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KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

14 April 2016

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 2016.

These figures have not been audited.

1Q FY2016 RESULTS HIGHLIGHTS

1. Revenue grew by 0.7% to \$48.3 million.
2. Net profit attributable to shareholders decreased by 15.6% to \$13.3 million.
3. Earnings per share was 2.4 cents.
4. Net asset value per ordinary share was \$1.30 per share.

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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)

FIRST QUARTER 2016 FINANCIAL STATEMENTS

TABLE OF CONTENTS

| <u>Paragraph</u> | <u>Description</u> | <u>Page</u> |
|------------------|---|-------------|
| 1(a) | GROUP PROFIT AND LOSS ACCOUNT | 1 |
| 1(b) | CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME | 3 |
| 1(c)(i) | BALANCE SHEETS | 4 |
| 1(d)(i) | CONSOLIDATED STATEMENT OF CASH FLOWS | 6 |
| 1(e)(i) | STATEMENTS OF CHANGES IN EQUITY | 8 |
| 2 | AUDIT | 12 |
| 3 | AUDITORS' REPORT | 12 |
| 4 | ACCOUNTING POLICIES | 13 |
| 5 | CHANGES IN ACCOUNTING POLICIES | 13 |
| 6 | EARNINGS PER ORDINARY SHARE | 13 |
| 7 | NET ASSET VALUE | 13 |
| 8 | REVIEW OF GROUP PERFORMANCE | 14 |
| 9 | VARIANCE FROM FORECAST STATEMENT | 14 |
| 10 | PROSPECTS | 14 |
| 11 & 12 | DIVIDENDS | 15 |
| 13 | SEGMENT ANALYSIS | 16 |
| 14 | REVIEW OF SEGMENT PERFORMANCE | 18 |
| 15 | INTERESTED PERSON TRANSACTIONS | 19 |
| 16 | CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS | 19 |
| | CONFIRMATION BY THE BOARD | 20 |

First Quarter 2016 Financial Statements

1 UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

The Directors of **Keppel Telecommunications & Transportation Ltd** advise the following unaudited results of the Group for the first quarter ended 31 March 2016.

1(a) GROUP PROFIT AND LOSS ACCOUNT for the first quarter ended 31 March 2016

| | <u>First Quarter</u> | | |
|---|----------------------|----------------|--------------|
| | 2016 \$'000 | 2015 \$'000 | + / (-) % |
| REVENUE | 48,268 | 47,930 | 0.7 |
| Operating expenses | (43,920) | (44,263) | (0.8) |
| Other income | <u>2,347</u> | <u>2,626</u> | (10.6) |
| OPERATING PROFIT | 6,695 | 6,293 | 6.4 |
| Interest income | 407 | 374 | 8.8 |
| Interest expense | (3,441) | (2,621) | 31.3 |
| Share of results of associated companies and joint ventures | <u>16,037</u> | <u>17,755</u> | (9.7) |
| PROFIT BEFORE TAXATION | 19,698 | 21,801 | (9.6) |
| Taxation | <u>(4,755)</u> | <u>(4,182)</u> | 13.7 |
| PROFIT FOR THE PERIOD | <u>14,943</u> | <u>17,619</u> | (15.2) |
| Attributable to: | | | |
| Shareholders of the Company | 13,313 | 15,782 | (15.6) |
| Non-controlling interests | <u>1,630</u> | <u>1,837</u> | (11.3) |
| | <u>14,943</u> | <u>17,619</u> | (15.2) |
| Earnings per share | | | |
| - basic | 2.4 cts | 2.8 cts | (14.3) |
| - diluted | 2.4 cts | 2.8 cts | (14.3) |

1(a) GROUP PROFIT AND LOSS ACCOUNT (cont'd)
for the first quarter ended 31 March 2016

Notes to Group Profit and Loss Account

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

| | <u>First Quarter</u> | | |
|---|----------------------|---------------|---------|
| | 2016 | 2015 | + / (-) |
| | \$'000 | \$'000 | % |
| Purchase of goods and services ^(a) | 12,318 | 15,991 | (23.0) |
| Staff costs | 14,921 | 14,350 | 4.0 |
| Share-based payment expenses | 658 | 608 | 8.2 |
| Depreciation of fixed assets ^(b) | 4,403 | 3,210 | 37.2 |
| Equipment rental and facilities expenses ^(c) | 8,576 | 7,041 | 21.8 |
| Other operating expenses | <u>3,044</u> | <u>3,063</u> | (0.6) |
| Operating expenses | <u>43,920</u> | <u>44,263</u> | (0.8) |
| Other income | <u>2,347</u> | <u>2,626</u> | (10.6) |

Notes:

- (a) Purchase of goods and services decreased due mainly to lower transportation costs and handling fees in the Logistics Division.
- (b) Depreciation increased due mainly to depreciation charges on new logistics facilities.
- (c) Equipment rental and facilities expenses increased due mainly to higher maintenance expense on data centres.

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

| | <u>First Quarter</u> | | |
|--|----------------------|---------|---------|
| | 2016 | 2015 | + / (-) |
| | \$'000 | \$'000 | % |
| Gain on disposal of fixed assets | - | (1,031) | nm |
| Write-back of provision for doubtful debts | (5) | (4) | 25.0 |
| Foreign exchange (gain)/loss | (295) | 470 | nm |

(iii) There was no adjustment made to the taxation expense for the quarter in respect of prior years (1Q 2015: provision for taxation of \$1,000).

nm – not meaningful

1(b) **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
for the first quarter ended 31 March 2016

| | <u>First Quarter</u> | | |
|--|----------------------|----------------------|---------|
| | 2016 | 2015 | + / (-) |
| | \$'000 | \$'000 | % |
| Profit for the period | <u>14,943</u> | <u>17,619</u> | (15.2) |
| <u>Items that may be reclassified subsequently to profit and loss account:</u> | | | |
| Available-for-sale financial assets | | | |
| - Fair value changes | (4,979) | - | nm |
| Cash flow hedge | | | |
| - Fair value changes | (200) | - | nm |
| - Realised and transferred to profit and loss account | 72 | - | nm |
| Foreign currency translation | | | |
| - Exchange differences arising on consolidation | (7,131) | 6,472 | nm |
| Share of other comprehensive income of associated companies | | | |
| - Cash flow hedge | (734) | - | nm |
| - Foreign currency translation | <u>(1,751)</u> | <u>(593)</u> | 195.3 |
| Other comprehensive income for the period, net of tax | <u>(14,723)</u> | <u>5,879</u> | nm |
| Total comprehensive income for the period | <u><u>220</u></u> | <u><u>23,498</u></u> | (99.1) |
| Attributable to: | | | |
| Shareholders of the Company | 708 | 19,842 | (96.4) |
| Non-controlling interests | <u>(488)</u> | <u>3,656</u> | nm |
| | <u><u>220</u></u> | <u><u>23,498</u></u> | (99.1) |

nm – not meaningful

1(c)(i) **BALANCE SHEETS as at 31 March 2016**

| | Group | | Company | |
|---|---------------------|----------------------|---------------------|----------------------|
| | 31.3.2016 \$'000 | 31.12.2015 \$'000 | 31.3.2016 \$'000 | 31.12.2015 \$'000 |
| Share capital | 79,831 | 78,246 | 79,831 | 78,246 |
| Reserves | 644,009 | 644,263 | 100,179 | 101,610 |
| Share capital and reserves | 723,840 | 722,509 | 180,010 | 179,856 |
| Non-controlling interests | 105,881 | 102,013 | - | - |
| Capital employed | 829,721 | 824,522 | 180,010 | 179,856 |
| Represented by: | | | | |
| <u>Non-current assets</u> | | | | |
| Fixed assets | 355,037 | 356,152 | - | - |
| Investment properties | 288,900 | 288,643 | - | - |
| Investments | | | | |
| Subsidiaries | - | - | 98,141 | 98,141 |
| Associated companies and joint ventures | 559,410 | 557,372 | 34,572 | 34,572 |
| Others | 4,704 | 9,851 | - | - |
| Intangibles | 16,757 | 16,757 | - | - |
| Long-term receivables | - | - | 156,860 | 156,860 |
| | <u>1,224,808</u> | <u>1,228,775</u> | <u>289,573</u> | <u>289,573</u> |
| <u>Current assets</u> | | | | |
| Stocks | 613 | 631 | - | - |
| Debtors | 75,190 | 77,122 | 465 | 194 |
| Amounts owing by holding and related companies | 2,110 | 1,665 | 18,732 | 14,284 |
| Amounts owing by associated companies | 3,682 | 2,867 | - | - |
| Fixed deposits | 109,101 | 144,136 | 6,516 | 10,513 |
| Bank balances and cash | 47,128 | 44,371 | 186 | 181 |
| | <u>237,824</u> | <u>270,792</u> | <u>25,899</u> | <u>25,172</u> |
| <u>Current liabilities</u> | | | | |
| Creditors | 81,013 | 96,147 | 3,046 | 3,961 |
| Amounts owing to holding and related companies | 1,156 | 1,274 | 12,416 | 10,928 |
| Amounts owing to associated companies | 23,574 | 28,755 | - | - |
| Short-term borrowings | 60,564 | 59,855 | - | - |
| Taxation | 17,907 | 16,272 | - | - |
| | <u>184,214</u> | <u>202,303</u> | <u>15,462</u> | <u>14,889</u> |
| Net current assets | 53,610 | 68,489 | 10,437 | 10,283 |
| <u>Non-current liabilities</u> | | | | |
| Long-term borrowings | 426,846 | 455,538 | 120,000 | 120,000 |
| Deferred taxation | 10,129 | 9,798 | - | - |
| Other non-current liabilities | 11,722 | 7,406 | - | - |
| | <u>448,697</u> | <u>472,742</u> | <u>120,000</u> | <u>120,000</u> |
| Net assets | 829,721 | 824,522 | 180,010 | 179,856 |

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

Amount repayable in one year or less, or on demand

| As at 31.3.2016 | | As at 31.12.2015 | |
|-------------------|---------------------|-------------------|---------------------|
| Secured \$'000 | Unsecured \$'000 | Secured \$'000 | Unsecured \$'000 |
| 2,794 | 57,770 | 2,664 | 57,191 |

Amount repayable after one year

| As at 31.3.2016 | | As at 31.12.2015 | |
|-------------------|---------------------|-------------------|---------------------|
| Secured \$'000 | Unsecured \$'000 | Secured \$'000 | Unsecured \$'000 |
| 64,026 | 362,820 | 65,787 | 389,751 |

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

Details of any collateral

Certain subsidiaries of the Company pledged their assets in order to obtain loans from financial institutions. The Group has mortgaged certain properties and assets of up to an aggregate amount of \$127,768,000 (31 December 2015: \$129,832,000) to banks for loan facilities.

1(c)(iii) BALANCE SHEET ANALYSIS

Group shareholders' funds increased by \$1.3 million to \$723.8 million as at 31 March 2016 due mainly to retained profits, partly offset by fair value loss and foreign currency translation loss for the period.

Group total assets of \$1,462.6 million as at 31 March 2016 were \$36.9 million lower than as at the previous year end. Other investments decreased by \$5.1 million due to fair value loss for the period. Current assets decreased by \$33.0 million to \$237.8 million due largely to decrease in fixed deposits.

Group total liabilities of \$632.9 million as at 31 March 2016 were \$42.1 million lower than as at the previous year end due mainly to repayment of creditors, amount due to associated companies and borrowings. Group total borrowings as at 31 March 2016 were \$487.4 million compared to \$515.4 million as at the previous year end.

**1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS
for the first quarter ended 31 March 2016**

| | First Quarter | |
|---|----------------------|-----------------|
| | 2016 \$'000 | 2015 \$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Operating profit | 6,695 | 6,293 |
| Adjustments: | | |
| Depreciation of fixed assets | 4,403 | 3,210 |
| Share-based payment expenses | 658 | 608 |
| Gain on disposal of fixed assets | - | (1,031) |
| Distributions received from other investments | (216) | - |
| Gain on dilution of interest in associated companies | (76) | (842) |
| Operating cash flows before changes in working capital | 11,464 | 8,238 |
| Working capital changes: | | |
| Stocks | 18 | (13) |
| Debtors | 782 | (1,585) |
| Creditors | 863 | (641) |
| Amount due (from)/to associated companies | (5,738) | 9,307 |
| Cash flows from operations | 7,389 | 15,306 |
| Interest received | 432 | 300 |
| Interest paid | (4,004) | (3,561) |
| Income taxes paid | (32) | (921) |
| NET CASH FROM OPERATING ACTIVITIES | 3,785 | 11,124 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Addition to fixed assets | (8,690) | (23,302) |
| Addition to investment properties | (10,826) | (100) |
| Proceeds from disposal of fixed assets | 1 | 1,262 |
| Distributions received from other investments | 216 | - |
| Dividends received from associated companies | 8,719 | 1,827 |
| NET CASH USED IN INVESTING ACTIVITIES | (10,580) | (20,313) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from share issues | - | 90 |
| Proceeds from short-term loans | 4,550 | 346 |
| Repayment of short-term loans | (4,691) | - |
| Proceeds from long-term loans | 565 | 7,911 |
| Repayment of long-term loans | (27,852) | (528) |
| Repayment of lease liabilities | (54) | - |
| Contribution from non-controlling shareholder of a subsidiary | 4,356 | 2,343 |
| Dividends paid to non-controlling shareholder of a subsidiary | (848) | - |
| NET CASH (USED IN)/FROM FINANCING ACTIVITIES | (23,974) | 10,162 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (30,769) | 973 |
| Cash and cash equivalents at beginning of period | 188,507 | 280,664 |
| Effect of exchange rate changes on cash and cash equivalents | (1,509) | 2,406 |
| Cash and cash equivalents as at 31 March (Note A) | 156,229 | 284,043 |

1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
for the first quarter ended 31 March 2016

Notes to Consolidated Statement of Cash Flows

A. Cash and cash equivalents

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

| | First Quarter | |
|------------------------|----------------------|----------------|
| | 2016 | 2015 |
| | \$'000 | \$'000 |
| Fixed deposits | 109,101 | 229,390 |
| Bank balances and cash | 47,128 | 54,653 |
| | <u>156,229</u> | <u>284,043</u> |

1(d)(ii) CASH FLOW ANALYSIS

Net cash from operating activities was \$3.8 million compared to \$11.1 million last year due mainly to lower cash flows from operations after working capital changes.

Net cash used in investing activities was \$10.6 million due mainly to capital expenditure on construction of warehouses and fit-out of data centres, partly offset by dividends received from associated companies.

Net cash used in financing activities was \$24.0 million due mainly to repayment of loans, partly offset by contribution from non-controlling interests.

1(e)(i) STATEMENTS OF CHANGES IN EQUITY
for the first quarter ended 31 March 2016

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

1(e)(i) STATEMENTS OF CHANGES IN EQUITY (cont'd)
for the first quarter ended 31 March 2016

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

* 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 2016

| | Share Capital \$'000 | Capital Reserves \$'000 | Revenue Reserve \$'000 | Total \$'000 |
|--|----------------------------|-------------------------------|------------------------------|-----------------|
| <u>Company</u> | | | | |
| Balance at 1 January 2016 | 78,246 | 6,374 | 95,236 | 179,856 |
| Loss for the period, representing total comprehensive income for the period | - | - | (396) | (396) |
| <i>Transactions with owners, recognised directly in equity</i> | | | | |
| Issue of shares | 1,585 | (1,585) | - | - |
| Cost of share-based payment | - | 550 | - | 550 |
| Total transactions with owners | 1,585 | (1,035) | - | 550 |
| Balance at 31 March 2016 | <u>79,831</u> | <u>5,339</u> | <u>94,840</u> | <u>180,010</u> |
| | | | | |
| Balance at 1 January 2015 | 76,741 | 5,884 | 91,661 | 174,286 |
| Profit for the period, representing total comprehensive income for the period | - | - | 1,587 | 1,587 |
| <i>Transactions with owners, recognised directly in equity</i> | | | | |
| Issue of shares | 1,286 | (1,196) | - | 90 |
| Cost of share-based payment | - | 572 | - | 572 |
| Total transactions with owners | 1,286 | (624) | - | 662 |
| Balance at 31 March 2015 | <u>78,027</u> | <u>5,260</u> | <u>93,248</u> | <u>176,535</u> |

1(e)(ii) SHARE CAPITAL

Issued share capital and treasury shares

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

As at 31 March 2016, the number of ordinary shares in issue was 557,000,168 of which none were held by the Company as treasury shares (31 March 2015: 555,837,987 ordinary shares of which none were held as treasury shares; 31 December 2015: 555,982,987 ordinary shares of which none were held as treasury shares).

Share Options

As at 31 March 2016, there were unexercised options for 595,000 (31 March 2015: 740,000) of unissued ordinary shares under the Company's Share Option Scheme.

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

As at 31 March 2016, there was no contingent shares granted and not released (31 March 2015: Nil) for KT&T Restricted Share Plan ("KT&T RSP").

As at 31 March 2016, the number of restricted shares released but not vested was 922,315 (31 March 2015: 946,315) for KT&T RSP.

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

As at 31 March 2016, the number of contingent shares granted and not released was 365,000 (31 March 2015: 250,000) 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 547,500 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 31.3.16 |
|---------------------|------------------|---------------------------|-------------------------|--------------------|-----------|----------------|
| | At 1.1.16 | Contingent shares granted | Adjustment upon release | Released | Cancelled | |
| <u>KT&T RSP</u> | | | | | | |
| 10.4.15 | 1,001,781 | - | - | (1,001,781) | - | - |
| | <u>1,001,781</u> | <u>-</u> | <u>-</u> | <u>(1,001,781)</u> | <u>-</u> | <u>-</u> |
| <u>KT&T PSP</u> | | | | | | |
| 3.4.13 | 125,000 | - | 1,300 | (126,300) | - | - |
| 7.4.14 | 125,000 | - | - | - | - | 125,000 |
| 10.4.15 | 240,000 | - | - | - | - | 240,000 |
| | <u>490,000</u> | <u>-</u> | <u>1,300</u> | <u>(126,300)</u> | <u>-</u> | <u>365,000</u> |

Awards released but not vested:

| Date of Grant | Number of Shares | | | | At 31.3.16 |
|---------------------|------------------|------------------|------------------|-----------------|----------------|
| | At 1.1.16 | Released | Vested | Cancelled | |
| <u>KT&T RSP</u> | | | | | |
| 3.4.13 | 252,400 | - | (252,400) | - | - |
| 7.4.14 | 589,015 | - | (297,800) | (10,000) | 281,215 |
| 10.4.15 | - | 1,001,781 | (340,681) | (20,000) | 641,100 |
| | <u>841,415</u> | <u>1,001,781</u> | <u>(890,881)</u> | <u>(30,000)</u> | <u>922,315</u> |
| <u>KT&T PSP</u> | | | | | |
| 3.4.13 | - | 126,300 | (126,300) | - | - |
| | <u>-</u> | <u>126,300</u> | <u>(126,300)</u> | <u>-</u> | <u>-</u> |

2. AUDIT

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

3. AUDITORS' REPORT

Not applicable.

4. ACCOUNTING POLICIES

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

5. CHANGES IN ACCOUNTING POLICIES

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

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

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

6. EARNINGS PER ORDINARY SHARE

| | GROUP | | |
|---|----------------------|---------|--------|
| | First Quarter | | |
| | 2016 | 2015 | +/(-)% |
| Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders of the Company:- | | | |
| (i) Based on the weighted average number of shares (cents) | 2.4 | 2.8 | (14.3) |
| - Weighted average number of shares ('000) | 556,664 | 555,521 | 0.2 |
| (ii) On a fully diluted basis (cents) | 2.4 | 2.8 | (14.3) |
| - Adjusted weighted average number of shares ('000) | 557,904 | 556,714 | 0.2 |

7. NET ASSET VALUE

| | GROUP | | | COMPANY | | |
|---|--------------|------------|--------|----------------|------------|--------|
| | 31.3.2016 | 31.12.2015 | +/(-)% | 31.3.2016 | 31.12.2015 | +/(-)% |
| Net asset value per ordinary share based on issued share capital at the end of the financial period/year (\$) | 1.30 | 1.30 | - | 0.32 | 0.32 | - |

8. REVIEW OF GROUP PERFORMANCE

Group revenue in the first quarter of \$48.3 million was 1% higher compared to the corresponding quarter in 2015 due mainly to higher revenue from Data Centre Division, partly offset by lower revenue from Logistics Division.

Operating profit was higher by \$0.4 million due largely to higher contribution from data centres, partly offset by lower dilution gain on investment in associated companies and absence of gain on disposal of fixed assets.

Profit before taxation of \$19.7 million decreased by \$2.1 million due to higher interest expense and lower share of results from associated companies, partly offset by higher operating profit.

After taking into account higher taxation and lower non-controlling interests, the Group's net profit attributable to shareholders was lower by \$2.5 million at \$13.3 million.

9. VARIANCE FROM FORECAST STATEMENT

No forecast for the first quarter ended 31 March 2016 was previously provided.

10. PROSPECTS

The slowdown in China and Southeast Asia continue to pose challenges to the Logistics Division's performance. During the quarter, the Division commenced operation for a key Fast Moving Consumer Goods customer in Vietnam-Singapore Industrial Park 1 warehouse. In Singapore, the Division has expanded its footprint in the healthcare sector with more contract wins. The projects under development in Tianjin Eco-city and Lu'an remain on track for commencement of operations later this year. The Division continues to focus on building sales pipelines in Southeast Asia and China, and managing costs in existing operations.

The Data Centre Division has maintained healthy occupancy at its facilities. Keppel Datahub 2 is undergoing its last phase of fit-out works and its net lettable space has been fully contracted. Construction has commenced for Keppel Datahub 3, its fourth data centre in Singapore. A Memorandum of Understanding was signed with the National Supercomputing Centre in Singapore to explore collaboration in areas of supercomputing, networking and green technology. The Division's strategy is to provide more value-added services to the tenants.

Keppel T&T has been notified of Keppel Corporation Limited's intention to consolidate Keppel DC REIT Management Pte Ltd (a wholly-owned company by Keppel T&T) with three other of its subsidiaries into a business trust management under Keppel Capital Holdings, a wholly-owned subsidiary of Keppel Corporation. Subject to obtaining the relevant approvals, Keppel Corporation aims to complete the proposed consolidation by the second half of 2016.

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 2016 (31 March 2015: Nil).

For the financial year ended 31 December 2015, 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 15 April 2016. If approved, the dividend will be paid on 10 May 2016.

13. SEGMENT ANALYSIS

First Quarter ended 31 March 2016 By business segments

| | Logistics \$'000 | Data Centre \$'000 | Investments \$'000 | Eliminations \$'000 | Consolidated Total \$'000 |
|--|---------------------|-----------------------|-----------------------|------------------------|---------------------------------|
| <u>Revenue</u> | | | | | |
| External sales | 35,000 | 13,268 | - | - | 48,268 |
| Inter-segment sales | 25 | - | - | (25) | - |
| Total | 35,025 | 13,268 | - | (25) | 48,268 |
| <u>Segment results</u> | | | | | |
| Operating profit/(loss) | 2,600 | 6,843 | (2,748) | - | 6,695 |
| Interest income | 118 | 291 | 765 | (767) | 407 |
| Interest expense | (831) | (1,930) | (1,447) | 767 | (3,441) |
| Share of results of associated companies and joint ventures | (66) | 4,624 | 11,479 | - | 16,037 |
| Profit before taxation | 1,821 | 9,828 | 8,049 | - | 19,698 |
| Taxation | (711) | (1,715) | (2,329) | - | (4,755) |
| Profit for the period | 1,110 | 8,113 | 5,720 | - | 14,943 |
| <u>Attributable to:</u> | | | | | |
| Shareholders of the Company | 675 | 6,973 | 5,665 | - | 13,313 |
| Non-controlling interests | 435 | 1,140 | 55 | - | 1,630 |
| | 1,110 | 8,113 | 5,720 | - | 14,943 |
| <u>Other Information</u> | | | | | |
| Segment assets | 535,780 | 711,351 | 445,472 | (229,971) | 1,462,632 |
| Segment liabilities | (252,059) | (377,247) | (233,576) | 229,971 | (632,911) |
| Net assets | 283,721 | 334,104 | 211,896 | - | 829,721 |
| <u>Investment in associated companies and joint ventures</u> | | | | | |
| Investment in associated companies and joint ventures | 53,305 | 255,529 | 250,576 | - | 559,410 |
| Additions to non-current assets | 8,692 | 521 | 5 | - | 9,218 |
| Depreciation | 4,327 | 61 | 15 | - | 4,403 |

By geographical information

| | Singapore \$'000 | China \$'000 | ASEAN other than Singapore \$'000 | Others \$'000 | Consolidated Total \$'000 |
|--------------------|---------------------|-----------------|--|------------------|---------------------------------|
| External sales | 29,006 | 12,267 | 3,710 | 3,285 | 48,268 |
| Non-current assets | 833,741 | 249,359 | 42,757 | 98,951 | 1,224,808 |

Information about major customers

For the first quarter ended 31 March 2016, revenue of \$5,396,000 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 2015 By business segments

| | Logistics \$'000 | Data Centre \$'000 | Investments \$'000 | Eliminations \$'000 | Consolidated Total \$'000 |
|--|---------------------|-----------------------|-----------------------|------------------------|---------------------------------|
| <u>Revenue</u> | | | | | |
| External sales | 38,082 | 9,848 | - | - | 47,930 |
| Inter-segment sales | 25 | - | - | (25) | - |
| Total | 38,107 | 9,848 | - | (25) | 47,930 |
| <u>Segment results</u> | | | | | |
| Operating profit/(loss) | 4,337 | 4,225 | (2,269) | - | 6,293 |
| Interest income | 55 | 328 | 633 | (642) | 374 |
| Interest expense | (526) | (1,520) | (1,217) | 642 | (2,621) |
| Share of results of associated companies and joint ventures | 402 | 5,025 | 12,328 | - | 17,755 |
| Profit before taxation | 4,268 | 8,058 | 9,475 | - | 21,801 |
| Taxation | (667) | (1,167) | (2,348) | - | (4,182) |
| Profit for the period | 3,601 | 6,891 | 7,127 | - | 17,619 |
| <u>Attributable to:</u> | | | | | |
| Shareholders of the Company | 2,512 | 6,192 | 7,078 | - | 15,782 |
| Non-controlling interests | 1,089 | 699 | 49 | - | 1,837 |
| | 3,601 | 6,891 | 7,127 | - | 17,619 |
| <u>Other Information</u> | | | | | |
| Segment assets | 504,437 | 698,585 | 435,143 | (172,997) | 1,465,168 |
| Segment liabilities | (218,783) | (383,809) | (216,439) | 172,997 | (646,034) |
| Net assets | 285,654 | 314,776 | 218,704 | - | 819,134 |
| Investment in associated companies and joint ventures | 53,643 | 245,287 | 256,403 | - | 555,333 |
| Additions to non-current assets | 15,483 | 61,181 | 10 | - | 76,674 |
| Depreciation | 3,144 | 51 | 15 | - | 3,210 |

By geographical information

| | Singapore \$'000 | China \$'000 | ASEAN other than Singapore \$'000 | Others \$'000 | Consolidated Total \$'000 |
|--------------------|---------------------|-----------------|--|------------------|---------------------------------|
| External sales | 26,353 | 13,647 | 5,411 | 2,519 | 47,930 |
| Non-current assets | 747,094 | 220,346 | 52,780 | 60,868 | 1,081,088 |

Information about major customers

No single external customer accounted for 10% or more of the Group's revenue for the first quarter ended 31 March 2015.

13. SEGMENT ANALYSIS (cont'd)

Notes:

- (a) The Group is organised into business units based on their products and services, and has three reportable operating segments namely Logistics, Data Centre and Investments. The Logistics segment provides integrated logistics port operations, third-party logistics services, supply chain solutions, warehousing, distribution, container storage and repairs, and freight forwarding services. The Data Centre segment provides data centre co-location services, business continuity, disaster recovery, facility management and REIT management services. The Investments segment is the investment holding arm for various entities not within the Logistics and Data Centre segments.
- (b) Pricing of inter-segment sales is at fair market value.
- (c) Segment assets and liabilities are those used in the operation of each segment.
- (d) Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the first quarter ended 31 March 2016 and 31 March 2015.

14. REVIEW OF SEGMENT PERFORMANCE

Logistics Division's revenue of \$35.0 million decreased by \$3.1 million compared to the same period last year due to lower warehousing and port operations revenue. Operating profit decreased by \$1.7 million to \$2.6 million due largely to lower profit from port operations and absence of gain on disposal of fixed assets. Profit before taxation of \$1.8 million decreased by \$2.4 million due to lower operating profit, lower share of results of associated companies and higher interest expense. After taking into account lower non-controlling interests, net profit attributable to shareholders was lower at \$0.7 million.

Data Centre Division's revenue of \$13.3 million was \$3.4 million higher as compared to the same period last year due largely to higher co-location service income. Consequently, operating profit increased by \$2.6 million to \$6.8 million. Profit before taxation increased by \$1.8 million to \$9.8 million due to higher operating profit, partly offset by higher interest expense and lower share of results of an associated company. Net profit attributable to shareholders was higher at \$7.0 million after taking into account higher taxation and non-controlling interests.

Investments Division's profit before taxation of \$8.0 million decreased by \$1.4 million compared to the same period last year due mainly to lower contribution from associated companies and lower dilution gain on investment in associated companies. Consequently, net profit attributable to shareholders was lower at \$5.7 million.

15. INTERESTED PERSON TRANSACTIONS

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 15 April 2015. During the financial period, the following interested person transactions were entered into by the Group:

| Name of Interested Person | Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual) | | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000) | |
|--|---|----------------------------|---|----------------------------|
| | 2016 3 Months \$'000 | 2015 3 Months \$'000 | 2016 3 Months \$'000 | 2015 3 Months \$'000 |
| <u>General Transactions</u> | | | | |
| Keppel Corporation Limited Group | 110 | - | 162 | 1,046 |
| Singapore Telecommunications Limited Group | - | - | 356 | 177 |
| Singapore Technologies Telemedia Pte Ltd Group | - | - | - | 146 |
| <u>Treasury Transactions</u> | | | | |
| Keppel Corporation Limited Group | - | - | 82,421 | 205,057 |
| <u>Management Services</u> | | | | |
| Keppel Corporation Limited Group | - | - | 830 | 842 |
| | 110 | - | 83,769 | 207,268 |

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
14 April 2016

Confirmation by the Board

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

On behalf of the board of directors



LOH CHIN HUA
Chairman



NEO BOON SIONG
Director

Singapore, 14 April 2016