



Keppel Telecommunications & Transportation Ltd  
(Co Reg No. 196500115G)  
7 Gul Circle  
Singapore 629563

Tel : (65) 6897 7372  
Fax : (65) 6897 7872

## KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2016

25 January 2017

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 2016.

These figures have not been audited.

### **FY2016 RESULTS HIGHLIGHTS**

1. The Group's net profit attributable to shareholders for the full year improved by 15% from \$91.5 million in 2015 to \$105.1 million in 2016 due mainly to higher contribution from Data Centre Division, partly offset by weaker contribution by Logistics Division.

For the quarter, net profit attributable to shareholders was \$3.1 million compared to \$44.5 million in 4Q 2015 due mainly to lower fair value gain on data centre investment properties and share of profits from associated companies.

2. Earnings per share increased by 15% to 18.9 cents.
3. Net asset value per ordinary share increased by 10% to \$1.43 per share, compared to \$1.30 per share at December 2015.
4. Net gearing was 0.53x.
5. Final dividend of 4.5 cents per share.

**For more information, please contact:**

#### **Media**

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

#### **Investor Relations**

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

This press release is also available at [www.kepcorp.com](http://www.kepcorp.com) and [www.keppeltt.com.sg](http://www.keppeltt.com.sg).



## KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD

(Co Reg No: 196500115G)

(Incorporated in the Republic of Singapore)

### FULL YEAR 2016 FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

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## Full Year 2016 Financial Statements and Dividend Announcement

### 1. UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 2016.

#### 1(a) GROUP PROFIT AND LOSS ACCOUNT for the fourth quarter and financial year ended 31 December 2016

	Fourth Quarter			Full Year		
	2016 \$'000	2015 \$'000	+ / (-) %	2016 \$'000	2015 \$'000	+ / (-) %
REVENUE	49,680	52,594	(5.5)	194,622	200,566	(3.0)
Operating expenses	(49,098)	(44,446)	10.5	(179,175)	(180,751)	(0.9)
Other income	686	27,676	(97.5)	64,726	34,383	88.3
OPERATING PROFIT	1,268	35,824	(96.5)	80,173	54,198	47.9
Interest income	565	742	(23.9)	1,726	1,811	(4.7)
Interest expense	(3,050)	(3,580)	(14.8)	(12,696)	(12,232)	3.8
Share of results of associated companies and joint ventures	9,537	31,516	(69.7)	61,080	85,832	(28.8)
PROFIT BEFORE TAXATION	8,320	64,502	(87.1)	130,283	129,609	0.5
Taxation	(3,355)	(10,456)	(67.9)	(16,960)	(23,623)	(28.2)
PROFIT FOR THE PERIOD	4,965	54,046	(90.8)	113,323	105,986	6.9
Attributable to:						
Shareholders of the Company	3,081	44,514	(93.1)	105,080	91,481	14.9
Non-controlling interests	1,884	9,532	(80.2)	8,243	14,505	(43.2)
	4,965	54,046	(90.8)	113,323	105,986	6.9
Earnings per share						
- basic	0.6 cts	8.0 cts	(92.5)	18.9 cts	16.5 cts	14.5
- diluted	0.6 cts	8.0 cts	(92.5)	18.8 cts	16.4 cts	14.6

**1(a) GROUP PROFIT AND LOSS ACCOUNT (cont'd)**  
**for the fourth quarter and financial year ended 31 December 2016**

**Notes to Group Profit and Loss Account**

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

	<u>Fourth Quarter</u>			<u>Full Year</u>		
	2016 \$'000	2015 \$'000	+ /(-) %	2016 \$'000	2015 \$'000	+ /(-) %
Purchase of goods and services <sup>(a)</sup>	14,629	13,002	12.5	50,991	58,124	(12.3)
Staff costs <sup>(b)</sup>	17,194	14,051	22.4	59,886	58,340	2.6
Share-based payment expenses	377	273	38.1	2,046	1,851	10.5
Depreciation of fixed assets <sup>(c)</sup>	5,338	5,239	1.9	18,497	16,424	12.6
Equipment rental and facilities expenses	7,809	8,716	(10.4)	35,064	33,839	3.6
Other operating expenses	<u>3,751</u>	<u>3,165</u>	18.5	<u>12,691</u>	<u>12,173</u>	4.3
Operating expenses	<u>49,098</u>	<u>44,446</u>	10.5	<u>179,175</u>	<u>180,751</u>	(0.9)
Other income <sup>(d)</sup>	<u>686</u>	<u>27,676</u>	(97.5)	<u>64,726</u>	<u>34,383</u>	88.3

Notes:

- (a) Purchase of goods and services decreased for the year due mainly to lower transportation costs and handling fees, in line with lower revenue in the Logistics Division.
- (b) Staff costs increased due to higher head count for business development in the Data Centre Division, partly offset by lower staff costs from a subsidiary disposed in July 2016.
- (c) Depreciation increased due mainly to depreciation charges on new logistics facilities.
- (d) Other income for the quarter decreased due mainly to lower fair value gain on investment properties and distribution from other investments, partly offset by absence of impairment loss on investments and goodwill written off during the same period in 2015. Other income for the year increased due mainly to gain on disposal of a subsidiary and adjustment to gain on disposal of data centres, partly offset by higher impairment losses and lower fair value gain on investment properties and distribution from other investments.

**1(a) GROUP PROFIT AND LOSS ACCOUNT (cont'd)  
for the fourth quarter and financial year ended 31 December 2016**

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

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

	Fourth Quarter			Full Year		
	2016 \$'000	2015 \$'000	+ /(-) %	2016 \$'000	2015 \$'000	+ /(-) %
Loss/(gain) on disposal of fixed assets	40	(16)	nm	(247)	(1,530)	(83.9)
Gain on disposal of a subsidiary <sup>(a)</sup>	-	-	nm	(55,805)	-	nm
Adjustment to gain on disposal of data centres <sup>(b)</sup>	-	-	nm	(26,963)	-	nm
Provision for/(Write-back of) doubtful debts and bad debts written off	210	3	>500.0	198	(1)	nm
Stocks written off	-	1	nm	-	32	nm
Impairment loss on fixed assets <sup>(c)</sup>	-	-	nm	26,972	-	nm
Impairment loss on investments <sup>(d)</sup>	-	8,962	nm	-	8,962	nm
Goodwill written off <sup>(e)</sup>	-	1,472	nm	-	1,472	nm
Fair value gain on investment properties <sup>(f)</sup>	(4,045)	(32,133)	(87.4)	(4,045)	(32,133)	(87.4)
Amortisation of intangible assets	201	-	nm	201	-	nm
Foreign exchange loss/(gain)	400	(209)	nm	54	334	(83.8)

Notes:

- (a) The 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. in July 2016.
- (b) The adjustment to gain on disposal of data centres pertains to increase in sale proceeds for disposal of Keppel DC Singapore 1 and Keppel DC Singapore 2 to Keppel DC REIT, previously transacted in December 2014. As per the sale and purchase agreements entered into with Keppel DC REIT, the sale proceeds are conditional on future revisions to property taxes of these two data centres for the financial year ended 31 December 2014. There was an increase in sale proceeds of these two data centres due to lower property taxes based on revised assessments received.
- (c) The impairment loss on fixed assets was made on certain buildings owned by the Logistics Division in China, as a result of recoverable amounts of these assets being lower than their carrying amounts.
- (d) Impairment loss on investments in 2015 was provided on the Group's investment in an associated company.
- (e) Goodwill written off in 2015 relates to the goodwill allocated to the Group's operations in Vietnam.
- (f) The fair value gain on investment properties was attributable to the data centres in the Data Centre division.
- (iii) Taxation decreased due mainly to lower taxable profit as a result of higher income not subjected to tax including gain on disposal of a subsidiary and adjustment to gain on disposal of data centres, partly offset by higher non tax-deductible expenses and losses. Taxation included over-provision of \$345,000 for the quarter and \$1,026,000 for the year (2015: under-provision of taxation of \$622,000 for the quarter and year), in respect of prior years.

nm – not meaningful

1(b) **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
for the fourth quarter and financial year ended 31 December 2016

	Fourth Quarter			Full Year		
	2016 \$'000	2015 \$'000	+ / (-) %	2016 \$'000	2015 \$'000	+ / (-) %
Profit for the period	4,965	54,046	(90.8)	113,323	105,986	6.9
<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	(518)	9,772	nm	(5,314)	9,772	nm
Cash flow hedge						
- Fair value changes	(63)	(101)	(37.6)	(1,132)	(101)	>500.0
- Realised and transferred to profit and loss account	176	59	198.3	530	59	>500.0
Foreign currency translation						
- Exchange differences arising on consolidation	3,578	(1,422)	nm	(7,181)	4,380	nm
Share of other comprehensive income of associated companies						
- Cash flow hedge	943	(108)	nm	(945)	942	nm
- Foreign currency translation	7,210	168	>500.0	(1,826)	(8,367)	(78.2)
Other comprehensive income for the period, net of tax	11,326	8,368	35.3	(15,868)	6,685	nm
Total comprehensive income for the period	16,291	62,414	(73.9)	97,455	112,671	(13.5)
Attributable to:						
Shareholders of the Company	13,538	53,366	(74.6)	91,610	97,233	(5.8)
Non-controlling interests	2,753	9,048	(69.6)	5,845	15,438	(62.1)
	16,291	62,414	(73.9)	97,455	112,671	(13.5)

nm – not meaningful

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

	<b>Group</b>		<b>Company</b>	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Share capital	79,867	78,246	79,867	78,246
Reserves	716,797	644,263	155,576	101,610
Share capital and reserves	796,664	722,509	235,443	179,856
Non-controlling interests	111,363	102,013	-	-
<b>Total equity</b>	<b>908,027</b>	<b>824,522</b>	<b>235,443</b>	<b>179,856</b>
Represented by:				
<u>Non-current assets</u>				
Fixed assets	367,731	356,152	-	-
Investment properties	183,902	288,643	-	-
Investments				
Subsidiaries	-	-	138,141	98,141
Associated companies and joint ventures	682,248	557,372	27,951	34,572
Others	4,661	9,851	-	-
Intangibles	2,209	16,757	-	-
Long-term receivables	-	-	51,723	156,860
	1,240,751	1,228,775	217,815	289,573
<u>Current assets</u>				
Stocks	669	631	-	-
Debtors	60,090	77,122	80	194
Amounts owing by holding and related companies	324	1,665	115,835	14,284
Amounts owing by associated companies	29,317	2,867	-	-
Fixed deposits	54,028	144,136	28,247	10,513
Bank balances and cash	48,922	44,371	226	181
	193,350	270,792	144,388	25,172
Assets classified as held for sale (Note 1(c)(iv))	288,765	-	6,621	-
	482,115	270,792	151,009	25,172
<u>Current liabilities</u>				
Creditors	138,388	96,147	3,707	3,961
Amounts owing to holding and related companies	836	1,274	9,630	10,928
Amounts owing to associated companies	5,407	28,755	-	-
Short-term borrowings	72,762	59,855	-	-
Taxation	4,896	16,272	42	-
	222,289	202,303	13,379	14,889
Liabilities directly associated with assets classified as held for sale (Note 1(c)(iv))	115,002	-	-	-
	337,291	202,303	13,379	14,889
<b>Net current assets</b>	<b>144,824</b>	<b>68,489</b>	<b>137,630</b>	<b>10,283</b>
<u>Non-current liabilities</u>				
Long-term borrowings	456,003	455,538	120,000	120,000
Deferred taxation	9,980	9,798	2	-
Other non-current liabilities	11,565	7,406	-	-
	477,548	472,742	120,002	120,000
<b>Net assets</b>	<b>908,027</b>	<b>824,522</b>	<b>235,443</b>	<b>179,856</b>
<i>Group net debt</i>	<i>482,249</i>	<i>326,886</i>	<i>n.a.</i>	<i>n.a.</i>
<i>Group net gearing ratio</i>	<i>0.53x</i>	<i>0.40x</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 31.12.2016		As at 31.12.2015	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
9,758	143,004	2,664	57,191

### Amount repayable after one year

As at 31.12.2016		As at 31.12.2015	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
55,770	400,233	65,787	389,751

The Group funds its operations from internal sources, banks and related companies. 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 \$125,571,000 (31 December 2015: \$129,832,000) to banks for loan facilities.

## 1(c)(iii) BALANCE SHEET ANALYSIS

Group shareholders' funds increased by \$74.2 million to \$796.7 million as at 31 December 2016 due mainly to profits attributable to shareholders for the year, partly offset by payment of dividends, fair value loss on other investments and foreign currency translation loss.

Group total assets of \$1,722.9 million as at 31 December 2016 were \$223.3 million higher than as at the previous year end. Fixed assets increased by \$11.6 million due largely to construction of warehouses in the Logistics Division and purchase of fittings and equipment for PCCW Keppel Wanchai Data Centre in Hong Kong, partly offset by impairment losses and depreciation charges. Investment properties decreased by \$104.7 million due to reclassification of a data centre to assets classified as held for sale, partly offset by construction and fit-out of a data centre in Singapore. Associated companies and joint ventures increased by \$124.9 million to \$682.2 million due mainly to equity accounting for the share of profits, recognition of an associated company for the 50% retained interest in Keppel DC REIT Management Pte. Ltd. and increase in investment in Keppel DC REIT, partly offset by dividends received and reclassification of an associated company to assets classified as held for sale. Other investments decreased by \$5.2 million due to fair value loss for the year. Intangibles decreased by \$14.5 million due to disposal of a subsidiary, partly offset by intangible assets acquired from acquisition of a new subsidiary. Debtors decreased by \$17.0 million due mainly to capitalisation of advance payment for land. Fixed deposits, bank balances and cash decreased by \$85.6 million to \$103.0 million due largely to capital expenditure, investment in associated companies, repayment of borrowings, dividends paid to shareholders of the Company and reclassification to assets classified as held for sale, partly offset by cash generated from operations, proceeds received from disposal of a subsidiary and dividends received from associated companies.

Group total liabilities of \$814.8 million as at 31 December 2016 were \$139.8 million higher than as at the previous year end due mainly to increase in bank borrowings and accruals for construction costs, partly offset by lower amount owing to Keppel DC REIT as a result of revision in sale proceeds of Keppel DC Singapore 1 and Keppel DC Singapore 2. Group total borrowings as at 31 December 2016 were \$608.8 million compared to \$515.4 million as at the previous year end.



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

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. As at 31 December 2016, the sale transaction has not been completed.

During the year, the Company has entered into negotiations with potential buyers for the sale of the Company's shareholdings in an associated company of the Company. As at 31 December 2016, the Company is in progress of finalising the sale and purchase agreement with a buyer.

In accordance with FRS 105 – Non-current Assets Held for Sale and Discontinued Operations, the Group's carrying amount in an associated company and the assets and liabilities of KDCS3 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:

	31.12.2016
	\$'000
<u>Assets classified as held for sale</u>	
Fixed assets	130
Investment properties	225,000
Associated companies and joint ventures	24,141
Debtors	15,917
Amounts owing by holding and related companies	11
Fixed deposits	21,623
Bank balances and cash	1,943
	<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>115,002</u>

**1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the fourth quarter and financial year ended 31 December 2016**

	Fourth Quarter		Full Year	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating profit	1,268	35,824	80,173	54,198
Adjustments:				
Depreciation of fixed assets	5,338	5,239	18,497	16,424
Amortisation of intangible assets	201	-	201	-
Share-based payment expenses	377	273	2,046	1,851
Loss/(gain) on disposal of fixed assets	40	(16)	(247)	(1,530)
Gain on disposal of a subsidiary	-	-	(55,805)	-
Adjustment to gain on disposal of data centres	-	-	(26,963)	-
Distributions received from other investments	(18)	(4,375)	(405)	(4,375)
Loss/(gain) on dilution of interest in associated companies	43	(68)	(33)	(2,464)
Impairment loss on fixed assets	-	-	26,972	-
Impairment loss on investments	-	8,962	-	8,962
Goodwill written off	-	1,472	-	1,472
Fair value gain on investment properties	(4,045)	(32,133)	(4,045)	(32,133)
Operating cash flows before changes in working capital	3,204	15,178	40,391	42,405
Working capital changes:				
Stocks	5	1	(38)	106
Debtors	(3,447)	3,877	(11,937)	1,028
Creditors	9,384	(6,255)	24,075	1,466
Amount due to/from associated companies	3,333	(254)	(3,556)	4,983
Cash flows from operations	12,479	12,547	48,935	49,988
Interest received	495	715	1,575	1,712
Interest paid	(2,888)	(3,316)	(13,745)	(13,612)
Income taxes paid	(934)	(1,467)	(10,013)	(13,435)
Proceeds from tax losses transferred under group relief system	2,007	1,077	2,007	1,077
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>11,159</b>	<b>9,556</b>	<b>28,759</b>	<b>25,730</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
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)	-	(111,083)	-
Addition to fixed assets	(23,077)	(21,757)	(51,647)	(58,952)
Addition to investment properties	(31,209)	(31,090)	(64,846)	(71,343)
Proceeds from disposal of a subsidiary (Note B)	-	-	35,031	-
Proceeds from disposal of fixed assets	586	91	903	1,510
Shareholders loan to an associated company	(27,707)	-	(27,707)	-
Distributions received from other investments	18	4,375	405	4,375
Dividends received from associated companies	-	647	47,708	48,200
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(187,262)</b>	<b>(47,734)</b>	<b>(166,026)</b>	<b>(76,210)</b>

**1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)**  
**for the fourth quarter and financial year ended 31 December 2016**

	<u>Fourth Quarter</u>		<u>Full Year</u>	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from share issues	36	-	36	309
Proceeds from short-term loans	159,981	4,671	165,137	15,522
Repayment of short-term loans	(24,215)	(2,891)	(29,503)	(8,657)
Proceeds from long-term loans	21,860	397	34,003	35,202
Repayment of long-term loans	(26,789)	(1,426)	(75,836)	(3,912)
Repayment of lease liabilities	(54)	(324)	(216)	(324)
Contribution from non-controlling shareholder of a subsidiary	-	-	4,356	2,343
Dividends paid to shareholders of the Company	-	-	(19,495)	(83,397)
Dividends paid to non-controlling shareholders of subsidiaries	(211)	(856)	(1,317)	(856)
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>	<u>130,608</u>	<u>(429)</u>	<u>77,165</u>	<u>(43,770)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>				
Cash and cash equivalents as at beginning of period	170,857	227,257	188,507	280,664
Effect of exchange rate changes on cash and cash equivalents	1,154	(143)	(1,889)	2,093
<b>Cash and cash equivalents as at 31 December (Note C)</b>	<u>126,516</u>	<u>188,507</u>	<u>126,516</u>	<u>188,507</u>

**1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)**  
**for the fourth quarter and financial year ended 31 December 2016**

**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:

	<b>Fourth Quarter</b>		<b>Full Year</b>	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'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	728	-	728	-

B. Disposal of a subsidiary

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

	<b>Fourth Quarter</b>		<b>Full Year</b>	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Fixed assets	-	-	40	-
Associated companies and joint ventures	-	-	133	-
Intangibles	-	-	16,757	-
Debtors	-	-	171	-
Amounts owing by an associated company	-	-	3,034	-
Bank balances and cash	-	-	2,821	-
Creditors	-	-	(1,706)	-
Taxation	-	-	(797)	-
	-	-	20,453	-
Amount accounted for as amount owing from associated company	-	-	(406)	-
Net assets disposed	-	-	20,047	-
Net assets attributable to retained interest	-	-	(10,024)	-
Net assets attributable to interest disposed	-	-	10,023	-
Net gain on disposal	-	-	55,805	-
Fair value gain on retained interest	-	-	(27,976)	-
Transaction costs	-	-	148	-
Sale proceeds	-	-	38,000	-
Less: Bank balances and cash disposed	-	-	(2,821)	-
Less: Transaction costs	-	-	(148)	-
Cash inflow on disposal	-	-	35,031	-

**1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)**  
**for the fourth quarter and financial year ended 31 December 2016**

**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>	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Fixed deposits	54,028	144,136	54,028	144,136
Bank balances and cash	48,922	44,371	48,922	44,371
	<u>102,950</u>	<u>188,507</u>	<u>102,950</u>	<u>188,507</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>126,516</u>	<u>188,507</u>	<u>126,516</u>	<u>188,507</u>

**1(d)(ii) CASH FLOW ANALYSIS**

Fourth Quarter

Net cash from operating activities for the quarter was \$11.2 million compared to \$9.6 million for the corresponding quarter last year due mainly to proceeds from tax losses transferred under group relief system and lower interest and taxes paid.

Net cash used in investing activities for the quarter was \$187.3 million due mainly to investment in associated companies, capital expenditure on construction of warehouses and data centres and loan to an associated company.

Net cash from financing activities for the quarter was \$130.6 million due mainly to net proceeds from loans.

Full Year

Net cash from operating activities was \$28.8 million compared to \$25.7 million for the corresponding period last year due mainly to proceeds from tax losses transferred under group relief system and lower taxes paid, partly offset by lower cash flows from operations after working capital changes.

Net cash used in investing activities of \$166.0 million was mainly for investment in associated companies, capital expenditure on construction of warehouses and data centres, and loan to an associated company, partly offset by dividends received from associated companies and proceeds from disposal of a subsidiary.

Net cash from financing activities of \$77.2 million was mainly net proceeds from loans and contribution from non-controlling interests, partly offset by dividends paid to shareholders of the Company.

**1(e)(i) STATEMENTS OF CHANGES IN EQUITY**  
**for the financial year ended 31 December 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	Total Equity \$'000
<b>Group</b>							
Balance at 1 January 2016	78,246	42,215	614,880	(12,832)	722,509	102,013	824,522
<b>Total comprehensive income for the year</b>							
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)
<b>Total comprehensive income for the year</b>	-	(6,861)	105,080	(6,609)	91,610	5,845	97,455
<b>Transactions with owners, recognised directly in equity</b>							
<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
<b>Total transactions with owners</b>	1,621	329	(19,721)	-	(17,771)	3,505	(14,266)
<b>Share of reserves of associated companies</b>	-	332	(16)	-	316	-	316
Balance at 31 December 2016	79,867	36,015	700,223	(19,441)	796,664	111,363	908,027

**1(e)(i) STATEMENTS OF CHANGES IN EQUITY (cont'd)**  
**for the financial year ended 31 December 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	Total Equity \$'000
<b>Group</b>							
Balance at 1 January 2015	76,741	30,646	607,083	(7,912)	706,558	86,003	792,561
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	91,481	-	91,481	14,505	105,986
Other comprehensive income for the year *	-	10,672	-	(4,920)	5,752	933	6,685
<b>Total comprehensive income for the year</b>	-	10,672	91,481	(4,920)	97,233	15,438	112,671
<b>Transactions with owners, recognised directly in equity</b>							
<u>Contributions by and distributions to owners</u>							
Issue of shares	1,505	(1,196)	-	-	309	-	309
Cost of share-based payment	-	1,686	-	-	1,686	-	1,686
Transfer from revenue reserve to capital reserves	-	209	(209)	-	-	-	-
Dividend paid to non-controlling shareholders	-	-	-	-	-	(1,732)	(1,732)
Dividend paid for 2014	-	-	(83,397)	-	(83,397)	-	(83,397)
Total contributions by and distributions to owners	1,505	699	(83,606)	-	(81,402)	(1,732)	(83,134)
<u>Changes in ownership interests in subsidiaries</u>							
Capital reduction in a subsidiary	-	-	-	-	-	(39)	(39)
Cash contributed by non-controlling shareholder	-	-	-	-	-	2,343	2,343
Total changes in ownership interests in subsidiaries	-	-	-	-	-	2,304	2,304
<b>Total transactions with owners</b>	1,505	699	(83,606)	-	(81,402)	572	(80,830)
<b>Share of reserves of associated companies</b>	-	198	(78)	-	120	-	120
Balance at 31 December 2015	78,246	42,215	614,880	(12,832)	722,509	102,013	824,522

\* 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 2016**

	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserve \$'000	Total \$'000
<b><u>Company</u></b>				
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
<b><i>Transactions with owners, recognised directly in equity</i></b>				
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)
<b>Total transactions with owners</b>	<b>1,621</b>	<b>103</b>	<b>(19,495)</b>	<b>(17,771)</b>
Balance at 31 December 2016	<u>79,867</u>	<u>6,477</u>	<u>149,099</u>	<u>235,443</u>
Balance at 1 January 2015	76,741	5,884	91,661	174,286
Profit for the year, representing total comprehensive income for the year	-	-	86,972	86,972
<b><i>Transactions with owners, recognised directly in equity</i></b>				
Issue of shares	1,505	(1,196)	-	309
Cost of share-based payment	-	1,686	-	1,686
Dividend paid for 2014	-	-	(83,397)	(83,397)
<b>Total transactions with owners</b>	<b>1,505</b>	<b>490</b>	<b>(83,397)</b>	<b>(81,402)</b>
Balance at 31 December 2015	<u>78,246</u>	<u>6,374</u>	<u>95,236</u>	<u>179,856</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 30 September 2016	557,000,168
Issue of shares under share option scheme	<u>25,000</u>
Balance at 31 December 2016	<u><u>557,025,168</u></u>

As at 31 December 2016, the number of ordinary shares in issue was 557,025,168 of which none were held by the Company as treasury shares (31 December 2015: 555,982,987 ordinary shares of which none were held as treasury shares).

### Share Options

As at 31 December 2016, there were unexercised options for 570,000 (31 December 2015: 595,000) of unissued ordinary shares under the Company's Share Option Scheme.

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

As at 31 December 2016, the number of contingent shares granted and not released was 1,142,500 (31 December 2015: 1,001,781) for KT&T Restricted Share Plan ("KT&T RSP"). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 1,142,500 ordinary shares of the Company for KT&T RSP.

As at 31 December 2016, the number of restricted shares released but not vested was 872,515 (31 December 2015: 841,415) for KT&T RSP.

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

As at 31 December 2016, the number of contingent shares granted and not released was 635,000 (31 December 2015: 490,000) for KT&T Performance Share Plan ("KT&T PSP"). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 952,500 ordinary shares of the Company for KT&T PSP.

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

### Contingent awards:

Date of Grant	<u>Number of Shares</u>					<u>At 31.12.16</u>
	<u>At 1.1.16</u>	<u>Contingent shares granted</u>	<u>Adjustment upon release</u>	<u>Released</u>	<u>Cancelled</u>	
<u>KT&amp;T RSP</u>						
10.4.15	1,001,781	-	-	(1,001,781)	-	-
29.4.16	-	1,163,500	-	-	(21,000)	1,142,500
	<u>1,001,781</u>	<u>1,163,500</u>	<u>-</u>	<u>(1,001,781)</u>	<u>(21,000)</u>	<u>1,142,500</u>
<u>KT&amp;T PSP</u>						
3.4.13	125,000	-	1,300	(126,300)	-	-
7.4.14	125,000	-	-	-	-	125,000
10.4.15	240,000	-	-	-	-	240,000
29.4.16	-	270,000	-	-	-	270,000
	<u>490,000</u>	<u>270,000</u>	<u>1,300</u>	<u>(126,300)</u>	<u>-</u>	<u>635,000</u>

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

Awards released but not vested:

Date of Grant	Number of Shares				
	At 1.1.16	Released	Vested	Cancelled	At 31.12.16
<u>KT&amp;T RSP</u>					
3.4.13	252,400	-	(252,400)	-	-
7.4.14	589,015	-	(297,800)	(28,800)	262,415
10.4.15	-	1,001,781	(340,681)	(51,000)	610,100
	<u>841,415</u>	<u>1,001,781</u>	<u>(890,881)</u>	<u>(79,800)</u>	<u>872,515</u>
<u>KT&amp;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 year 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					
	Fourth Quarter			Full Year		
	2016	2015	+/(-)%	2016	2015	+/(-)%
Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders of the Company:-						
(i) Based on the weighted average number of shares (cents)	0.6	8.0	(92.5)	18.9	16.5	14.5
- Weighted average number of shares ('000)	556,922	555,867	0.2	556,922	555,867	0.2
(ii) On a fully diluted basis (cents)	0.6	8.0	(92.5)	18.8	16.4	14.6
- Adjusted weighted average number of shares ('000)	559,651	558,164	0.3	559,651	558,164	0.3

## 7. NET ASSET VALUE

	GROUP			COMPANY		
	2016	2015	+/(-)%	2016	2015	+/(-)%
	Net asset value per ordinary share based on issued share capital at the end of the financial year (\$)	1.43	1.30	10.0	0.42	0.32

## 8. REVIEW OF GROUP PERFORMANCE

### Fourth Quarter

Group revenue in the fourth quarter was lower by 5.5% at \$49.7 million compared to the corresponding period in 2015. This was due mainly to lower revenue from Logistics Division and Data Centre Division.

Operating profit for the fourth quarter was lower by \$34.6 million due largely to lower fair value gain on investment properties and higher overheads, partly offset by absence of impairment losses.

Profit before taxation for the fourth quarter of \$8.3 million decreased by \$56.2 million due mainly to lower operating profit and share of profits from associated companies.

After taking into account taxation and non-controlling interests, the Group's net profit attributable to shareholders for the fourth quarter was lower by \$41.4 million at \$3.1 million.

### Full Year

Group revenue for the year was lower by 3.0% at \$194.6 million compared to 2015. This was due mainly to lower revenue from Logistics Division, partly offset by higher revenue in the Data Centre Division.

Operating profit for the year was higher by \$26.0 million due largely to gain on disposal of a subsidiary and adjustment to gains from the two data centres disposed in December 2014, partly offset by higher impairment losses and lower contribution from the Logistics Division, fair value gain on investment properties, distribution from other investments and dilution gain on investment in associated companies.

Profit before taxation for the year of \$130.3 million increased by \$0.7 million due mainly to higher operating profit, partly offset by lower share of profits from associated companies.

After taking into account taxation and non-controlling interests, the Group's net profit attributable to shareholders for the year was higher by \$13.6 million at \$105.1 million.

## **9. VARIANCE FROM FORECAST STATEMENT**

No forecast for the financial year ended 31 December 2016 was previously provided.

## **10. PROSPECTS**

The outlook for trade and consumption in Asia remained challenging given the slow pickup in China, weak recoveries in advanced economies and uncertainties in the global macroeconomic landscape. These factors are expected to weigh in on the logistics industry's prospects. Amidst these headwinds, the Logistics Division continues to focus on optimising resources to improve margins, while seeking new growth opportunities. The recent acquisition of Courex, with its capability in last mile delivery and e-fulfilment, is part of the Division's plan to establish its foothold in the growing e-commerce sector. The Division will continue to focus on improving cost efficiencies, seek opportunities for strategic investments in value accretive assets and at the same time, explore opportunities for divestments to monetise and recycle capital.

Growth in the data centre industry is expected to remain strong with the proliferation of cloud computing, big data and digitalisation. Through collaboration with Alpha Data Centre Fund ("ADCF"), the Division acquired a Tier III data centre in Frankfurt (Germany), home to one of the world's largest internet exchanges. A new regional office has been set up in London to spearhead the Division's expansion in Europe. Phase 1 of Keppel DC Singapore 4 (T20) in Singapore and PCCW Keppel Wanchai Data Centre in Hong Kong, which are currently under development, are slated for completion in the first quarter of 2017. With the completion of the sale of 90% of the shares in Keppel DC Singapore 3 to Keppel DC REIT as announced on 20 January 2017, the Division's contributions in the near term will primarily be driven by recurring income from its facility management and other services, whilst continuing to intensify efforts to improve occupancy at its new and existing data centres. The Division remains optimistic on its long term prospects and is actively seeking to grow its asset pipeline. By drawing on the synergies from the strategic alliances with ADCF and Keppel DC REIT, the Division is committed to expand beyond its current geographies and services.

## 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 4.5 cents per share tax exempt one-tier (2015: 3.5 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2016 for approval by shareholders at the next Annual General Meeting to be convened.

Name of Dividend	Final
Dividend Type	Cash
Dividend per share (cents)	4.5
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)	3.5
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 19 April 2017, will be paid on 12 May 2017.

### (d) Books Closure Date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 28 April 2017 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 28 April 2017 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 28 April 2017 will be entitled to the proposed final dividend.

### (e) Total Annual Dividend

Total annual dividend amounted to:

	2016	2015
	\$'000	\$'000
Final dividend	<u>25,066*</u>	<u>19,495</u>

\* Estimated based on share capital of 557,025,168 ordinary shares as at 31 December 2016.

## 12. SEGMENT ANALYSIS

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)	-
<b>Total</b>	<b>145,971</b>	<b>48,750</b>	<b>-</b>	<b>(99)</b>	<b>194,622</b>
<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)
<b>(Loss)/profit for the year</b>	<b>(20,815)</b>	<b>113,385</b>	<b>20,753</b>	<b>-</b>	<b>113,323</b>
Attributable to:					
Shareholders of the Company	(15,508)	100,015	20,573	-	105,080
Non-controlling interests	(5,307)	13,370	180	-	8,243
	<b>(20,815)</b>	<b>113,385</b>	<b>20,753</b>	<b>-</b>	<b>113,323</b>
<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)
<b>Net assets</b>	<b>294,557</b>	<b>369,199</b>	<b>244,271</b>	<b>-</b>	<b>908,027</b>
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

By geographical information

	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)

Financial year ended 31 December 2015

By business segments

	Logistics \$'000	Data Centre \$'000	Investments \$'000	Eliminations \$'000	Consolidated Total \$'000
<u>Revenue</u>					
External sales	155,375	45,191	-	-	200,566
Inter-segment sales	99	-	-	(99)	-
<b>Total</b>	<b>155,474</b>	<b>45,191</b>	<b>-</b>	<b>(99)</b>	<b>200,566</b>
<u>Segment results</u>					
Operating profit/(loss)	13,429	53,843	(13,074)	-	54,198
Interest income	694	1,153	2,762	(2,798)	1,811
Interest expense	(3,040)	(6,747)	(5,243)	2,798	(12,232)
Share of results of associated companies and joint ventures	1,774	34,034	50,024	-	85,832
Profit before taxation	12,857	82,283	34,469	-	129,609
Taxation	(6,249)	(7,199)	(10,175)	-	(23,623)
<b>Profit for the year</b>	<b>6,608</b>	<b>75,084</b>	<b>24,294</b>	<b>-</b>	<b>105,986</b>
Attributable to:					
Shareholders of the Company	4,589	62,709	24,183	-	91,481
Non-controlling interests	2,019	12,375	111	-	14,505
	<b>6,608</b>	<b>75,084</b>	<b>24,294</b>	<b>-</b>	<b>105,986</b>
<u>Other Information</u>					
Segment assets	532,397	722,388	434,802	(190,020)	1,499,567
Segment liabilities	(246,692)	(395,004)	(223,369)	190,020	(675,045)
<b>Net assets</b>	<b>285,705</b>	<b>327,384</b>	<b>211,433</b>	<b>-</b>	<b>824,522</b>
Investment in associated companies and joint ventures					
	55,114	260,157	242,101	-	557,372
Additions to non-current assets	63,189	129,842	107	-	193,138
Depreciation	16,156	198	70	-	16,424
Fair value gain on investment properties	-	32,133	-	-	32,133
Impairment loss on investments	-	-	8,962	-	8,962
Goodwill written off	1,472	-	-	-	1,472

By geographical information

	Singapore \$'000	China \$'000	ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
External sales	113,622	59,559	15,594	11,791	200,566
Non-current assets	833,294	250,369	42,450	102,662	1,228,775

Information about major customers

No single external customer accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2015.

## 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 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 financial year ended 31 December 2016 and 31 December 2015.

## 13. REVIEW OF SEGMENT PERFORMANCE

Logistics Division's revenue of \$145.9 million decreased by \$9.5 million compared to last year due to lower warehousing and port operations revenue. Operating loss was \$17.4 million for the financial year ended 31 December 2016 due largely to impairment loss on fixed assets. Excluding impairment loss, operating profit was \$9.6 million as compared to \$13.4 million last year. The decrease was due mainly to lower contribution from China operations, higher facility cost and lower gain on disposal of fixed assets. Consequently, profit before taxation was a loss at \$19.8 million as compared to profit before taxation of \$12.9 million last year. The difference of \$32.7 million in profit before taxation was due to lower operating profit, lower share of results of associated companies and higher interest expense. After taking into account lower taxation and non-controlling interests, net loss attributable to shareholders was \$15.5 million.

Data Centre Division's revenue of \$48.8 million was \$3.6 million higher compared to last year due largely to higher co-location service income in Keppel DC Singapore 3 (T27) and Keppel Almere, partly offset by lower management fees subsequent to disposal of a subsidiary. Operating profit of \$110.4 million increased by \$56.6 million, attributed to higher revenue, gain on disposal of a subsidiary and adjustment to gains from the two data centres disposed in December 2014, partly offset by lower fair value gain on investment properties. Profit before taxation of \$121.4 million increased by \$39.1 million due to higher operating profit, partly offset by lower share of results of associated companies and higher interest expense. Net profit attributable to shareholders increased by \$37.3 million to \$100.0 million after taking into account higher taxation and non-controlling interests.

Investments Division's profit before taxation of \$28.7 million decreased by \$5.8 million compared to last year due mainly to lower contribution from associated companies, distribution from other investments and dilution gain on investment in associated companies, partly offset by absence of impairment loss on investments. Consequently, net profit attributable to shareholders was lower at \$20.6 million.

## 14. BREAKDOWN OF SALES

	Group		
	2016 \$'000	2015 \$'000	+ / (-) %
<u>First Half</u>			
Sales reported for first half year	98,446	97,058	1.4
Operating profit after tax before deducting non-controlling interests reported for first half year	35,984	34,613	4.0
<u>Second Half</u>			
Sales reported for second half year	96,176	103,508	(7.1)
Operating profit after tax before deducting non-controlling interests reported for second half year	77,339	71,373	8.4



## 15. INTERESTED PERSON TRANSACTIONS

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

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<u>General Transactions</u>				
Keppel Corporation Limited Group	697	539	1,312	4,256
Singapore Telecommunications Limited Group	-	-	1,595	1,396
Singapore Technologies Engineering Group	-	-	4,863	-
MediaCorp Group	-	-	128	-
Singapore Technologies Telemedia Pte Ltd Group	-	-	-	146
Singapore Power Limited	-	-	5,045	-
Starhub Limited Group	-	-	126	-
<u>Treasury Transactions</u>				
Keppel Corporation Limited Group - Deposits outstanding at period-end	-	-	56,502	107,560
- Interest income / Interest expense and related charges / Foreign exchange transactions	-	-	17,323	18,260
<u>Management Services</u>				
Keppel Corporation Limited Group	-	67,334	1,255	842
<u>Investment Transactions</u>				
Keppel Corporation Limited Group	38,850	-	-	-
Mapletree Investments Pte Ltd Group	-	14,000	-	-
Temasek Holdings Group	158,309	-	-	-
	197,856	81,873	88,149	132,460

## 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**

TAN WAH NAM/KENNY LEE  
Company Secretaries  
25 January 2017