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KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

17 April 2018

The Directors of Keppel Telecommunications & Transportation Ltd advise the following results of the Company and of the Group for the first quarter ended 31 March 2018.

These figures have not been audited.

1Q 2018 RESULTS HIGHLIGHTS

Keppel T&T reports higher 1Q revenue on stronger DC Division performance

For the first quarter ended 31 March 2018, Keppel T&T reported a 5% year on year increase in revenue to \$42.8 million due mainly to higher facility and project management fee income from the Data Centre Division, partly offset by weaker contribution from the logistics operations in China.

Net profit attributable to shareholders, at \$9.4 million during the period, decreased by 16% compared to 1Q 2017 due mainly to the higher overheads incurred on developing the new channel management business in the Logistics Division and increased manpower to support new business developments in the Data Centre Division.

Share of results from associated companies and joint ventures at \$16.0 million decreased by 4% compared to \$16.6 million* for 1Q 2017.

Earnings per share for 1Q 2018 was 1.7 cents, compared to 2.0 cents* for the same quarter last year.

Mr Thomas Pang, CEO of Keppel T&T, said, "As Keppel T&T progresses on its new growth phase, we are working hard to evolve our Logistics and Data Centre businesses, building new capabilities to position them for long term, sustainable growth. We shall continue to optimise cost, improve margins and also intensify efforts to pursue new asset development and acquisition opportunities for better returns."

The Logistics Division raised its stake in UrbanFox from 59.6% to 85% to further increase its exposure to the opportunities in the e-commerce market. UrbanFox also secured new contracts to provide channel management and last mile deliveries services and solutions. Meanwhile, the Logistics Division continues on efforts to optimise costs and strategically review its China logistics portfolio.

The Data Centre Division also made good progress in the phase 2 fit-out of Keppel DC Singapore 4, which enjoys healthy occupancy and continues to receive enquiries from key customers. Looking ahead, the Data Centre Division continues to intensify efforts to pursue asset development and acquisition opportunities in new markets.

Keppel T&T's net asset value per ordinary share increased to \$1.53 per share, compared to \$1.52 per share* as at 31 December 2017. Net gearing was 0.38x as at 31 March 2018, unchanged from 31 December 2017.

- End -

** 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)

FIRST QUARTER 2018 FINANCIAL STATEMENTS

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First Quarter 2018 Financial Statements

1 UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

The Directors of **Keppel Telecommunications & Transportation Ltd** advise the following unaudited results of the Group for the first quarter ended 31 March 2018.

1(a) GROUP PROFIT AND LOSS ACCOUNT for the first quarter ended 31 March 2018

	<u>First Quarter</u>		
	2018 \$'000	2017 \$'000 (Restated)	+ / (-) %
REVENUE	42,809	40,716	5.1
Operating expenses	(47,002)	(43,647)	7.7
Other income	766	1,258	(39.1)
OPERATING LOSS	(3,427)	(1,673)	104.8
Interest income	138	459	(69.9)
Interest expense	(2,555)	(3,002)	(14.9)
Share of results of associated companies and joint ventures	15,993	16,588	(3.6)
PROFIT BEFORE TAXATION	10,149	12,372	(18.0)
Taxation	(618)	(755)	(18.1)
PROFIT FOR THE PERIOD	<u>9,531</u>	<u>11,617</u>	(18.0)
Attributable to:			
Shareholders of the Company	9,430	11,264	(16.3)
Non-controlling interests	101	353	(71.4)
	<u>9,531</u>	<u>11,617</u>	(18.0)
Earnings per share			
- basic	1.7 cts	2.0 cts	(15.0)
- diluted	1.7 cts	2.0 cts	(15.0)

**1(a) GROUP PROFIT AND LOSS ACCOUNT (cont'd)
for the first quarter ended 31 March 2018**

Notes to Group Profit and Loss Account

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

	First Quarter		
	2018 \$'000	2017 \$'000	+ / (-) %
Purchase of goods and services ^(a)	13,621	11,943	14.1
Staff costs ^(b)	15,631	14,756	5.9
Share-based payment expenses	649	489	32.7
Depreciation of fixed assets ^(c)	5,190	4,940	5.1
Equipment rental and facilities expenses ^(d)	9,646	8,797	9.7
Other operating expenses	2,265	2,722	(16.8)
Operating expenses	<u>47,002</u>	<u>43,647</u>	7.7
Other income ^(e)	<u>766</u>	<u>1,258</u>	(39.1)

Notes:

- (a) Purchase of goods and services increased due mainly to higher transportation, contract labour and subcontract costs in Logistics Division.
- (b) Staff costs was higher due mainly to increase in headcount in Logistics and Data Centre Divisions.
- (c) Depreciation increased due mainly to higher depreciation charges from Data Centre Division.
- (d) Equipment rental and facilities expenses increased due mainly to higher expenses on property upkeep, lease rental and data centre maintenance.
- (e) Other income decreased due mainly to lower sundry income.

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

	First Quarter		
	2018 \$'000	2017 \$'000	+ / (-) %
(Gain)/loss on disposal of fixed assets	(184)	17	nm
Gain on disposal of a subsidiary	-	(2)	nm
Write-back of provision for doubtful debts	-	(4)	nm
Amortisation of intangible assets	198	210	(5.7)
Foreign exchange gain	(170)	(114)	49.1

(iii) Taxation included over-provision of taxation expense of \$13,000 for the quarter (1Q 2017: \$100,000) in respect of prior years.

nm – not meaningful

1(b) **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
for the first quarter ended 31 March 2018

	<u>First Quarter</u>		
	2018	2017	+ / (-)
	\$'000	\$'000	%
		(Restated)	
Profit for the period	<u>9,531</u>	<u>11,617</u>	(18.0)
<u>Items that may be reclassified subsequently to profit and loss account:</u>			
Available-for-sale financial assets			
- Fair value changes	(2,275)	71	nm
Cash flow hedge			
- Fair value changes	42	(44)	nm
- Realised and transferred to profit and loss account	77	143	(46.2)
Foreign currency translation			
- Exchange differences arising on consolidation	2,508	(2,252)	nm
Share of other comprehensive income of associated companies			
- Cash flow hedge	372	(43)	nm
- Available-for-sale financial assets	744	(74)	nm
- Foreign currency translation	<u>2,304</u>	<u>(867)</u>	nm
Other comprehensive income for the period, net of tax	<u>3,772</u>	<u>(3,066)</u>	nm
Total comprehensive income for the period	<u>13,303</u>	<u>8,551</u>	55.6
Attributable to:			
Shareholders of the Company	12,266	8,917	37.6
Non-controlling interests	<u>1,037</u>	<u>(366)</u>	nm
	<u>13,303</u>	<u>8,551</u>	55.6

nm – not meaningful

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

	Group			Company	
	31.3.2018 \$'000	31.12.2017 \$'000 (Restated)	1.1.2017 \$'000 (Restated)	31.3.2018 \$'000	31.12.2017 \$'000
Share capital	83,083	81,489	79,867	83,083	81,489
Reserves	774,032	765,742	728,047	210,394	211,711
Share capital and reserves	857,115	847,231	807,914	293,477	293,200
Non-controlling interests	116,285	113,499	111,363	-	-
Total equity	973,400	960,730	919,277	293,477	293,200
Represented by:					
<u>Non-current assets</u>					
Fixed assets	377,116	373,283	367,731	-	-
Investment properties	75,098	74,586	183,902	-	-
Investments					
Subsidiaries	-	-	-	138,141	138,141
Associated companies and joint ventures	824,035	820,823	693,498	25,974	25,974
Others	3,885	6,252	4,661	-	-
Intangibles	1,756	1,964	2,209	-	-
Long-term receivables	-	-	-	148,548	148,548
	1,281,890	1,276,908	1,252,001	312,663	312,663
<u>Current assets</u>					
Stocks	628	680	669	-	-
Debtors	81,837	70,127	60,090	1,946	1,442
Amounts owing by holding and related companies	1,112	725	324	36,207	39,928
Amounts owing by associated companies	75,773	62,006	29,317	-	-
Bank balances, deposits and cash	111,841	96,028	102,950	11,224	8,335
	271,191	229,566	193,350	49,377	49,705
Assets classified as held for sale (Note 1(c)(iv))	43,250	43,250	288,765	43,250	43,250
	314,441	272,816	482,115	92,627	92,955
<u>Current liabilities</u>					
Creditors	88,007	88,895	138,388	2,121	2,766
Amounts owing to holding and related companies	918	683	836	9,643	9,599
Amounts owing to associated companies	19,605	13,416	5,407	-	-
Short-term borrowings	133,571	115,423	72,762	-	-
Taxation	5,336	4,568	4,896	47	51
	247,437	222,985	222,289	11,811	12,416
Liabilities directly associated with assets classified as held for sale	-	-	115,002	-	-
	247,437	222,985	337,291	11,811	12,416
Net current assets	67,004	49,831	144,824	80,816	80,539
<u>Non-current liabilities</u>					
Long-term borrowings	350,113	341,964	456,003	100,000	100,000
Deferred taxation	10,705	11,642	9,980	2	2
Other non-current liabilities	14,676	12,403	11,565	-	-
	375,494	366,009	477,548	100,002	100,002
Net assets	973,400	960,730	919,277	293,477	293,200
<i>Group net debt</i>	<i>371,843</i>	<i>361,359</i>	<i>482,249</i>	<i>n.a.</i>	<i>n.a.</i>
<i>Group net gearing ratio</i>	<i>0.38x</i>	<i>0.38x</i>	<i>0.52x</i>	<i>n.a.</i>	<i>n.a.</i>

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

Amount repayable in one year or less, or on demand

As at 31.3.2018		As at 31.12.2017	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
1,164	132,407	2,657	112,766

Amount repayable after one year

As at 31.3.2018		As at 31.12.2017	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
5,144	344,969	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 \$8,988,000 (31 December 2017: \$56,357,000) to banks for loan facilities.

1(c)(iii) BALANCE SHEET ANALYSIS

Group shareholders' funds increased by \$9.9 million to \$857.1 million as at 31 March 2018. The increase was mainly attributable to retained profits and foreign currency translation gain during the period.

Group total assets of \$1,596.3 million as at 31 March 2018 were \$46.6 million higher than the previous year end. Fixed assets increased by \$3.8 million due mainly to capital expenditure for logistics facilities. Associated companies and joint ventures increased by \$3.2 million due mainly to equity accounting for the share of profits, partly offset by dividends received. Current assets increased by \$41.6 million to \$314.4 million due largely to increase in debtors, amounts owing by associated companies, bank balances and deposits.

Group total liabilities of \$622.9 million as at 31 March 2018 increased by \$33.9 million due mainly to higher borrowings and amounts owing to associated companies. Group total borrowings were \$483.7 million compared to \$457.4 million as at the previous year end.

1(c)(iv) ASSETS 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 FRS 105 – 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:

	31.3.2018	31.12.2017
	\$'000	\$'000
Assets classified as held for sale		
Other investments	43,250	43,250

**1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS
for the first quarter ended 31 March 2018**

	First Quarter	
	2018 \$'000	2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	(3,427)	(1,673)
Adjustments:		
Depreciation of fixed assets	5,190	4,940
Amortisation of intangible assets	198	210
Share-based payment expenses	649	489
(Gain)/Loss on disposal of fixed assets	(184)	17
Gain on disposal of a subsidiary	-	(2)
Operating cash flows before changes in working capital	2,426	3,981
Working capital changes:		
Stocks	52	40
Debtors	(13,638)	(7,400)
Creditors	3,261	(734)
Amount due to/from associated companies	4,917	6,875
Cash flows from operations	(2,982)	2,762
Interest received	141	312
Interest paid	(4,115)	(3,488)
Income taxes paid	(874)	(832)
NET CASH USED IN OPERATING ACTIVITIES	(7,830)	(1,246)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition from non-controlling interests	(252)	-
Addition to fixed assets	(5,536)	(8,919)
Addition to investment properties	-	(37,341)
Addition to intangible assets	(178)	(51)
Investment in an associated company	-	(18,000)
Proceeds from disposal of a subsidiary (Note A)	-	133,499
Proceeds from disposal of fixed assets	355	357
Shareholders loan and advances to associated companies	(11,634)	(11,545)
Dividends received from associated companies	15,727	13,142
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	(1,518)	71,142
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loans	19,297	30,512
Repayment of short-term loans	(462)	(52,556)
Proceeds from long-term loans	7,736	1,137
Repayment of long-term loans	(1,945)	(939)
Repayment of lease liabilities	(54)	(54)
Dividends paid to non-controlling shareholder of subsidiaries	-	(885)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	24,572	(22,785)
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,224	47,111
Cash and cash equivalents at beginning of period	96,028	126,516
Effect of exchange rate changes on cash and cash equivalents	589	(1,191)
Cash and cash equivalents as at 31 March (Note B)	111,841	172,436

1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
for the first quarter ended 31 March 2018

Notes to Consolidated Statement of Cash Flows

A. Disposal of a subsidiary

The assets and liabilities of a subsidiary disposed were as follows:

	First Quarter	
	2018	2017
	\$'000	\$'000
Fixed assets	-	19
Investment properties	-	225,000
Debtors	-	11,758
Amounts owing by a related company	-	11
Bank balances and cash	-	11,163
Creditors	-	(9,449)
Bank borrowings	-	(80,000)
Taxation	-	(8,880)
	-	149,622
Amount accounted for as amount owing from associated company	-	(100,000)
Net assets disposed	-	49,622
Net assets attributable to retained interest	-	(4,962)
Net assets attributable to interest disposed	-	44,660
Assignment of amount owing from associated company to purchaser	-	100,000
Net gain on disposal	-	2
Sale proceeds	-	144,662
Less: Bank balances and cash disposed	-	(11,163)
Cash inflow on disposal	-	133,499

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:

	First Quarter	
	2018	2017
	\$'000	\$'000
Bank balances, deposits and cash	111,841	172,436

1(d)(ii) CASH FLOW ANALYSIS

Net cash used in operating activities was \$7.8 million due mainly to higher cash outflow for working capital requirements, interests and taxes paid.

Net cash used in investing activities was \$1.5 million due mainly to capital expenditure for logistics facilities and shareholders' loan and advances to associated companies, partly offset by dividends received from associated companies.

Net cash from financing activities was \$24.6 million due mainly to net proceeds from short-term and long-term loans.

**1(e)(i) STATEMENTS OF CHANGES IN EQUITY
for the first quarter ended 31 March 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 period							
Profit for the period	-	-	9,430	-	9,430	101	9,531
Other comprehensive income for the period *	-	(1,040)	-	3,876	2,836	936	3,772
Total comprehensive income for the period	-	(1,040)	9,430	3,876	12,266	1,037	13,303
Transactions with owners, recognised directly in equity							
<u>Contributions by and distributions to owners</u>							
Issue of shares	1,594	(1,594)	-	-	-	-	-
Cost of share-based payment	-	610	-	-	610	-	610
Total contributions by and distributions to owners	1,594	(984)	-	-	610	-	610
<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	1,594	(2,985)	-	-	(1,391)	1,749	358
Share of reserves of associated companies	-	78	-	-	78	-	78
Balance at 31 March 2018	83,083	34,802	731,058	8,172	857,115	116,285	973,400

* 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 first quarter ended 31 March 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 period							
Profit for the period	-	-	11,264	-	11,264	353	11,617
Other comprehensive income for the period *	-	53	-	(2,400)	(2,347)	(719)	(3,066)
Total comprehensive income for the period	-	53	11,264	(2,400)	8,917	(366)	8,551
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	-	454	-	-	454	-	454
Total contributions by and distributions to owners	1,622	(1,168)	-	-	454	-	454
Total transactions with owners	1,622	(1,168)	-	-	454	-	454
Share of reserves of associated companies	-	39	-	-	39	-	39
Balance at 31 March 2017	81,489	34,939	703,296	(2,400)	817,324	110,997	928,321

* 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 first quarter ended 31 March 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
Loss for the period, representing total comprehensive income for the period	-	-	(333)	(333)
<i>Transactions with owners, recognised directly in equity</i>				
Issue of shares	1,594	(1,594)	-	-
Cost of share-based payment	-	610	-	610
Total transactions with owners	1,594	(984)	-	610
Balance at 31 March 2018	<u>83,083</u>	<u>6,191</u>	<u>204,203</u>	<u>293,477</u>
Balance at 1 January 2017	79,867	6,477	149,099	235,443
Loss for the period, representing total comprehensive income for the period	-	-	(405)	(405)
<i>Transactions with owners, recognised directly in equity</i>				
Issue of shares	1,622	(1,622)	-	-
Cost of share-based payment	-	454	-	454
Total transactions with owners	1,622	(1,168)	-	454
Balance at 31 March 2017	<u>81,489</u>	<u>5,309</u>	<u>148,694</u>	<u>235,492</u>

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	<u>1,034,555</u>
Balance at 31 March 2018	<u><u>559,100,938</u></u>

As at 31 March 2018, the number of ordinary shares in issue was 559,100,938 of which none were held by the Company as treasury shares (31 March 2017: 558,066,383 ordinary shares of which none were held as treasury shares; 31 December 2017: 558,066,383 ordinary shares of which none were held as treasury shares).

Share Options

As at 31 March 2018, there were unexercised options for 115,000 (31 March 2017: 485,000) of unissued ordinary shares under the Company's Share Option Scheme.

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

During the period, the number of restricted shares granted and released for KT&T Restricted Share Plan ("KT&T RSP") was 1,337,715 (31 March 2017: Nil).

As at 31 March 2018, there was no contingent shares granted and not released (31 March 2017: Nil).

As at 31 March 2018, the number of restricted shares granted and released but not vested was 1,230,053 (31 March 2017: 1,063,615) for KT&T RSP.

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

As at 31 March 2018, the number of contingent shares granted and not released was 500,000 (31 March 2017: 510,000) 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 750,000 ordinary shares of the Company for KT&T PSP.

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

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

Contingent awards:

Date of Grant	Number of Shares					
	At 1.1.18	Contingent shares granted	Adjustment upon release	Released	Cancelled	At 31.3.18
<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
	740,000	-	(240,000)	-	-	500,000

Awards released but not vested:

Date of Grant	Number of Shares				
	At 1.1.18	Released	Vested	Cancelled	At 31.3.18
<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)	-	891,838
	941,315	1,337,715	(1,046,277)	(2,700)	1,230,053

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 2017, except as disclosed in paragraph 5.

5. CHANGES IN ACCOUNTING POLICIES

Singapore-incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework identical to the IFRS, Singapore Financial Reporting Standards (International) (SFRS(I)s), for annual periods beginning on or after 1 January 2018.

The Group has adopted SFRS(I)s on 1 January 2018 and has prepared its first set of financial information under SFRS(I) for the quarter ended 31 March 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)s, and amendments and interpretations of SFRS(I)s 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
- SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration

The adoption of these amendments 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 set 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.

Foreign currency translation account and revenue reserve as at 31 December 2017 was increased/reduced by \$16,449,000 respectively as the translation losses that arose before the date of transition to SFRS(I) were excluded from the gains on disposal in the prior year.

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 receivables 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.

d) Comparatives

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

Group Profit and Loss Account and Consolidated Statement of Comprehensive Income	First Quarter 2017	
	Reported under SFRS \$'000	Restated under SFRS(I) \$'000
Share of results of associated companies and joint ventures (net of tax)	16,896	16,588
Profit for the period	11,925	11,617
<u>Attributable to:</u>		
Shareholders of the Company	11,572	11,264
Non-controlling interests	353	353
	11,925	11,617
Earnings per share		
- basic	2.1 cts	2.0 cts
- diluted	2.1 cts	2.0 cts
Total comprehensive income for the period	8,859	8,551
<u>Attributable to:</u>		
Shareholders of the Company	9,225	8,917
Non-controlling interests	(366)	(366)
	8,859	8,551

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

	GROUP		
	First Quarter		
	2018	2017	+/(-)%
Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders of the Company:-		(Restated)	
(i) Based on the weighted average number of shares (cents)	1.7	2.0	(15.0)
- Weighted average number of shares ('000)	558,756	557,719	0.2
(ii) On a fully diluted basis (cents)	1.7	2.0	(15.0)
- Adjusted weighted average number of shares ('000)	560,074	559,357	0.1

7. NET ASSET VALUE

	GROUP			COMPANY		
	31.3.2018	31.12.2017	+/(-)%	31.3.2018	31.12.2017	+/(-)%
		(Restated)				
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (\$)	1.53	1.52	0.7	0.53	0.53	-

8. REVIEW OF GROUP PERFORMANCE

Group revenue of \$42.8 million in the first quarter 2018 increased by \$2.1 million due to higher revenue from Data Centre Division, partly offset by lower revenue from Logistics Division.

Operating loss was \$3.4 million compared to \$1.7 million in the corresponding quarter in 2017 due mainly to higher overheads and manpower employed to support new developments in the Logistics and Data Centre Divisions.

Profit before taxation at \$10.1 million, decreased by 18% due to operating loss and lower share of profits from associated companies.

After taking into account lower taxation expense and non-controlling interests, the Group's net profit attributable to shareholders decreased by 16% to \$9.4 million.

9. VARIANCE FROM FORECAST STATEMENT

No forecast for the first quarter ended 31 March 2018 was previously provided.

10. PROSPECTS

The Logistics Division has increased its stake in UrbanFox from 59.6% to 85%, to capture growth in the e-commerce market. During the quarter, UrbanFox gained traction with new account wins in channel management and last-mile deliveries. For expansion in the region, UrbanFox has partnered with SmartOSC, a leading e-commerce agency, to jointly promote their end-to-end e-commerce services to retailers across Southeast Asia. Meanwhile, cost optimisation efforts to improve margins, and the strategic review of its China logistics portfolio are ongoing.

The Data Centre Division is making good progress in phase 2 fit-out of Keppel DC Singapore 4, targeting to complete by second quarter of 2018. To date, it has secured a healthy occupancy rate and a pipeline of interests from key customers. In addition, efforts are intensified to pursue new asset development and acquisition opportunities to expand into new markets.

The Group will continue to seek opportunities in strategic investments and divestments, while building up capabilities to enhance the resilience of its businesses.

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 31 March 2018 (31 March 2017: Nil).

For the financial year ended 31 December 2017, the Directors have recommended a final dividend of 3.5 cents per share tax exempt one-tier for approval by shareholders at the Annual General Meeting to be held on 18 April 2018. If approved, the dividend will be paid on 9 May 2018.

13. SEGMENT ANALYSIS

First Quarter ended 31 March 2018 By business segments

	Logistics \$'000	Data Centre \$'000	Investments \$'000	Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	34,057	8,752	-	-	42,809
Inter-segment sales	41	-	-	(41)	-
Total	34,098	8,752	-	(41)	42,809
<u>Segment results</u>					
Operating (loss)/profit	(1,259)	729	(2,897)	-	(3,427)
Interest income	64	56	720	(702)	138
Interest expense	(775)	(1,780)	(702)	702	(2,555)
Share of results of associated companies and joint ventures	(249)	8,835	7,407	-	15,993
(Loss)/profit before taxation	(2,219)	7,840	4,528	-	10,149
Taxation	(505)	(126)	13	-	(618)
(Loss)/profit for the period	(2,724)	7,714	4,541	-	9,531
<u>Attributable to:</u>					
Shareholders of the Company	(2,457)	7,367	4,520	-	9,430
Non-controlling interests	(267)	347	21	-	101
	(2,724)	7,714	4,541	-	9,531
<u>Other Information</u>					
Segment assets	573,494	797,487	560,706	(335,356)	1,596,331
Segment liabilities	(310,444)	(420,532)	(227,311)	335,356	(622,931)
Net assets	263,050	376,955	333,395	-	973,400
<u>Investment in associated companies and joint ventures</u>					
	26,737	514,656	282,642	-	824,035
Additions to non-current assets	5,539	46	5	-	5,590
Depreciation and amortisation	5,067	297	24	-	5,388

By geographical information

	Singapore \$'000	China \$'000	ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
External sales	22,760	11,816	4,661	3,572	42,809
Non-current assets	825,715	259,042	47,588	149,545	1,281,890

Information about major customers

For the first quarter ended 31 March 2018, revenue of \$7,705,000 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)

First Quarter ended 31 March 2017
By business segments

	Logistics \$'000	Data Centre \$'000	Investments \$'000	Eliminations \$'000	Consolidated Total \$'000 (Restated)
<u>Revenue</u>					
External sales	34,807	5,909	-	-	40,716
Inter-segment sales	25	-	-	(25)	-
Total	<u>34,832</u>	<u>5,909</u>	<u>-</u>	<u>(25)</u>	<u>40,716</u>
<u>Segment results</u>					
Operating profit/(loss)	1,405	(145)	(2,933)	-	(1,673)
Interest income	140	241	692	(614)	459
Interest expense	(915)	(1,924)	(777)	614	(3,002)
Share of results of associated companies and joint ventures	(148)	8,380	8,356	-	16,588
Profit before taxation	482	6,552	5,338	-	12,372
Taxation	(753)	12	(14)	-	(755)
(Loss)/profit for the period	<u>(271)</u>	<u>6,564</u>	<u>5,324</u>	<u>-</u>	<u>11,617</u>
Attributable to:					
Shareholders of the Company	(575)	6,533	5,306	-	11,264
Non-controlling interests	304	31	18	-	353
	<u>(271)</u>	<u>6,564</u>	<u>5,324</u>	<u>-</u>	<u>11,617</u>
<u>Other Information</u>					
Segment assets	576,389	848,388	503,132	(311,165)	1,616,744
Segment liabilities	(284,576)	(472,985)	(242,027)	311,165	(688,423)
Net assets	<u>291,813</u>	<u>375,403</u>	<u>261,105</u>	<u>-</u>	<u>928,321</u>
Investment in associated companies and joint ventures	27,240	423,233	269,391	-	719,864
Additions to non-current assets	12,583	46,873	26	-	59,482
Depreciation and amortisation	5,070	71	9	-	5,150

By geographical information

	Singapore \$'000	China \$'000	ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
External sales	19,479	13,622	4,235	3,380	40,716
Non-current assets	917,625	236,861	45,608	106,315	1,306,409

Information about major customers

For the first quarter ended 31 March 2017, revenue of \$5,075,000 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)

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 first quarter ended 31 March 2018 and 31 March 2017.

14. REVIEW OF SEGMENT PERFORMANCE

Logistics Division's revenue of \$34.1 million decreased by \$0.7 million compared to the same period last year due mainly to lower container throughput from China operations, partly offset by higher revenue from warehousing and channel management in Southeast Asia. Operating loss was \$1.3 million due mainly to higher overheads incurred on the development of new channel management business. Share of loss from associated companies was \$0.2 million. After taking into account taxation and non-controlling interests, net loss attributable to shareholders was \$2.5 million.

Data Centre Division's revenue of \$8.8 million increased by \$2.8 million compared to the same period last year due mainly to higher facility management fee and project management fee income. Operating profit at \$0.7 million, increased by \$0.8 million compared to \$0.1 million loss in the same period last year. Share of profits from associated companies increased by \$0.5 million to \$8.8 million. Net profit attributable to shareholders of \$7.4 million increased by \$0.8 million compared to same period last year after taking into account taxation and non-controlling interests.

Investments Division's profit before taxation of \$4.5 million decreased by \$0.8 million compared to the same period last year due mainly to lower contribution from associated companies, partly offset by lower net interest expense. Consequently, net profit attributable to shareholders was lower at \$4.5 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 19 April 2017. 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 3 Months \$'000	2017 3 Months \$'000	2018 3 Months \$'000	2017 3 Months \$'000
<u>General Transactions</u>				
Keppel Corporation Limited Group	94	94	155	8,851
Singapore Telecommunications Limited Group	-	-	182	116
Singapore Technologies Engineering Group	-	-	99	99
Singapore Power Limited Group	-	-	-	801
<u>Treasury Transactions</u>				
Keppel Corporation Limited Group - Deposits outstanding at period-end	-	-	46,550	93,961
- Interest income / Interest expense and related charges / Foreign exchange transactions	-	-	209	48,012
<u>Management Services</u>				
Keppel Corporation Limited Group	-	-	1,180	3,256
	94	94	48,375	155,096

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
17 April 2018

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 first quarter 2018 financial statements to be false or misleading in any material respect.

On behalf of the board of directors



LOH CHIN HUA
Chairman

Singapore, 17 April 2018



NEO BOON SIONG
Director