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KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017

24 January 2018

The Directors of Keppel Telecommunications & Transportation Ltd advise the following results of the Company and of the Group for the fourth quarter and financial year ended 31 December 2017.

These figures have not been audited.

4Q & FY2017 RESULTS HIGHLIGHTS

Keppel T&T's 4Q 2017 net profit grows to S\$17.1m from S\$3.1m a year ago

Keppel T&T reported a net profit of S\$17.1 million for 4Q 2017, up from S\$3.1 million for 4Q 2016. The increase was due mainly to fair value gains from reclassification of an associated company to other investments and the disposal of an associated company. These were partly offset by lower contributions from the Logistics Division and Keppel DC Singapore 3 Pte. Ltd. (KDC SGP 3), of which a 90% stake was divested to Keppel DC REIT in January 2017.

On a full year basis, the net profit of S\$51.8 million was lower compared to the S\$105.1 million reported for FY2016, largely due to one-off gains of S\$56.7 million in the prior year pertaining mainly to the partial disposal of Keppel DC REIT Management Pte. Ltd. (Keppel DC REIT Management).

While revenue decreased by 12% year on year (YoY) to S\$43.7 million for 4Q 2017, and 9% YoY to S\$177.0 million for FY2017, Keppel T&T's share of profits from associated companies and joint ventures grew by 16% YoY to S\$11.1 million for 4Q 2017 and 7% YoY to S\$65.5 million for FY2017. This was due mainly to the contributions from KDC SGP 3 and Keppel DC REIT Management which were reclassified to associates in the Data Centre Division, following the partial disposal of stakes in January 2017 and July 2016 respectively.

Mr Thomas Pang (冯廷辉), CEO of Keppel T&T, said, "Keppel T&T is evolving to better meet the fast changing needs of our customers in the logistics and data centre industries. As we sharpen our core capabilities, we are also adapting our business model and optimising operations to meet the challenges and ride the digitalisation wave.

“Our collaboration with the US\$1 billion Alpha Data Centre Fund for instance, will enable us to seize more opportunities in the development, operations and maintenance, and management of data centre assets. This will help to grow our bottom line and sources of recurring income over the long term.”

Earnings per share for 4Q 2017 and FY2017 were 3.1 cents and 9.3 cents respectively, compared to 0.6 cents and 18.9 cents for 4Q 2016 and FY2016.

Keppel T&T’s net asset value per ordinary share increased to S\$1.50 per share as at 31 December 2017, compared to S\$1.43 per share as at 31 December 2016.

Net gearing was lower at 0.38x as at end-2017, compared to 0.53x at end-2016. Cash and cash equivalents amounted to S\$96 million at end-2017, compared to S\$127 million at end-2016.

The Directors of Keppel T&T have declared a tax exempt one-tier dividend of 3.5 cents per share to be paid to shareholders on 9 May 2018.

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



KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD

(Co Reg No: 196500115G)

(Incorporated in the Republic of Singapore)

FULL YEAR 2017 FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

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Full Year 2017 Financial Statements and Dividend Announcement

1. UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 2017.

1(a) GROUP PROFIT AND LOSS ACCOUNT for the fourth quarter and financial year ended 31 December 2017

	Fourth Quarter			Full Year		
	2017 \$'000	2016 \$'000	+ / (-) %	2017 \$'000	2016 \$'000	+ / (-) %
REVENUE	43,684	49,680	(12.1)	176,988	194,622	(9.1)
Operating expenses	(48,538)	(49,098)	(1.1)	(183,403)	(179,175)	2.4
Other income	17,683	686	>500.0	23,163	64,726	(64.2)
OPERATING PROFIT	12,829	1,268	>500.0	16,748	80,173	(79.1)
Interest income	73	565	(87.1)	1,120	1,726	(35.1)
Interest expense	(2,683)	(3,050)	(12.0)	(11,493)	(12,696)	(9.5)
Share of results of associated companies and joint ventures	11,103	9,537	16.4	65,470	61,080	7.2
PROFIT BEFORE TAXATION	21,322	8,320	156.3	71,845	130,283	(44.9)
Taxation	(3,538)	(3,355)	5.5	(15,928)	(16,960)	(6.1)
PROFIT FOR THE PERIOD	17,784	4,965	258.2	55,917	113,323	(50.7)
Attributable to:						
Shareholders of the Company	17,142	3,081	456.4	51,784	105,080	(50.7)
Non-controlling interests	642	1,884	(65.9)	4,133	8,243	(49.9)
	17,784	4,965	258.2	55,917	113,323	(50.7)
Earnings per share						
- basic	3.1 cts	0.6 cts	416.7	9.3 cts	18.9 cts	(50.8)
- diluted	3.1 cts	0.6 cts	416.7	9.3 cts	18.8 cts	(50.5)

1(a) GROUP PROFIT AND LOSS ACCOUNT (cont'd)
for the fourth quarter and financial year ended 31 December 2017

Notes to Group Profit and Loss Account

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

	<u>Fourth Quarter</u>			<u>Full Year</u>		
	2017 \$'000	2016 \$'000	+ /(-) %	2017 \$'000	2016 \$'000	+ /(-) %
Purchase of goods and services ^(a)	13,235	13,988	(5.4)	51,589	48,217	7.0
Staff costs ^(b)	15,724	17,194	(8.5)	57,857	59,886	(3.4)
Share-based payment expenses	717	377	90.2	2,562	2,046	25.2
Depreciation of fixed assets ^(c)	5,287	5,338	(1.0)	20,739	18,497	12.1
Equipment rental and facilities expenses ^(d)	10,070	8,450	19.2	39,698	37,838	4.9
Other operating expenses	<u>3,505</u>	<u>3,751</u>	(6.6)	<u>10,958</u>	<u>12,691</u>	(13.7)
Operating expenses	<u>48,538</u>	<u>49,098</u>	(1.1)	<u>183,403</u>	<u>179,175</u>	2.4
Other income ^(e)	<u>17,683</u>	<u>686</u>	>500.0	<u>23,163</u>	<u>64,726</u>	(64.2)

Notes:

- (a) Purchase of goods and services increased for the year due mainly to higher transportation costs, contract labour and subcontract costs in the Logistics Division.
- (b) Staff costs decreased due mainly to lower direct staff costs from logistics operations in 2017 and subsidiaries disposed.
- (c) Depreciation for the year increased due mainly to additional depreciation charges from logistics facilities and a new facility in the Data Centre Division.
- (d) Equipment rental and facilities expenses increased due mainly to higher equipment maintenance costs in the Data Centre Division.
- (e) Other income for the quarter of \$17.7 million increased due mainly to gain on disposal of an associated company and fair value gain on other investments. For the full year 2017, other income decreased due largely to reduced one-off gains, mainly lower gain on disposal of subsidiaries, absence of adjustment to gain on disposal of data centres, partly offset by absence of impairment loss on fixed assets.

**1(a) GROUP PROFIT AND LOSS ACCOUNT (cont'd)
for the fourth quarter and financial year ended 31 December 2017**

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

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

	Fourth Quarter			Full Year		
	2017 \$'000	2016 \$'000	+ /(-) %	2017 \$'000	2016 \$'000	+ /(-) %
(Gain)/loss on disposal of fixed assets	(5)	40	nm	(5)	(247)	(98.0)
Gain on disposal of subsidiaries ^(a)	-	-	nm	(3,537)	(55,805)	(93.7)
Gain on disposal of an associated company ^(b)	(701)	-	nm	(701)	-	nm
Adjustment to gain on disposal of data centres ^(c)	-	-	nm	-	(26,963)	nm
Provision for doubtful debts	193	210	(8.1)	178	198	(10.1)
Bad debts recovered	-	-	nm	(62)	-	nm
Impairment loss on fixed assets ^(d)	-	-	nm	-	26,972	nm
Fair value gain on investment properties ^(e)	(377)	(4,045)	(90.7)	(377)	(4,045)	(90.7)
Fair value gain on other investments ^(f)	(16,165)	-	nm	(16,165)	-	nm
Amortisation of intangible assets	222	201	10.4	849	201	322.4
Foreign exchange (gain)/loss	(94)	400	nm	(554)	54	nm

Notes:

- Gain on disposal of subsidiaries in 2017 arose due mainly to the transfer of issued share capital of Keppel DC Singapore 4 Pte. Ltd. ("KDCS4") to Thorium DC Pte. Ltd. and the sale of Keppel DC Singapore 3 Pte. Ltd. In 2016, gain on disposal of a subsidiary was attributable to the disposal of 50% interest and fair value gain on the 50% retained interest in Keppel DC REIT Management Pte. Ltd.
- Gain on disposal of an associated company was attributed to disposal of the entire interest in Trans-ware Logistics (Private) Limited in the Logistics Division.
- In 2016, the adjustment to gain on disposal of data centres was made to increase sale proceeds due to revised assessments on property taxes received subsequent to the sale of Keppel DC Singapore 1 Ltd. and Keppel DC Singapore 2 Pte. Ltd. to Keppel DC REIT in December 2014.
- In 2016, impairment loss on fixed assets was made on certain buildings owned by the Logistics Division in China.
- Fair value gain on investment properties in 2017 was attributed to fair value gain of a data centre.
- Fair value gain on other investments was due to the reclassification of an associated company to other investments recorded at fair value at 31 December 2017.

(iii) Taxation during 4Q 2017 included over-provision of taxation which amounted to \$2,658,000 in respect of prior years (4Q 2016: over-provision of \$345,000).

nm – not meaningful

1(b) **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
for the fourth quarter and financial year ended 31 December 2017

	Fourth Quarter			Full Year		
	2017 \$'000	2016 \$'000	+ / (-) %	2017 \$'000	2016 \$'000	+ / (-) %
Profit for the period	17,784	4,965	258.2	55,917	113,323	(50.7)
<u>Items that may be reclassified</u> <u>subsequently to profit and loss</u> <u>account:</u>						
Available-for-sale financial assets						
- Fair value changes	1,725	(518)	nm	1,801	(5,314)	nm
Cash flow hedge						
- Fair value changes	110	(63)	nm	(142)	(1,132)	(87.5)
- Realised and transferred to profit and loss account	(8)	176	nm	477	530	(10.0)
Foreign currency translation						
- Exchange differences arising on consolidation	(1,400)	3,578	nm	(2,845)	(7,181)	(60.4)
Share of other comprehensive income of associated companies						
- Cash flow hedge	814	943	(13.7)	(474)	(945)	(49.8)
- Available-for-sale financial assets	43	-	nm	20	-	nm
- Foreign currency translation	6,025	7,210	(16.4)	9,449	(1,826)	nm
Other comprehensive income for the period, net of tax	7,309	11,326	(35.5)	8,286	(15,868)	nm
Total comprehensive income for the period	25,093	16,291	54.0	64,203	97,455	(34.1)
Attributable to:						
Shareholders of the Company	24,816	13,538	83.3	60,754	91,610	(33.7)
Non-controlling interests	277	2,753	(89.9)	3,449	5,845	(41.0)
	25,093	16,291	54.0	64,203	97,455	(34.1)

nm – not meaningful

1(c)(i) **BALANCE SHEETS as at 31 December 2017**

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Share capital	81,489	79,867	81,489	79,867
Reserves	753,217	716,797	211,711	155,576
Share capital and reserves	834,706	796,664	293,200	235,443
Non-controlling interests	113,499	111,363	-	-
Total equity	948,205	908,027	293,200	235,443
Represented by:				
<u>Non-current assets</u>				
Fixed assets	373,283	367,731	-	-
Investment properties	74,586	183,902	-	-
Investments				
Subsidiaries	-	-	136,164	138,141
Associated companies and joint ventures	808,298	682,248	27,951	27,951
Others	6,252	4,661	-	-
Intangibles	1,964	2,209	-	-
Long-term receivables	-	-	148,548	51,723
	1,264,383	1,240,751	312,663	217,815
<u>Current assets</u>				
Stocks	680	669	-	-
Debtors	70,127	60,090	1,442	80
Amounts owing by holding and related companies	725	324	39,928	115,835
Amounts owing by associated companies	62,006	29,317	-	-
Fixed deposits	44,746	54,028	8,056	28,247
Bank balances and cash	51,282	48,922	279	226
	229,566	193,350	49,705	144,388
Assets classified as held for sale (Note 1(c)(iv))	43,250	288,765	43,250	6,621
	272,816	482,115	92,955	151,009
<u>Current liabilities</u>				
Creditors	88,895	138,388	2,766	3,707
Amounts owing to holding and related companies	683	836	9,599	9,630
Amounts owing to associated companies	13,416	5,407	-	-
Short-term borrowings	115,423	72,762	-	-
Taxation	4,568	4,896	51	42
	222,985	222,289	12,416	13,379
Liabilities directly associated with assets classified as held for sale (Note 1(c)(iv))	-	115,002	-	-
	222,985	337,291	12,416	13,379
Net current assets	49,831	144,824	80,539	137,630
<u>Non-current liabilities</u>				
Long-term borrowings	341,964	456,003	100,000	120,000
Deferred taxation	11,642	9,980	2	2
Other non-current liabilities	12,403	11,565	-	-
	366,009	477,548	100,002	120,002
Net assets	948,205	908,027	293,200	235,443
<i>Group net debt</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>0.53x</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 31.12.2017		As at 31.12.2016	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
2,657	112,766	9,758	143,004

Amount repayable after one year

As at 31.12.2017		As at 31.12.2016	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
5,543	336,421	55,770	400,233

The Group funds its operations from internal sources, banks and related companies. On 14 August 2017, the Group redeemed and cancelled all its S\$120 million Fixed Rate Note due 2019 drawn down on 13 August 2012, issued under the S\$500 million Medium Term Note ("MTN") Programme established on 29 June 2012. Subsequently on 5 September 2017, the Group issued S\$100 million 2.85% Fixed Rate Note due 2024 from the same MTN programme. As at 31 December 2016, unsecured borrowings repayable in one year or less include \$80 million of borrowings classified as liabilities directly associated with assets classified as held for sale.

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 \$56,357,000 (31 December 2016: \$125,571,000) to banks for loan facilities.

1(c)(iii) BALANCE SHEET ANALYSIS

Group shareholders' funds increased by \$38.0 million to \$834.7 million as at 31 December 2017 mainly attributable to retained profits for the year, fair value gain on other investments and foreign currency translation gain.

Group total assets of \$1,537.2 million as at 31 December 2017 were \$185.7 million lower compared to the previous year end. Fixed assets increased by \$5.6 million due mainly to construction of logistics warehouse, partly offset by depreciation charges. Investment properties decreased by \$109.3 million due largely to the transfer of issued share capital of Keppel DC Singapore 4 Pte. Ltd. to Thorium DC Pte. Ltd., a joint venture company with Alpha DC Fund. Associated companies and joint ventures increased by \$126.1 million due mainly to equity accounting for the share of profits, recognition of an associated company for the 10% retained interest and a capital injection in Keppel DC Singapore 3 LLP, subscription of a 30% interest in Thorium DC Pte. Ltd., capital call by Alpha DC Fund and subscription of shares in a start-up company, Nautilus Data Technologies, partly offset by dividends received and reclassification of an associated company to other investments. Current assets decreased by \$209.3 million to \$272.8 million due mainly to disposal of a subsidiary, Keppel DC Singapore 3 Pte. Ltd., which was classified as assets held for sale in 2016, partly offset by increase in debtors and amounts owing by associated companies. Amounts owing by associated companies increased by \$32.7 million due mainly to advance to an associate. Assets classified as held for sale of \$43.3 million was related to other investments classified as asset held for sale as at 31 December 2017.

Group total liabilities of \$589.0 million as at 31 December 2017 decreased by \$225.8 million due mainly to lower creditors and reduction in liabilities directly associated with assets held for sale upon disposal of Keppel DC Singapore 3 Pte. Ltd., partly offset by increase in amount due to an associated company. Group total borrowings were lower at \$457.4 million compared to \$528.8 million as at the previous year end.

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

The Company entered into negotiations in 2016 with potential buyers for the sale of the Company's shareholdings in Asia Airfreight Terminal ("AAT"), an associated company of the Company. On 17 March 2017, the Company entered into a conditional sales and purchase agreement for the sale of the Company's entire shareholding in AAT. The investment in the associated company was reclassified to other investments as at 31 December 2017 due to loss of significant influence. The transaction was not completed as at 31 December 2017.

On 17 October 2016, Keppel Data Centres Holding Pte. Ltd. ("KDCH"), a subsidiary of the Company, entered into a conditional sale and purchase agreement for the sale of 90% of KDCH's shareholdings in a wholly-owned subsidiary, Keppel DC Singapore 3 Pte. Ltd. ("KDCS3") (formerly known as Keppel Datahub 2 Pte. Ltd.), to Keppel DC REIT. On 20 January 2017, the sale was completed.

In accordance with FRS 105 – Non-current Assets Held for Sale and Discontinued Operations, the Group's carrying amount in its other investments and the assets and liabilities of its subsidiaries have been presented separately as "assets classified as held for sale" and "liabilities directly associated with assets classified as held for sale" in the Group's consolidated balance sheet, as follows:

	31.12.2017	31.12.2016
	\$'000	\$'000
<u>Assets classified as held for sale</u>		
Fixed assets	-	130
Investment properties	-	225,000
Associated companies and joint ventures	-	24,141
Other investments	43,250	-
Debtors	-	15,917
Amounts owing by holding and related companies	-	11
Fixed deposits	-	21,623
Bank balances and cash	-	1,943
	<u>43,250</u>	<u>288,765</u>
<u>Liabilities directly associated with assets classified as held for sale</u>		
Creditors	-	26,122
Short-term borrowings	-	80,000
Taxation	-	2,828
Deferred taxation	-	6,052
	<u>-</u>	<u>115,002</u>

**1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS
for the fourth quarter and financial year ended 31 December 2017**

	Fourth Quarter		Full Year	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating profit	12,829	1,268	16,748	80,173
Adjustments:				
Depreciation of fixed assets	5,287	5,338	20,739	18,497
Amortisation of intangible assets	222	201	849	201
Share-based payment expenses	717	377	2,562	2,046
(Gain)/loss on disposal of fixed assets	(5)	40	(5)	(247)
Gain on disposal of subsidiaries and an associated company	(701)	-	(4,238)	(55,805)
Adjustment to gain on disposal of data centres	-	-	-	(26,963)
Distributions received from other investments	(6)	(18)	(6)	(405)
(Gain)/loss on dilution of interest in associated companies	(346)	43	(346)	(33)
Impairment loss on fixed assets	-	-	-	26,972
Fair value gain on other investments	(16,165)	-	(16,165)	-
Fair value gain on investment properties	(377)	(4,045)	(377)	(4,045)
Operating cash flows before changes in working capital	1,455	3,204	19,761	40,391
Working capital changes:				
Stocks	(19)	5	(11)	(38)
Debtors	(783)	(3,447)	(12,305)	(11,937)
Creditors	(2,777)	9,384	(4,509)	24,075
Amount due to/from associated companies	2,171	3,333	6,800	(3,556)
Cash flows from operations	47	12,479	9,736	48,935
Interest received	271	495	1,115	1,575
Interest paid	(2,453)	(2,888)	(12,770)	(13,745)
Income taxes paid	(50)	(934)	(3,459)	(10,013)
Proceeds from tax losses transferred under group relief system	(9)	2,007	(9)	2,007
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(2,194)	11,159	(5,387)	28,759
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of a subsidiary (Note A)	-	(728)	-	(728)
Adjustment to gain on disposal of data centres	-	5,938	-	5,938
Investment in associated companies	-	(111,083)	(107,706)	(111,083)
Capital reduction in an associated company	-	-	813	-
Addition to fixed assets	(8,346)	(23,077)	(29,918)	(51,647)
Addition to investment properties	(1,432)	(31,209)	(107,975)	(64,846)
Addition to intangible assets	(336)	-	(525)	-
Proceeds from disposal of subsidiaries (Note B)	-	-	302,705	35,031
Proceeds from disposal of an associated company	1,323	-	1,323	-
Proceeds from disposal of fixed assets	5	586	488	903
Partial repayment of shareholders loan from an associated company	-	-	4,191	-
Shareholders loan and advances to associated companies	-	(27,707)	(35,010)	(27,707)
Distributions received from other investments	6	18	6	405
Dividends received from associated companies	685	-	46,926	47,708
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	(8,095)	(187,262)	75,318	(166,026)

1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
for the fourth quarter and financial year ended 31 December 2017

	<u>Fourth Quarter</u>		<u>Full Year</u>	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from share issues	-	36	-	36
Proceeds from short-term loans	41,084	159,981	183,175	165,137
Repayment of short-term loans	(75,500)	(24,215)	(137,575)	(29,503)
Proceeds from long-term loans	115,279	21,860	222,847	34,003
Repayment of long-term loans	(112,932)	(26,789)	(341,780)	(75,836)
Repayment of lease liabilities	(54)	(54)	(216)	(216)
Contribution from non-controlling shareholder of a subsidiary	-	-	-	4,356
Dividends paid to shareholders of the Company	-	-	(25,113)	(19,495)
Dividends paid to non-controlling shareholders of subsidiaries	(209)	(211)	(1,219)	(1,317)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(32,332)	130,608	(99,881)	77,165
NET DECREASE IN CASH AND CASH EQUIVALENTS				
Cash and cash equivalents as at beginning of period	138,157	170,857	126,516	188,507
Effect of exchange rate changes on cash and cash equivalents	492	1,154	(538)	(1,889)
Cash and cash equivalents as at 31 December (Note C)	<u>96,028</u>	<u>126,516</u>	<u>96,028</u>	<u>126,516</u>

Notes to Consolidated Statement of Cash Flows

A. Acquisition of a subsidiary

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

	<u>Fourth Quarter</u>		<u>Full Year</u>	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Fixed assets	-	72	-	72
Intangibles	-	2,410	-	2,410
Trade debtors	-	240	-	240
Other debtors	-	103	-	103
Bank balances and cash	-	30	-	30
Creditors	-	(1,348)	-	(1,348)
Bank borrowings	-	(235)	-	(235)
Total identifiable net assets at fair value	-	1,272	-	1,272
Non-controlling interests measured at non-controlling interests' proportionate share of net identifiable assets	-	(514)	-	(514)
Purchase consideration	-	758	-	758
Less: Bank balances and cash acquired	-	(30)	-	(30)
Cash outflow on acquisition	<u>-</u>	<u>728</u>	<u>-</u>	<u>728</u>

1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
for the fourth quarter and financial year ended 31 December 2017

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

B. Disposal of subsidiaries

The assets and liabilities of subsidiaries disposed were as follows:

	Fourth Quarter		Full Year	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Fixed assets	-	-	266	40
Investment properties	-	-	405,604	-
Associated companies and joint ventures	-	-	-	133
Intangibles	-	-	-	16,757
Debtors	-	-	16,927	171
Amounts owing by a related company	-	-	40	-
Amounts owing by an associated company	-	-	-	3,034
Bank balances and cash	-	-	13,894	2,821
Creditors	-	-	(29,826)	(1,706)
Bank borrowings	-	-	(80,000)	-
Taxation	-	-	(8,881)	(797)
	-	-	318,024	20,453
Amount accounted for as amount owing from associated company	-	-	(270,000)	(406)
Net assets disposed	-	-	48,024	20,047
Net assets disposed attributable to retained interest	-	-	(4,962)	(10,024)
Net assets disposed attributable to interest disposed	-	-	43,062	10,023
Assignment of amount owing from associated company to purchaser	-	-	270,000	-
Net gain on disposal	-	-	3,537	55,805
Fair value gain on retained interest	-	-	-	(27,976)
Transaction costs	-	-	250	148
Sale proceeds	-	-	316,849	38,000
Less: Bank balances and cash disposed	-	-	(13,894)	(2,821)
Less: Transaction costs	-	-	(250)	(148)
Cash inflow on disposal	-	-	302,705	35,031

1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
for the fourth quarter and financial year ended 31 December 2017

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

C. Cash and cash equivalents

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

	<u>Fourth Quarter</u>		<u>Full Year</u>	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Fixed deposits	44,746	54,028	44,746	54,028
Bank balances and cash	51,282	48,922	51,282	48,922
	<u>96,028</u>	<u>102,950</u>	<u>96,028</u>	<u>102,950</u>
Fixed deposits classified as held for sale (Note 1(c)(iv))	-	21,623	-	21,623
Bank balances and cash classified as held for sale (Note 1(c)(iv))	-	1,943	-	1,943
	<u>96,028</u>	<u>126,516</u>	<u>96,028</u>	<u>126,516</u>

1(d)(ii) CASH FLOW ANALYSIS

Fourth Quarter

Net cash used in operating activities for the quarter was \$2.2 million compared to net cash from operating activities of \$11.2 million in the corresponding quarter last year. This was due mainly to lower cash flow from operations after taking into account cash outflows from working capital changes and net interest paid during the quarter.

Net cash used in investing activities for the quarter of \$8.1 million was due mainly to capital expenditure on construction of warehouses and fit-out of a data centre, partly offset by proceeds from disposal of an associated company.

Net cash used in financing activities for the quarter of \$32.3 million was due mainly to repayment of loans.

Full Year

Net cash used in operating activities was \$5.4 million compared to \$28.8 million net cash from operating activities for the corresponding period last year. This was due mainly to lower cash flow from operations after working capital changes, offset by interest and income taxes paid during the year.

Net cash from investing activities of \$75.3 million was due mainly to proceeds from disposal of subsidiaries, dividends received from associated companies and partial repayment of shareholders loan from an associated company, partly offset by investment in associated companies, advances to an associated company and capital expenditure on construction of warehouses and fit-out of data centres.

Net cash used in financing activities of \$99.9 million was due mainly to 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 2017

	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 1 January 2017	79,867	36,015	700,223	(19,441)	796,664	111,363	908,027
Total comprehensive income for the year							
Profit for the year	-	-	51,784	-	51,784	4,133	55,917
Other comprehensive income for the year *	-	1,682	-	7,288	8,970	(684)	8,286
Total comprehensive income for the year	-	1,682	51,784	7,288	60,754	3,449	64,203
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	726,621	(12,153)	834,706	113,499	948,205

1(e)(i) STATEMENTS OF CHANGES IN EQUITY (cont'd)
for the financial year ended 31 December 2017

	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 1 January 2016	78,246	42,215	614,880	(12,832)	722,509	102,013	824,522
Total comprehensive income for the year							
Profit for the year	-	-	105,080	-	105,080	8,243	113,323
Other comprehensive income for the year *	-	(6,861)	-	(6,609)	(13,470)	(2,398)	(15,868)
Total comprehensive income for the year	-	(6,861)	105,080	(6,609)	91,610	5,845	97,455
Transactions with owners, recognised directly in equity							
<u>Contributions by and distributions to owners</u>							
Issue of shares	1,621	(1,585)	-	-	36	-	36
Cost of share-based payment	-	1,688	-	-	1,688	-	1,688
Transfer from revenue reserve to capital reserves	-	226	(226)	-	-	-	-
Dividend paid to non-controlling shareholders	-	-	-	-	-	(1,365)	(1,365)
Dividend paid for 2015	-	-	(19,495)	-	(19,495)	-	(19,495)
Total contributions by and distributions to owners	1,621	329	(19,721)	-	(17,771)	(1,365)	(19,136)
<u>Changes in ownership interests in subsidiaries</u>							
Acquisition of a subsidiary	-	-	-	-	-	514	514
Cash contributed by non-controlling shareholder	-	-	-	-	-	4,356	4,356
Total changes in ownership interests in subsidiaries	-	-	-	-	-	4,870	4,870
Total transactions with owners	1,621	329	(19,721)	-	(17,771)	3,505	(14,266)
Share of reserves of associated companies	-	332	(16)	-	316	-	316
Balance at 31 December 2016	79,867	36,015	700,223	(19,441)	796,664	111,363	908,027

* 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 2017

	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserve \$'000	Total Equity \$'000
<u>Company</u>				
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	<u>81,489</u>	<u>7,175</u>	<u>204,536</u>	<u>293,200</u>
Balance at 1 January 2016	78,246	6,374	95,236	179,856
Profit for the year, representing total comprehensive income for the year	-	-	73,358	73,358
<i>Transactions with owners, recognised directly in equity</i>				
Issue of shares	1,621	(1,585)	-	36
Cost of share-based payment	-	1,688	-	1,688
Dividend paid for 2015	-	-	(19,495)	(19,495)
Total transactions with owners	1,621	103	(19,495)	(17,771)
Balance at 31 December 2016	<u>79,867</u>	<u>6,477</u>	<u>149,099</u>	<u>235,443</u>

1(e)(ii) SHARE CAPITAL

Issued share capital and treasury shares

	<u>Number of shares</u>
Balance at 1 January 2017	557,025,168
Issue of shares under restricted share plan and performance share plan	<u>1,041,215</u>
Balance at 30 September 2017 and 31 December 2017	<u><u>558,066,383</u></u>

As at 31 December 2017, the number of ordinary shares in issue was 558,066,383 of which none were held by the Company as treasury shares (31 December 2016: 557,025,168 ordinary shares of which none were held as treasury shares).

Share Options

As at 31 December 2017, there were unexercised options for 250,000 (31 December 2016: 570,000) of unissued ordinary shares under the Company's Share Option Scheme.

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

As at 31 December 2017, there was no contingent shares granted and not released (31 December 2016: 1,142,500) for KT&T Restricted Share Plan ("KT&T RSP").

As at 31 December 2017, the number of restricted shares released but not vested was 941,315 (31 December 2016: 872,515) for KT&T RSP.

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

As at 31 December 2017, the number of contingent shares granted and not released was 740,000 (31 December 2016: 635,000) 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 1,110,000 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	<u>Number of Shares</u>					<u>At 31.12.17</u>
	<u>At 1.1.17</u>	<u>Contingent shares granted</u>	<u>Adjustment upon release</u>	<u>Released</u>	<u>Cancelled</u>	
<u>KT&T RSP</u>						
29.4.16	<u>1,142,500</u>	-	<u>(3,985)</u>	<u>(1,138,515)</u>	-	-
	<u><u>1,142,500</u></u>	<u>-</u>	<u><u>(3,985)</u></u>	<u><u>(1,138,515)</u></u>	<u>-</u>	<u>-</u>
<u>KT&T PSP</u>						
7.4.14	125,000	-	(31,200)	(93,800)	-	-
10.4.15	240,000	-	-	-	-	240,000
29.4.16	270,000	-	-	-	-	270,000
28.4.17	-	230,000	-	-	-	230,000
	<u><u>635,000</u></u>	<u><u>230,000</u></u>	<u><u>(31,200)</u></u>	<u><u>(93,800)</u></u>	<u>-</u>	<u><u>740,000</u></u>

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

Awards released but not vested:

Date of Grant	Number of Shares				
	At 1.1.17	Released	Vested	Cancelled	At 31.12.17
<u>KT&T RSP</u>					
7.4.14	262,415	-	(262,415)	-	-
10.4.15	610,100	-	(305,400)	(42,700)	262,000
29.4.16	-	1,138,515	(379,600)	(79,600)	679,315
	<u>872,515</u>	<u>1,138,515</u>	<u>(947,415)</u>	<u>(122,300)</u>	<u>941,315</u>
<u>KT&T PSP</u>					
7.4.14	-	93,800	(93,800)	-	-
	<u>-</u>	<u>93,800</u>	<u>(93,800)</u>	<u>-</u>	<u>-</u>

2. AUDIT

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

3. AUDITORS' REPORT

Not applicable.

4. ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited financial statements as at 31 December 2016, except as disclosed in paragraph 5.

5. CHANGES IN ACCOUNTING POLICIES

The Group has adopted all amendments to Financial Reporting Standards (FRS) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2017 as follows:

- Improvements to FRSs (December 2016)
Amendments to FRS 112 Disclosure of Interests in Other Entities
- Amendments to FRS 12 Income Taxes: Recognition Deferred Tax Assets for Unrealised Losses
- Amendments to FRS 7 Statement of Cash Flows: Disclosure Initiative

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

6. EARNINGS PER ORDINARY SHARE

	GROUP					
	Fourth Quarter			Full Year		
	2017	2016	+/(-)%	2017	2016	+/(-)%
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)	3.1	0.6	416.7	9.3	18.9	(50.8)
- Weighted average number of shares ('000)	557,980	556,922	0.2	557,980	556,922	0.2
(ii) On a fully diluted basis (cents)	3.1	0.6	416.7	9.3	18.8	(50.5)
- Adjusted weighted average number of shares ('000)	559,135	559,651	(0.1)	559,135	559,651	(0.1)

7. NET ASSET VALUE

	GROUP			COMPANY		
	2017	2016	+/(-)%	2017	2016	+/(-)%
Net asset value per ordinary share based on issued share capital at the end of the financial year (\$)	1.50	1.43	4.9	0.53	0.42	26.2

8. REVIEW OF GROUP PERFORMANCE

Fourth Quarter and Full Year

Group revenue in the fourth quarter and full year 2017 decreased by 12% and 9% to \$43.7 million and \$177.0 million respectively compared to the corresponding period in 2016 due mainly to lower warehousing revenue from the Logistics Division and absence of revenue due to the disposal of subsidiaries, Keppel DC Singapore 3 Pte. Ltd. and Keppel DC REIT Management Pte. Ltd. in January 2017 and July 2016 respectively.

Operating profit for the fourth quarter increased by \$11.6 million due largely to gain on disposal of an associated company and fair value gain on other investments, partly offset by weaker contribution from logistics operations and absence of profit from data centre due to subsidiary disposed. For the full year 2017, operating profit decreased by 79% to \$16.7 million due mainly to absence of contribution from subsidiaries disposed in the Data Centre Division, lower contribution from the Logistics Division and higher costs to support new developments. In the corresponding year of 2016, one-off gains amounted to \$55.8 million were recognised on the disposal of 50% interest in Keppel DC REIT Management Pte. Ltd. and adjustment for sale proceeds of data centres disposed, partly offset by impairment loss on fixed assets from the Logistics Division.

Profit before taxation for the fourth quarter increased by \$13.0 million to \$21.3 million due to higher profit at operating level and contribution from its associates. For the full year 2017, profit before taxation decreased by 45% to \$71.8 million due mainly to lower operating profit, partly offset by higher contribution from the associated companies. Share of contribution from associated companies increased by 7% in 2017 as compared to last year.

After taking into account taxation and non-controlling interests, the Group's net profit attributable to shareholders for the fourth quarter and full year 2017 was \$17.1 million and \$51.8 million respectively. Excluding the one-off gains, net profit attributable to shareholders for the fourth quarter and full year 2017 decreased by 87% and 33% to \$0.3 million and \$32.4 million respectively compared to the corresponding periods last year.

9. VARIANCE FROM FORECAST STATEMENT

No forecast for the financial year ended 31 December 2017 was previously provided.

10. PROSPECTS

The Logistics Division has launched UrbanFox - its integrated omnichannel solutions brand targeting the rising demand for e-commerce and urban logistics. Riding on Keppel Logistics' established 3PL capabilities and digital platforms, UrbanFox offers a full suite of services, from online marketplace to inventory management, and last-mile deliveries. The Division will invest to enhance UrbanFox's capabilities and expand its operations in Southeast Asia, where demand for e-commerce continues to register strong growth. At the same time, cost-cutting measures and strategic review of its China logistics portfolio are ongoing.

The Data Centre Division continued to secure new contracts for its data centre facilities. Keppel DC Singapore 4 has embarked on a second phase of fit-out, after securing commitment from its key customers. The Division has fostered partnership with the Singapore Internet Exchange to establish a peering platform at Keppel DC Singapore 1 to provide enhanced connectivity with reduced latency and lower operating costs. With the increase in Alpha DC Fund's combined and co-investment interest of up to \$1 billion, the Division's capital leverage is strengthened and this will fuel its growth and expansion in 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? Yes

Directors are pleased to recommend a final dividend of 3.5 cents per share tax exempt one-tier (2016: 4.5 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2017 for approval by shareholders at the next Annual General Meeting to be convened.

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	Final
Dividend Type	Cash
Dividend per share (cents)	4.5
Tax rate	Tax-exempt (one-tier)

(c) Date Payable

The proposed final dividend if approved at the Annual General Meeting, tentatively scheduled to be held on 18 April 2018, will be paid on 9 May 2018.

(d) Books Closure Date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 27 April 2018 at 5.00 p.m. for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares in the capital of the Company ("Shares") received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 27 April 2018 will be registered to determine shareholders' entitlement to the proposed final dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with Shares at 5.00 p.m. on 27 April 2018 will be entitled to the proposed final dividend.

(e) Total Annual Dividend

Total annual dividend amounted to:

	2017	2016
	\$'000	\$'000
Final dividend	<u>19,532</u>	<u>25,113</u>

* Estimated based on share capital of 558,066,383 ordinary shares as at 31 December 2017.

12. SEGMENT ANALYSIS

Financial year ended 31 December 2017

By business segments

	Logistics \$'000	Data Centre \$'000	Investments \$'000	Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	141,003	35,985	-	-	176,988
Inter-segment sales	164	-	-	(164)	-
Total	141,167	35,985	-	(164)	176,988
<u>Segment results</u>					
Operating profit/(loss)	20,297	8,563	(12,112)	-	16,748
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	(400)	26,616	39,254	-	65,470
Profit before taxation	16,776	28,220	26,849	-	71,845
Taxation	(2,435)	(5,103)	(8,390)	-	(15,928)
Profit for the year	14,341	23,117	18,459	-	55,917
Attributable to:					
Shareholders of the Company	13,297	20,200	18,287	-	51,784
Non-controlling interests	1,044	2,917	172	-	4,133
	14,341	23,117	18,459	-	55,917
<u>Other Information</u>					
Segment assets	552,124	781,479	545,637	(340,709)	1,538,531
Segment liabilities	(288,487)	(412,365)	(228,851)	340,709	(588,994)
Net assets	263,637	369,114	316,786	-	949,537
Investment in associated companies and joint ventures	26,372	520,288	261,638	-	808,298
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

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	897,459	242,637	47,436	76,851	1,264,383

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 co-location and other services.

12. SEGMENT ANALYSIS (cont'd)

Financial year ended 31 December 2016

By business segments

	Logistics \$'000	Data Centre \$'000	Investments \$'000	Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	145,872	48,750	-	-	194,622
Inter-segment sales	99	-	-	(99)	-
Total	145,971	48,750	-	(99)	194,622
<u>Segment results</u>					
Operating (loss)/profit	(17,361)	110,418	(12,884)	-	80,173
Interest income	600	965	3,103	(2,942)	1,726
Interest expense	(3,236)	(7,631)	(4,771)	2,942	(12,696)
Share of results of associated companies and joint ventures	195	17,638	43,247	-	61,080
(Loss)/profit before taxation	(19,802)	121,390	28,695	-	130,283
Taxation	(1,013)	(8,005)	(7,942)	-	(16,960)
(Loss)/profit for the year	(20,815)	113,385	20,753	-	113,323
Attributable to:					
Shareholders of the Company	(15,508)	100,015	20,573	-	105,080
Non-controlling interests	(5,307)	13,370	180	-	8,243
	(20,815)	113,385	20,753	-	113,323
<u>Other Information</u>					
Segment assets	579,566	965,506	485,760	(307,966)	1,722,866
Segment liabilities	(285,009)	(596,307)	(241,489)	307,966	(814,839)
Net assets	294,557	369,199	244,271	-	908,027
Investment in associated companies and joint ventures					
	27,981	404,336	249,931	-	682,248
Additions to non-current assets	62,056	272,470	114	-	334,640
Depreciation and amortisation	18,422	222	54	-	18,698
Fair value gain on investment properties	-	4,045	-	-	4,045
Impairment loss on fixed assets	26,972	-	-	-	26,972
<u>By geographical information</u>					
	Singapore \$'000	China \$'000	ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
External sales	109,957	55,791	16,791	12,083	194,622
Non-current assets	855,556	233,359	45,647	106,189	1,240,751

Information about major customers

For the financial year ended 31 December 2016, revenue of \$22,972,000 was derived from a single external customer in the Data Centre segment for the provision of data centre co-location and other 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 2017 and 31 December 2016.

13. REVIEW OF SEGMENT PERFORMANCE

Logistics Division's revenue of \$141.0 million decreased by \$4.9 million compared to last year due to lower warehousing revenue from Singapore operations. Operating profit at \$20.3 million for 2017 included fair value gain on other investments. In 2016, operating loss was \$17.4 million due mainly to impairment loss on fixed asset. Excluding the one-off adjustments in both years, operating profits were \$3.4 million and \$9.6 million for 2017 and 2016 respectively. The decline in operating profit compared to 2016 was due mainly to lower revenue, higher depreciation and costs incurred to set up the new omnichannel distribution business. Loss before taxation excluding the one-off items was \$0.1 million as compared to \$7.2 million profit before taxation last year due to lower operating profit, decrease in share of results of associated companies and higher interest expense. After taking into account taxation and non-controlling interests, net profit attributable to shareholders was \$13.3 million.

Data Centre Division's revenue of \$36.0 million was \$12.8 million lower compared to last year due largely to disposal of subsidiaries, Keppel DC REIT Management Pte Ltd and Keppel DC Singapore 3 Pte Ltd. After the disposal, both companies were equity accounted as associated companies. Operating profit was \$8.6 million compared to \$110.4 million in 2016. Excluding the one-off gains of \$3.5 million and \$82.8 million in 2017 and 2016 respectively, operating profit decreased by \$22.5 million in 2017 due to absence of contribution from subsidiaries disposed, higher overheads and manpower cost to support development and growth in the business. Share of results of associated companies increased by \$9.0 million compared to last year due mainly to equity accounting for new and existing associated companies. After taking into account taxation and non-controlling interests, net profit attributable to shareholders was lower by \$79.8 million at \$20.2 million.

Investments Division's profit before taxation of \$26.8 million decreased by \$1.8 million compared to 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 by \$2.3 million at \$18.3 million.

14. BREAKDOWN OF SALES

	Group		
	2017 \$'000	2016 \$'000	+ / (-) %
<u>First Half</u>			
Sales reported for first half year	88,338	98,446	(10.3)
Operating profit after tax before deducting non-controlling interests reported for first half year	23,998	35,984	(33.3)
<u>Second Half</u>			
Sales reported for second half year	88,650	96,176	(7.8)
Operating profit after tax before deducting non-controlling interests reported for second half year	31,919	77,339	(57.0)

15. INTERESTED PERSON TRANSACTIONS

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 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)	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<u>General Transactions</u>				
Keppel Corporation Limited Group	698	697	11,543	1,312
Singapore Telecommunications Limited Group	-	-	1,677	1,595
Singapore Technologies Engineering Group	-	-	205	4,863
MediaCorp Group	-	-	-	128
Singapore Power Group	-	-	801	5,045
Sembcorp Industries Group	-	-	133	-
Starhub Limited Group	-	-	-	126
<u>Treasury Transactions</u>				
Keppel Corporation Limited Group	-	-	29,272	56,502
- Deposits outstanding at period-end	-	-	-	-
- Interest income / Interest expense and related charges / Foreign exchange transactions	-	-	60,718	17,323
<u>Management Services</u>				
Keppel Corporation Limited Group	-	-	3,798	1,255
<u>Investment Transactions</u>				
Keppel Corporation Limited Group	-	38,850	-	-
Temasek Holdings Group	-	158,309	-	-
	698	197,856	108,147	88,149

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
24 January 2018