditure on property upkeep, lease rental and maintenance expense.
- (d) Other operating expenses increased due mainly to higher legal and professional fees, sales and marketing expense and shared services cost.
- (e) Other income was lower in 2018 due mainly to impairment loss on investment in an associated company, fair value loss in an investment property and lower fair value gain on other investments, partly offset by recognition of dilution gain arising from a change in the equity interest associated companies, gain on disposal of an associated company and distributions received from other investments. During 4Q 2018, other expense was due mainly to impairment loss on investment in an associated company, fair value loss in an investment property and fixed assets written off, partly offset by gain on disposal of an associated company and distribution from other investments.

1(a) GROUP PROFIT AND LOSS ACCOUNT (cont'd)
for the fourth quarter and financial year ended 31 December 2018

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

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

	Fourth Quarter			Full Year		
	2018 \$'000	2017 \$'000	+ / (-) %	2018 \$'000	2017 \$'000	+ / (-) %
	(Restated)			(Restated)		
Gain on disposal of fixed assets	(2)	(5)	(60)	(188)	(5)	>500.0
Fixed assets written off	1,436	-	nm	1,436	-	nm
Gain on disposal of subsidiaries	-	-	nm	-	(3,537)	nm
Gain on disposal of associated companies ^(a)	(5,076)	(1,403)	261.8	(5,076)	(1,403)	261.8
Provision for doubtful debts	212	193	9.8	656	178	268.5
Bad debts recovered	-	-	nm	-	(62)	nm
Impairment loss on investment in an associated company	3,034	-	nm	3,034	-	nm
Fair value loss/(gain) on investment properties ^(b)	4,627	(377)	nm	4,627	(377)	nm
Fair value gain on other investments ^(c)	(75)	(18,455)	(99.6)	(550)	(18,455)	(97.0)
Fair value gain on forward contracts	(166)	-	nm	(166)	-	nm
Dilution gain in associated companies ^(d)	(400)	(346)	nm	(19,995)	(346)	nm
Distributions received from other investments	(1,110)	(6)	>500.0	(2,235)	(6)	>500.0
Amortisation of intangible assets	273	222	23.0	1,000	849	17.8
Foreign exchange loss/(gain)	126	(94)	nm	470	(554)	nm

nm – not meaningful

Notes:

- (a) Gain on disposal of an associated company in 2018 was attributed to disposal of the Group's entire interest in Advanced Research Group Co Ltd.
- (b) Fair value loss on investment properties in 2018 was due to fair value loss of a data centre in the Data Centre Division.
- (c) Fair value gain on other investments for the current year was due mainly to translation of its carrying amount to Singapore dollar. In 2017, fair value gain was due to the reclassification of an associated company to other investments recorded at fair value at 31 December 2017.
- (d) Recognition of dilution gain arose from the change in the Group's equity interest of associated companies.

(iii) Taxation during 4Q 2018 included over-provision of taxation which amounted to \$245,000 in respect of prior years (4Q 2017: over-provision of \$2,658,000) and recognition of deferred tax asset.

1(b) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the fourth quarter and financial year ended 31 December 2018

	Fourth Quarter			Full Year		
	2018 \$'000	2017 \$'000 (Restated)	+ / (-) %	2018 \$'000	2017 \$'000 (Restated)	+ / (-) %
Profit for the period	21,164	21,008	0.7	69,236	60,184	15.0
<u>Items that will not be reclassified subsequently to profit and loss account:</u>						
Financial assets, at FVOCI*						
- Fair value changes	(731)	-	nm	(4,381)	-	nm
Share of other comprehensive income of associated companies						
- Financial assets, at FVOCI*	(25)	-	nm	830	-	nm
	(756)	-	nm	(3,551)	-	nm
<u>Items that may be reclassified subsequently to profit and loss account:</u>						
Financial assets, available-for-sale						
- Fair value changes	-	1,725	nm	-	1,801	nm
Cash flow hedge						
- Fair value changes	(63)	110	nm	(446)	(142)	214.1
- Realised and transferred to profit and loss account	121	(8)	nm	339	477	(28.9)
Foreign currency translation						
- Exchange differences arising on consolidation	(1,825)	(1,400)	30.4	(3,313)	(2,845)	16.4
Share of other comprehensive income of associated companies						
- Cash flow hedge	211	814	(74.1)	813	(474)	nm
- Financial assets, available-for-sale	-	43	nm	-	20	nm
- Foreign currency translation	(725)	3,033	nm	(1,752)	6,457	nm
	(2,281)	4,317	nm	(4,359)	5,294	nm
Other comprehensive income for the period, net of tax	(3,037)	4,317	nm	(7,910)	5,294	nm
Total comprehensive income for the period	18,127	25,325	(28.4)	61,326	65,478	(6.3)
Attributable to:						
Shareholders of the Company	15,681	25,048	(37.4)	58,676	62,029	(5.4)
Non-controlling interests	2,446	277	>500.0	2,650	3,449	(23.2)
	18,127	25,325	(28.4)	61,326	65,478	(6.3)

* FVOCI – Fair Value Through Other Comprehensive Income
nm – not meaningful

1(c)(i) BALANCE SHEETS as at 31 December 2018

	Group			Company	
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017
	\$'000	\$'000	\$'000	\$'000	\$'000
		(Restated)	(Restated)		
Share capital	83,101	81,489	79,867	83,101	81,489
Reserves	802,686	765,742	728,047	190,364	211,711
Share capital and reserves	885,787	847,231	807,914	273,465	293,200
Non-controlling interests	115,160	113,499	111,363	-	-
Total equity	1,000,947	960,730	919,277	273,465	293,200
Represented by:					
<u>Non-current assets</u>					
Fixed assets	358,492	373,283	367,731	-	-
Investment properties	67,719	74,586	183,902	-	-
Investments					
Subsidiaries	-	-	-	138,141	138,141
Associated companies and joint ventures	902,462	820,823	693,498	17,901	25,974
Others	29,991	6,252	4,661	-	-
Intangibles	1,502	1,964	2,209	-	-
Long-term receivables	-	-	-	146,029	148,548
	1,360,166	1,276,908	1,252,001	302,071	312,663
<u>Current assets</u>					
Stocks	584	680	669	-	-
Debtors	112,638	70,127	60,090	2,459	1,442
Amounts owing by holding and related companies	836	725	324	18,503	39,928
Amounts owing by associated companies	32,245	62,006	29,317	-	-
Bank balances, deposits and cash	136,527	96,028	102,950	21,276	8,335
	282,830	229,566	193,350	42,238	49,705
Assets classified as held for sale (Note 1(c)(iv))	43,800	43,250	288,765	43,800	43,250
	326,630	272,816	482,115	86,038	92,955
<u>Current liabilities</u>					
Creditors	106,194	88,895	138,388	4,780	2,766
Amounts owing to holding and related companies	4,003	683	836	9,682	9,599
Amounts owing to associated companies	28,749	13,416	5,407	-	-
Short-term borrowings	51,493	115,423	72,762	-	-
Taxation	4,480	4,568	4,896	43	51
	194,919	222,985	222,289	14,505	12,416
Liabilities directly associated with assets classified as held for sale	-	-	115,002	-	-
	194,919	222,985	337,291	14,505	12,416
Net current assets	131,711	49,831	144,824	71,533	80,539
<u>Non-current liabilities</u>					
Long-term borrowings	466,666	341,964	456,003	100,000	100,000
Deferred taxation	10,381	11,642	9,980	139	2
Other non-current liabilities	13,883	12,403	11,565	-	-
	490,930	366,009	477,548	100,139	100,002
Net assets	1,000,947	960,730	919,277	273,465	293,200
Group net debt	381,632	361,359	482,249	n.a.	n.a.
Group net gearing ratio	0.38x	0.38x	0.52x	n.a.	n.a.

1(c)(ii) GROUP'S BORROWINGS AND DEBT SECURITIES**Amount repayable in one year or less, or on demand**

As at 31.12.2018		As at 31.12.2017	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
6,967	44,526	2,657	112,766

Amount repayable after one year

As at 31.12.2018		As at 31.12.2017	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
3,000	463,666	5,543	336,421

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 \$70,692,000 (31 December 2017: \$56,357,000) to banks for loan facilities.

1(c)(iii) BALANCE SHEET ANALYSIS

Group shareholders' funds increased by \$38.6 million to \$885.8 million as at 31 December 2018. This was mainly attributable to retained profits for the year, partly offset by dividends paid to shareholders of the Company.

Group total assets of \$1,686.8 million as at 31 December 2018 were \$137.1 million higher than the previous year end. Fixed assets reduced by \$14.8 million due mainly to depreciation charge during the year, partly offset by capital expenditure for logistics facilities. Associated companies and joint ventures of \$902.5 million increased by \$81.6 million due mainly to equity accounting for the share of profits, fair value gains on investment properties and recognition of dilution gain arising from change in the equity interest of associated companies, partly offset by impairment loss and dividends received. Current assets increased by \$53.8 million to \$326.6 million due mainly to increase in debtors, bank balances and deposits, partly offset by decrease in amounts owing by associated companies.

Group total liabilities of \$685.8 million as at 31 December 2018 increased by \$96.9 million compared to the previous year end due mainly to higher borrowings, creditors and amounts owing to associated companies. Group total borrowings were \$518.2 million compared to \$457.4 million as at the previous year end.

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

The Company entered into a conditional sales and purchase agreement on 17 March 2017 for the sale of the Company's entire shareholding in Asia Airfreight Terminal ("AAT"). In accordance with SFRS(I) 5 – Non-current Assets Held for Sale and Discontinued Operations, the Group's carrying amount in AAT have been presented separately as "assets classified as held for sale" in the Group's consolidated balance sheet, as follows:

	31.12.2018	31.12.2017
	\$'000	\$'000
<u>Assets classified as held for sale</u>		
Other investments	<u>43,800</u>	<u>43,250</u>

1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS
for the fourth quarter and financial year ended 31 December 2018

	Fourth Quarter		Full Year	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
	(Restated)		(Restated)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating (loss)/profit	(13,803)	15,821	(5,208)	19,740
Adjustments:				
Depreciation of fixed assets	5,149	5,287	20,606	20,739
Amortisation of intangible assets	273	222	1,000	849
Share-based payment expenses	315	717	2,426	2,562
Gain on disposal of fixed assets	(2)	(5)	(188)	(5)
Gain on disposal of subsidiaries and associated companies	(5,076)	(1,403)	(5,076)	(4,940)
Fair value gain on other investments	(75)	(18,455)	(550)	(18,455)
Fair value gain on forward contracts	(166)	-	(166)	-
Fixed assets written off	1,436	-	1,436	-
Distributions received from other investments	(1,110)	(6)	(2,235)	(6)
Gain on dilution of interest in associated companies	(400)	(346)	(19,995)	(346)
Fair value loss/(gain) on investment properties	4,627	(377)	4,627	(377)
Impairment loss on investment in an associated company	3,034	-	3,034	-
Operating cash flows before changes in working capital	(5,798)	1,455	(289)	19,761
Working capital changes:				
Stocks	27	(19)	96	(11)
Debtors	(3,825)	(783)	(35,473)	(12,305)
Creditors	78	(2,777)	21,359	(4,509)
Amount due from/to associated companies	(2,625)	2,171	18,430	6,800
Cash flows from operations	(12,143)	47	4,123	9,736
Interest received	1,299	271	1,895	1,115
Interest paid	(3,011)	(2,453)	(12,485)	(12,770)
Income taxes paid	(864)	(50)	(4,620)	(3,459)
Proceeds from tax losses transferred under group relief system	-	(9)	-	(9)
NET CASH USED IN OPERATING ACTIVITIES	(14,719)	(2,194)	(11,087)	(5,387)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition from non-controlling interests	-	-	(252)	-
Addition to fixed assets	(1,124)	(8,346)	(9,237)	(29,918)
Addition to investment properties	-	(1,432)	-	(107,975)
Addition to intangible assets	(365)	(336)	(796)	(525)
Investment in associated companies	(27,941)	-	(27,941)	(107,706)
Purchase of other investments	(28,045)	-	(28,045)	-
Capital reduction in an associated company	-	-	-	813
Shareholders loan and advances to associated companies	(5,245)	-	(16,879)	(35,010)
Repayment of advances from associates companies	-	-	37,500	4,191
Proceeds from disposal of subsidiaries (Note A)	-	-	-	302,705
Proceeds from disposal of fixed assets	117	5	483	488
Proceeds from disposal of associated companies	1,256	1,323	1,256	1,323
Distributions received from other investments	1,110	6	2,235	6
Dividends received from associated companies	1,350	685	52,187	46,926
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	(58,887)	(8,095)	10,511	75,318

1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
for the fourth quarter and financial year ended 31 December 2018

	<u>Fourth Quarter</u>		<u>Full Year</u>	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from short-term loans	3,130	41,084	23,598	183,175
Repayment of short-term loans	(22,500)	(75,500)	(68,658)	(137,575)
Proceeds from long-term loans	53,225	115,279	175,959	222,847
Repayment of long-term loans	(474)	(112,932)	(66,268)	(341,780)
Repayment of lease liabilities	(54)	(54)	(216)	(216)
Dividends paid to shareholders of the Company	-	-	(19,569)	(25,113)
Dividends paid to non-controlling shareholders of subsidiaries	(1,739)	(209)	(2,921)	(1,219)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	<u>31,588</u>	<u>(32,332)</u>	<u>41,925</u>	<u>(99,881)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(42,018)	(42,621)	41,349	(29,950)
Cash and cash equivalents as at beginning of period	178,869	138,157	96,028	126,516
Effect of exchange rate changes on cash and cash equivalents	(324)	492	(850)	(538)
Cash and cash equivalents as at 31 December (Note B)	<u>136,527</u>	<u>96,028</u>	<u>136,527</u>	<u>96,028</u>

1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
for the fourth quarter and financial year ended 31 December 2018

Notes to Consolidated Statement of Cash Flows (cont'd)

A. Disposal of subsidiaries

The assets and liabilities of subsidiaries disposed were as follows:

	Fourth Quarter		Full Year	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Fixed assets	-	-	-	266
Investment properties	-	-	-	405,604
Debtors	-	-	-	16,927
Amounts owing by a related company	-	-	-	40
Bank balances and cash	-	-	-	13,894
Creditors	-	-	-	(29,826)
Bank borrowings	-	-	-	(80,000)
Taxation	-	-	-	(8,881)
	-	-	-	318,024
Amount accounted for as amount owing from associated company	-	-	-	(270,000)
Net assets disposed	-	-	-	48,024
Net assets disposed attributable to retained interest	-	-	-	(4,962)
Net assets disposed attributable to interest disposed	-	-	-	43,062
Assignment of amount owing from associated company to purchaser	-	-	-	270,000
Net gain on disposal	-	-	-	3,537
Transaction costs	-	-	-	250
Sale proceeds	-	-	-	316,849
Less: Bank balances and cash disposed	-	-	-	(13,894)
Less: Transaction costs	-	-	-	(250)
Cash inflow on disposal	-	-	-	302,705

1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
for the fourth quarter and financial year ended 31 December 2018

Notes to Consolidated Statement of Cash Flows (cont'd)

B. Cash and cash equivalents

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

	Fourth Quarter		Full Year	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Bank balances, deposits and cash	<u>136,527</u>	<u>96,028</u>	<u>136,527</u>	<u>96,028</u>

1(d)(ii) CASH FLOW ANALYSIS

Fourth Quarter

Net cash used in operating activities for the quarter was \$14.7 million compared to \$2.2 million in the corresponding quarter last year due mainly to cash outflow from operations after working capital changes.

Net cash used in investing activities for the quarter was \$58.9 million due largely to investment in associated companies, purchase of other investments, and capital expenditure for logistics facilities, partly offset by proceeds from disposal of an associated company, distributions received from other investments and dividends received from associated companies.

Net cash from financing activities for the quarter of \$31.6 million was due mainly to proceeds from loans, partly offset by repayment of loans and dividends paid to non-controlling shareholders of subsidiaries.

Full Year

Net cash used in operating activities was \$11.1 million compared to \$5.4 million for the corresponding period last year. This was due mainly to lower cash inflow from operations after working capital changes.

Net cash from investing activities was \$10.5 million due mainly to dividends received from associated companies and repayment of advances from an associated company, partly offset by investment in associated companies, purchase of other investments, capital expenditure for logistics facilities and shareholders' loan and advances to associated companies.

Net cash from financing activities was \$41.9 million due mainly to proceeds from loans, partly offset by repayment of loans, dividends paid to shareholders of the Company and non-controlling shareholders of subsidiaries.

1(e)(i) STATEMENTS OF CHANGES IN EQUITY
for the financial year ended 31 December 2018

	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	Total Equity \$'000
Group							
Balance at 31 December 2017 (Restated)	81,489	38,749	722,697	4,296	847,231	113,499	960,730
Adoption of SFRS(I) 9 (Note 5(b)(ii))	-	-	(1,069)	-	(1,069)	-	(1,069)
Balance at 1 January 2018	81,489	38,749	721,628	4,296	846,162	113,499	959,661
Total comprehensive income for the year							
Profit for the year	-	-	65,450	-	65,450	3,786	69,236
Other comprehensive income for the year *	-	(2,845)	-	(3,929)	(6,774)	(1,136)	(7,910)
Total comprehensive income for the year	-	(2,845)	65,450	(3,929)	58,676	2,650	61,326
Transactions with owners, recognised directly in equity							
<u>Contributions by and distributions to owners</u>							
Issue of shares	1,612	(1,612)	-	-	-	-	-
Cost of share-based payment	-	2,313	-	-	2,313	-	2,313
Transfer from revenue reserve to capital reserves	-	107	(107)	-	-	-	-
Dividend paid to non-controlling shareholders	-	-	-	-	-	(2,738)	(2,738)
Dividend paid for 2017	-	-	(19,569)	-	(19,569)	-	(19,569)
Total contributions by and distributions to owners	1,612	808	(19,676)	-	(17,256)	(2,738)	(19,994)
<u>Changes in ownership interests in subsidiaries</u>							
Acquisition of non-controlling interests without change in control	-	(2,001)	-	-	(2,001)	1,749	(252)
Total changes in ownership interests in subsidiaries	-	(2,001)	-	-	(2,001)	1,749	(252)
Total transactions with owners	1,612	(1,193)	(19,676)	-	(19,257)	(989)	(20,246)
Share of reserves of associated companies	-	195	11	-	206	-	206
Balance at 31 December 2018	83,101	34,906	767,413	367	885,787	115,160	1,000,947

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

1(e)(i) STATEMENTS OF CHANGES IN EQUITY (cont'd)
for the financial year ended 31 December 2018

	Attributable to owners of the Company						Total Equity \$'000
	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserve \$'000	Foreign Currency Translation Account \$'000	Share Capital & Reserves \$'000	Non- Controlling Interests \$'000	
Group (Restated)							
Balance at 1 January 2017	79,867	36,015	692,032	-	807,914	111,363	919,277
Total comprehensive income for the year							
Profit for the year	-	-	56,051	-	56,051	4,133	60,184
Other comprehensive income for the year *	-	1,682	-	4,296	5,978	(684)	5,294
Total comprehensive income for the year	-	1,682	56,051	4,296	62,029	3,449	65,478
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Issue of shares	1,622	(1,622)	-	-	-	-	-
Cost of share-based payment	-	2,320	-	-	2,320	-	2,320
Transfer from revenue reserve to capital reserves	-	230	(230)	-	-	-	-
Dividend paid to non-controlling shareholders	-	-	-	-	-	(1,313)	(1,313)
Dividend paid for 2016	-	-	(25,113)	-	(25,113)	-	(25,113)
Total contributions by and distributions to owners	1,622	928	(25,343)	-	(22,793)	(1,313)	(24,106)
Total transactions with owners	1,622	928	(25,343)	-	(22,793)	(1,313)	(24,106)
Share of reserves of associated companies	-	124	(43)	-	81	-	81
Balance at 31 December 2017	81,489	38,749	722,697	4,296	847,231	113,499	960,730

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

1(e)(i) STATEMENTS OF CHANGES IN EQUITY (cont'd)
for the financial year ended 31 December 2018

	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserve \$'000	Total Equity \$'000
<u>Company</u>				
Balance at 1 January 2018	81,489	7,175	204,536	293,200
Profit for the year, representing total comprehensive income for the year	-	-	(2,479)	(2,479)
<i>Transactions with owners, recognised directly in equity</i>				
Issue of shares	1,612	(1,612)	-	-
Cost of share-based payment	-	2,313	-	2,313
Dividend paid for 2017	-	-	(19,569)	(19,569)
Total transactions with owners	1,612	701	(19,569)	(17,256)
Balance at 31 December 2018	83,101	7,876	182,488	273,465
Balance at 1 January 2017	79,867	6,477	149,099	235,443
Profit for the year, representing total comprehensive income for the year	-	-	80,550	80,550
<i>Transactions with owners, recognised directly in equity</i>				
Issue of shares	1,622	(1,622)	-	-
Cost of share-based payment	-	2,320	-	2,320
Dividend paid for 2016	-	-	(25,113)	(25,113)
Total transactions with owners	1,622	698	(25,113)	(22,793)
Balance at 31 December 2017	81,489	7,175	204,536	293,200

1(e)(ii) SHARE CAPITAL

Issued share capital and treasury shares

	<u>Number of shares</u>
Balance at 1 January 2018	558,066,383
Issue of shares under restricted share plan and performance share plan	<u>1,046,277</u>
Balance at 30 September 2018 and 31 December 2018	<u><u>559,112,660</u></u>

As at 31 December 2018, the number of ordinary shares in issue was 559,112,660 of which none were held by the Company as treasury shares (31 December 2017: 558,066,383 ordinary shares of which none were held as treasury shares).

Share Options

As at 31 December 2018, there was no unexercised options (31 December 2017: 250,000) of unissued ordinary shares under the Company's Share Option Scheme. Unexercised options for 250,000 of unissued ordinary shares were cancelled as at 31 December 2018 (31 December 2017: 320,000).

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

As at 31 December 2018, there was no contingent shares granted and not released (31 December 2017: Nil) for KT&T Restricted Share Plan ("KT&T RSP").

As at 31 December 2018, the number of restricted shares released but not vested was 1,225,485 (31 December 2017: 941,315) for KT&T RSP.

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

As at 31 December 2018, the number of contingent shares granted and not released was 830,000 (31 December 2017: 740,000) 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 1,245,000 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	Number of Shares					
	At 1.1.18	Contingent shares granted	Adjustment upon release	Released	Cancelled	At 31.12.18
<u>KT&T RSP</u>						
23.2.18	-	1,337,715	-	(1,337,715)	-	-
	-	1,337,715	-	(1,337,715)	-	-
<u>KT&T PSP</u>						
10.4.15	240,000	-	(240,000)	-	-	-
29.4.16	270,000	-	-	-	-	270,000
28.4.17	230,000	-	-	-	-	230,000
30.4.18	-	330,000	-	-	-	330,000
	740,000	330,000	(240,000)	-	-	830,000

1(e)(ii) SHARE CAPITAL (cont'd)Awards released but not vested:

Date of Grant	Number of Shares				
	At 1.1.18	Released	Vested	Cancelled	At 31.12.18
<u>KT&T RSP</u>					
10.4.15	262,000	-	(262,000)	-	-
29.4.16	679,315	-	(338,400)	(2,700)	338,215
23.2.18	-	1,337,715	(445,877)	(4,568)	887,270
	<u>941,315</u>	<u>1,337,715</u>	<u>(1,046,277)</u>	<u>(7,268)</u>	<u>1,225,485</u>

2. AUDIT

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

3. AUDITORS' REPORT

Not applicable.

4. ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited financial statements as at 31 December 2017, except as disclosed in paragraph 5.

5. CHANGES IN ACCOUNTING POLICIES

The Group has applied a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)), for annual periods beginning on or after 1 January 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of IFRS. In addition, the Group has also adopted the following SFRS(I), that are relevant to its operations and effective for annual periods beginning on or after 1 January 2018 as follows:

- SFRS(I) 15 Revenue from Contracts with Customers
- SFRS(I) 9 Financial Instruments

The Group's opening balance sheet under SFRS(I) has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I). The Group has presented share of taxation of associated companies under share of results of associates companies instead of taxation.

5. CHANGES IN ACCOUNTING POLICIES (cont'd)

The adoption of these SFRS(I) did not have any significant impact on the financial performance or position of the Group except for the following:

a) Application of SFRS(I) 1 First Time Adoption of SFRS(I)

The Group has elected to deem the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 January 2017. As a result, foreign currency translation account and revenue reserve as at 1 January 2017 was increased/reduced by \$19,441,000 respectively.

In FY2017, translation losses amounting to \$2,992,000 that arose before the date of transition to SFRS(I) were excluded from the gains on disposal of associated companies and fair value gain on other investments. As a result, foreign currency translation account and revenue reserve as at 31 December 2017 was increased/reduced by \$16,449,000 respectively as compared to the previous audited balance under SFRS.

b) Adoption of SFRS(I) 9 Financial Instruments

The Group has elected to apply the short-term exemption under SFRS(I) 1 to adopt SFRS(I) 9 on 1 January 2018. Accordingly, requirements of SFRS 39 Financial Instruments: Recognition and Measurement will continue to apply to financial instruments up to the financial year ended 31 December 2017.

(i) Classification and measurement

The Group has assessed the business models that are applicable on 1 January 2018 to financial assets so as to classify them into the appropriate categories under SFRS(I) 9. The Group has elected to recognise changes in the fair value of certain equity investments not held for trading and previously classified as available-for-sale in other comprehensive income.

(ii) Impairment of financial assets

Trade and other receivables and loans to related parties was subjected to expected credit loss impairment model under SFRS(I) 9. As a result, allowance for impairment of trade debtors and opening revenue reserve as at 1 January 2018 was increased/reduced by \$1,069,000 respectively arising from the application of the expected credit loss model.

c) Adoption of SFRS(I) 15 Revenue from Contracts with Customers

In accordance with the requirements of SFRS(I) 1, certain of the Group's associated companies will adopt SFRS(I) 15 retrospectively. The Group has adjusted its investment in associates and share of results of associated companies in line with the adoption.

5. CHANGES IN ACCOUNTING POLICIES (cont'd)

d) Comparatives

The following comparative figures that have been restated with significant impact arising from the adoption of SFRS(I) described above are summarised below:

	Fourth Quarter 2017		Full Year 2017	
Group Profit and Loss Account and Consolidated Statement of Comprehensive Income	Reported under SFRS \$'000	Restated under SFRS(I) \$'000	Reported under SFRS \$'000	Restated under SFRS(I) \$'000
Other income	17,683	20,675	23,163	26,155
Share of results of associated companies and joint ventures (net of tax)	7,829	8,061	54,367	55,642
Profit for the period	17,784	21,008	55,917	60,184
<u>Attributable to:</u>				
Shareholders of the Company	17,142	20,366	51,784	56,051
Non-controlling interests	642	642	4,133	4,133
	17,784	21,008	55,917	60,184
Earnings per share				
- basic	3.1 cts	3.6 cts	9.3 cts	10.0 cts
- diluted	3.1 cts	3.6 cts	9.3 cts	10.0 cts
Total comprehensive income for the period	25,093	25,325	64,203	65,478
<u>Attributable to:</u>				
Shareholders of the Company	24,816	25,048	60,754	62,029
Non-controlling interests	277	277	3,449	3,449
	25,093	25,325	64,203	65,478

Group Consolidated Balance Sheets	Note	As at 31.12.2017 reported under SFRS \$'000	Effect of transition to SFRS(I) \$'000	As at 31.12.2017 restated under SFRS(I) \$'000	As at 1.1.2017 reported under SFRS \$'000	Effect of transition to SFRS(I) \$'000	As at 1.1.2017 restated under SFRS(I) \$'000
Equity							
Revenue reserve	5a 5c	726,621	(16,449) 12,525	722,697	700,223	(19,441) 11,250	692,032
Foreign currency translation account	5a	(12,153)	16,449	4,296	(19,441)	19,441	-
Total equity		948,205		960,730	908,027		919,277
Non-current assets							
Associated companies and joint ventures	5c	808,298	12,525	820,823	682,248	11,250	693,498
Total non-current assets		1,264,383		1,276,908	1,240,751		1,252,001
Net assets		948,205		960,730	908,027		919,277

6. EARNINGS PER ORDINARY SHARE

	G R O U P					
	Fourth Quarter			Full Year		
	2018	2017	+ / (-) %	2018	2017	+ / (-) %
		(Restated)			(Restated)	
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)	3.3	3.6	(8.3)	11.7	10.0	17.0
- Weighted average number of shares ('000)	559,023	557,980	0.2	559,023	557,980	0.2
(ii) On a fully diluted basis (cents)	3.2	3.6	(11.1)	11.7	10.0	17.0
- Adjusted weighted average number of shares ('000)	560,806	559,135	0.3	560,806	559,135	0.3

7. NET ASSET VALUE

	G R O U P			C O M P A N Y		
	2018	2017	+ / (-) %	2018	2017	+ / (-) %
		(Restated)				
Net asset value per ordinary share based on issued share capital at the end of the financial year (\$)	1.58	1.52	3.9	0.49	0.53	(7.5)

8. REVIEW OF GROUP PERFORMANCE

Fourth Quarter and Full Year

Group revenue for the fourth quarter and full year 2018 of \$47.2 million and \$183.2 million increased by 8% and 4% respectively compared to the corresponding periods in 2017 due mainly to higher data centre facility management income and logistics warehousing and channel management business revenue, partly offset by decline in revenue from China port operations.

Operating loss for the fourth quarter and full year 2018 was \$13.8 million and \$5.2 million respectively compared to operating profit of \$15.8 million and \$19.7 million in corresponding periods in 2017 due mainly to higher operating costs to support new data centre developments and expansion of logistics channel management business. In addition, the Group recorded impairment loss in an associated company and fair value loss on a data centre. These losses were partly offset by gains on dilution of interest in associated companies and disposal of an associate.

Profit before taxation for the fourth quarter 2018 at \$20.5 million decreased by 4% compared to corresponding quarter in 2017 due to operating loss, partly offset by higher contribution from associated companies. For full year 2018, profit before taxation increased by 12% to \$72.7 million as loss at operating level was offset by higher contribution from associated companies and lower net interest expense. Contribution from associated companies for the fourth quarter and full year 2018 of \$36.4 million and \$87.2 million increased by \$28.4 million and \$31.6 million respectively due mainly to higher share of fair value gains on investment properties.

After taking into account taxation and non-controlling interests, the Group's net profit attributable to shareholders for the fourth quarter and full year 2018 was \$18.2 million and \$65.5 million respectively.

9. VARIANCE FROM FORECAST STATEMENT

No forecast for the financial year ended 31 December 2018 was previously provided.

10. PROSPECTS

The Data Centre Division has been actively pursuing expansion opportunities beyond the traditional areas of operation. During the quarter, the Division together with Alpha DC Fund has secured contract to build and operate a data centre in Johor, Malaysia. The facility will be fully committed by a leading technology company upon its completion in 2020. Meanwhile, work will commence in Q1-2019 for IndoKeppel Data Centre 1 (IKDC 1) under the joint venture between Keppel Data Centres and the Salim Group. To further expand its horizon, the Division has signed a cooperation agreement with Xiangjiang Science & Technology and Cloud Engine (Beijing) Network Technology, leveraging each other's expertise to jointly pursue data centre projects in China. The Division continued its efforts to explore innovative new solutions to strengthen its market position in the long run. Two projects - Keppel Floating Data Centre Park and High Rise Green Data Centre – were showcased on IMDA Industry Day on 22nd November 2018.

The Logistics Division is expanding its e-channel management platform and have enlisted more than 300 brands at UrbanFox's online marketplace. Preparations are underway for expansion in Southeast Asia. The strategic review of its China logistics assets is ongoing.

The Group continues to seek new investments in accretive assets and divestment of its non-core assets to unlock value and recycle capital.

Following the announcement on 27 September 2018 on the proposed acquisition of Keppel T&T's ordinary shares by Keppel Corporation, a document in respect of the Scheme of Arrangement ("Scheme Document") will be issued to shareholders in due course. Shareholders are advised to exercise caution when dealing in the Shares and refrain from taking any action which may be prejudicial to their interests until they have considered the information set out in the Scheme Document.

11. DIVIDENDS

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? No

The Company refers to the joint announcement made on 27 September 2018 by the Company and Keppel Corporation Limited (the "Offeror"), pursuant to which it was announced that the Company has entered into an implementation agreement with the Offeror ("Implementation Agreement") in relation to the proposed acquisition by the Offeror of all the issued ordinary shares in the capital of the Company ("Shares") (other than Shares already held by the Offeror) by way of a scheme of arrangement (the "Scheme") in accordance with Section 210 of the Companies Act (Chapter 50 of Singapore) and the Singapore Code on Take-Overs and Mergers.

Pursuant to the terms of the Implementation Agreement, no dividend will be declared during the period up to (and including) the date on which the Scheme becomes effective in accordance with its terms or the date on which the Implementation Agreement is terminated in accordance with its terms, whichever is earlier.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
Yes

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

(c) Date Payable

Not applicable.

(d) Books Closure Date

Not applicable.

(e) Total Annual Dividend

Total annual dividend amounted to:

	2018 \$'000	2017 \$'000
Final dividend	-	19,569

12. SEGMENT ANALYSIS

Financial year ended 31 December 2018

By business segments

	Logistics \$'000	Data Centre \$'000	Investments \$'000	Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	138,935	44,288	-	-	183,223
Inter-segment sales	166	-	-	(166)	-
Total	<u>139,101</u>	<u>44,288</u>	<u>-</u>	<u>(166)</u>	<u>183,223</u>
<u>Segment results</u>					
Operating (loss)/profit	(12,150)	16,330	(9,388)	-	(5,208)
Interest income	377	1,352	3,050	(2,850)	1,929
Interest expense	(3,605)	(7,601)	(2,850)	2,850	(11,206)
Share of results of associated companies and joint ventures	(7,221)	61,697	32,739	-	87,215
(Loss)/profit before taxation	(22,599)	71,778	23,551	-	72,730
Taxation	97	(1,664)	(1,927)	-	(3,494)
(Loss)/profit for the year	<u>(22,502)</u>	<u>70,114</u>	<u>21,624</u>	<u>-</u>	<u>69,236</u>
Attributable to:					
Shareholders of the Company	(20,594)	64,447	21,597	-	65,450
Non-controlling interests	(1,908)	5,667	27	-	3,786
	<u>(22,502)</u>	<u>70,114</u>	<u>21,624</u>	<u>-</u>	<u>69,236</u>
<u>Other Information</u>					
Segment assets	549,779	886,244	569,689	(318,916)	1,686,796
Segment liabilities	(314,300)	(457,873)	(232,592)	318,916	(685,849)
Net assets	<u>235,479</u>	<u>428,371</u>	<u>337,097</u>	<u>-</u>	<u>1,000,947</u>
Investment in associated companies and joint ventures	18,483	602,071	281,908	-	902,462
Additions to non-current assets	10,885	29,079	221	-	40,185
Depreciation and amortisation	20,142	1,363	101	-	21,606
Fair value loss on investment properties	-	4,627	-	-	4,627
Gain on dilution of interest in associated companies	-	19,886	109	-	19,995
Impairment loss on investment in an associated company	-	-	3,034	-	3,034

By geographical information

	Singapore \$'000	China \$'000	ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
External sales	100,384	49,845	19,062	13,932	183,223
Non-current assets	938,299	239,296	44,974	137,597	1,360,166

Information about major customers

For the financial year ended 31 December 2018, revenue of \$38,053,000 was derived from a single external customer in the Data Centre segment for the provision of data centre facility management services.

12. SEGMENT ANALYSIS (cont'd)

Financial year ended 31 December 2017

By business segments

	Logistics \$'000	Data Centre \$'000	Investments \$'000	Eliminations \$'000	Consolidated Total \$'000 (Restated)
<u>Revenue</u>					
External sales	141,003	35,985	-	-	176,988
Inter-segment sales	164	-	-	(164)	-
Total	<u>141,167</u>	<u>35,985</u>	<u>-</u>	<u>(164)</u>	<u>176,988</u>
<u>Segment results</u>					
Operating profit/(loss)	23,289	8,563	(12,112)	-	19,740
Interest income	364	589	2,824	(2,657)	1,120
Interest expense	(3,485)	(7,548)	(3,117)	2,657	(11,493)
Share of results of associated companies and joint ventures	(512)	23,166	32,988	-	55,642
Profit before taxation	19,656	24,770	20,583	-	65,009
Taxation	(2,323)	(1,653)	(849)	-	(4,825)
Profit for the year	<u>17,333</u>	<u>23,117</u>	<u>19,734</u>	<u>-</u>	<u>60,184</u>
Attributable to:					
Shareholders of the Company	16,289	20,200	19,562	-	56,051
Non-controlling interests	1,044	2,917	172	-	4,133
	<u>17,333</u>	<u>23,117</u>	<u>19,734</u>	<u>-</u>	<u>60,184</u>
<u>Other Information</u>					
Segment assets	552,124	780,284	558,025	(340,709)	1,549,724
Segment liabilities	(288,487)	(412,365)	(228,851)	340,709	(588,994)
Net assets	<u>263,637</u>	<u>367,919</u>	<u>329,174</u>	<u>-</u>	<u>960,730</u>
Investment in associated companies and joint ventures	26,372	520,288	274,163	-	820,823
Additions to non-current assets	27,323	185,048	224	-	212,595
Depreciation and amortisation	20,530	980	78	-	21,588
Fair value gain on investment properties	-	377	-	-	377
Fair value gain on other investments	18,455	-	-	-	18,455

By geographical information

	Singapore \$'000	China \$'000	ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
External sales	89,837	57,210	17,405	12,536	176,988
Non-current assets	826,287	252,026	47,436	151,159	1,276,908

Information about major customers

For the financial year ended 31 December 2017, revenue of \$30,890,000 was derived from a single external customer in the Data Centre segment for the provision of data centre facility management services.

12. SEGMENT ANALYSIS (cont'd)

Notes:

- (a) The Group is organised into business units based on their products and services, and has three reportable operating segments namely Logistics, Data Centre and Investments. The Logistics segment offers one-stop logistics solutions to help customers manage their entire supply chain which includes integrated logistics port operations, third-party logistics services, supply chain solutions, warehousing, distribution, container storage and repairs, channel management, last mile delivery and freight forwarding services. The Data Centre segment provides data centre co-location services, business continuity, disaster recovery, facility management and other value-added services. The Investments segment is the investment holding arm for various entities not within the Logistics and Data Centre segments.
- (b) Pricing of inter-segment sales is at fair market value.
- (c) Segment assets and liabilities are those used in the operation of each segment.
- (d) Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2018 and 31 December 2017.

13. REVIEW OF SEGMENT PERFORMANCE

Logistics Division's revenue of \$139.1 million decreased by \$2.1 million compared to last year due mainly to lower revenue from China operations as a result of decline in container throughput, partly offset by higher revenue from warehousing and channel management business in Southeast Asia. Operating loss was \$12.2 million due mainly to higher overheads incurred on the development of new channel management business. In 2017, operating profit included a fair value gain on other investments. Loss before taxation was \$22.6 million due mainly to operating loss and share of impairment loss on an asset in China. After taking into account taxation and non-controlling interests, net loss attributable to shareholders was \$20.6 million.

Data Centre Division's revenue of \$44.3 million increased by \$8.3 million compared to last year due mainly to higher facility management fee income, partly offset by lower project management fee income. Operating profit at \$16.3 million, increased by \$7.8 million compared to the same period last year due mainly to recognition of dilution gain in an associated company, partly offset by fair value loss on an investment property and absence of gain on disposal of subsidiaries. Share of results from associated companies increased by \$38.5 million to \$61.7 million due mainly to higher share of profits and fair value gains on investment properties. Net profit attributable to shareholders of \$64.4 million increased by \$44.2 million compared to last year after taking into account taxation and non-controlling interests.

Investments Division's profit before taxation of \$23.6 million increased by \$3.0 million compared to last year due mainly to gain on disposal of an associated company, Advanced Research Group Co Ltd, distribution income from other investments and higher net interest income, partly offset by impairment loss on an associated company in Thailand. After taking into account taxation and non-controlling interests, net profit attributable to shareholders of \$21.6 million increased by 10.4% compared to last year.

14. BREAKDOWN OF SALES

	Group		
	2018	2017	+ / (-)
	\$'000	\$'000	%
	(Restated)		
<u>First Half</u>			
Sales reported for first half year	88,085	88,338	(0.3)
Operating profit after tax before deducting non-controlling interests reported for first half year	35,620	24,325	46.4
<u>Second Half</u>			
Sales reported for second half year	95,138	88,650	7.3
Operating profit after tax before deducting non-controlling interests reported for second half year	33,616	35,859	(6.3)

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 18 April 2018. 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)	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>General Transactions</u>				
Keppel Corporation Group	746	698	4,323	11,543
Singtel Group	-	-	1,076	1,677
Singapore Technologies Engineering Group	-	-	99	205
SP Group	-	-	463	801
Sembcorp Industries Group	-	-	-	133
Mapletree Group	-	-	1,803	-
<u>Treasury Transactions</u>				
Keppel Corporation Group	-	-	75,611	29,272
- Deposits outstanding at period-end	-	-		
- Interest income / Interest expense and related charges / Foreign exchange transactions	-	-	12,593	60,718
<u>Management Services</u>				
Keppel Corporation Group	-	-	4,500	3,798
	746	698	100,468	108,147

16. REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CEO OR SUBSTANTIAL SHAREHOLDER

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in Keppel Telecommunications & Transportation Ltd (the “Company”) or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

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

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

BY ORDER OF THE BOARD

KENNY LEE
Company Secretary
23 January 2019