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KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

18 April 2017

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 2017.

These figures have not been audited.

1Q FY2017 RESULTS HIGHLIGHTS

1. Revenue decreased by 16% to \$40.7 million compared to the corresponding quarter in FY2016.
2. Net profit attributable to shareholders during the period decreased by 13% to \$11.6 million, compared to 1Q FY2016, due mainly to lower contribution from Data Centre Division arising from the disposal of subsidiaries and weaker performance from Logistics Division, partly offset by higher share of profits from associated companies. The subsidiaries disposed were subsequently equity accounted at the Group.
3. Earnings per share was 2.1 cents.
4. Net asset value per ordinary share was \$1.44 per share, compared to \$1.43 per share at December 2016.
5. Net gearing was 0.36x, compared to 0.53x at December 2016.

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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 2017 FINANCIAL STATEMENTS

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First Quarter 2017 Financial Statements

1 UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

The Directors of **Keppel Telecommunications & Transportation Ltd** advise the following unaudited results of the Group for the first quarter ended 31 March 2017.

1(a) GROUP PROFIT AND LOSS ACCOUNT for the first quarter ended 31 March 2017

| | First Quarter | | |
|---|----------------|----------------|--------------|
| | 2017 \$'000 | 2016 \$'000 | + / (-) % |
| REVENUE | 40,716 | 48,268 | (15.6) |
| Operating expenses | (43,647) | (43,920) | (0.6) |
| Other income | 1,258 | 2,347 | (46.4) |
| OPERATING (LOSS)/PROFIT | (1,673) | 6,695 | nm |
| Interest income | 459 | 407 | 12.8 |
| Interest expense | (3,002) | (3,441) | (12.8) |
| Share of results of associated companies and joint ventures | 19,484 | 16,037 | 21.5 |
| PROFIT BEFORE TAXATION | 15,268 | 19,698 | (22.5) |
| Taxation | (3,343) | (4,755) | (29.7) |
| PROFIT FOR THE PERIOD | 11,925 | 14,943 | (20.2) |
| Attributable to: | | | |
| Shareholders of the Company | 11,572 | 13,313 | (13.1) |
| Non-controlling interests | 353 | 1,630 | (78.3) |
| | 11,925 | 14,943 | (20.2) |
| Earnings per share | | | |
| - basic | 2.1 cts | 2.4 cts | (12.5) |
| - diluted | 2.1 cts | 2.4 cts | (12.5) |

nm – not meaningful

1(a) GROUP PROFIT AND LOSS ACCOUNT (cont'd)
for the first quarter ended 31 March 2017

Notes to Group Profit and Loss Account

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

| | First Quarter | | |
|---|----------------------|--------|---------|
| | 2017 | 2016 | + / (-) |
| | \$'000 | \$'000 | % |
| Purchase of goods and services ^(a) | 12,678 | 12,318 | 2.9 |
| Staff costs | 14,756 | 14,921 | (1.1) |
| Share-based payment expenses | 489 | 658 | (25.7) |
| Depreciation of fixed assets ^(b) | 4,940 | 4,403 | 12.2 |
| Equipment rental and facilities expenses ^(c) | 8,062 | 8,576 | (6.0) |
| Other operating expenses | 2,722 | 3,044 | (10.6) |
| Operating expenses | 43,647 | 43,920 | (0.6) |
| Other income ^(d) | 1,258 | 2,347 | (46.4) |

Notes:

- (a) Purchase of goods and services increased due mainly to expenses incurred by new subsidiary in Logistics Division.
- (b) Depreciation increased due mainly to additional depreciation charges from new facilities in Logistics Division.
- (c) Equipment rental and facilities expenses decreased due mainly to lower expenses on property upkeep, rental of forklifts and data centre maintenance.
- (d) Other income decreased due mainly to lower distributions received from other investments and sundry income.

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

| | First Quarter | | |
|--|----------------------|--------|---------|
| | 2017 | 2016 | + / (-) |
| | \$'000 | \$'000 | % |
| Loss on disposal of fixed assets | 17 | - | nm |
| Gain on disposal of a subsidiary | (2) | - | nm |
| Write-back of provision for doubtful debts | (4) | (5) | (20.0) |
| Amortisation of intangible assets | 210 | - | nm |
| Foreign exchange gain | (114) | (295) | (61.4) |

(iii) Taxation included over-provision of taxation expense of \$100,000 for the quarter (1Q 2016: nil) in respect of prior years.

nm – not meaningful

1(b) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the first quarter ended 31 March 2017

| | First Quarter | | |
|--|----------------------|----------|---------|
| | 2017 | 2016 | + / (-) |
| | \$'000 | \$'000 | % |
| Profit for the period | 11,925 | 14,943 | (20.2) |
| <u>Items that may be reclassified subsequently to profit and loss account:</u> | | | |
| Available-for-sale financial assets | | | |
| - Fair value changes | 71 | (4,979) | nm |
| Cash flow hedge | | | |
| - Fair value changes | (44) | (200) | (78.0) |
| - Realised and transferred to profit and loss account | 143 | 72 | 98.6 |
| Foreign currency translation | | | |
| - Exchange differences arising on consolidation | (2,252) | (7,131) | (68.4) |
| Share of other comprehensive income of associated companies | | | |
| - Cash flow hedge | (43) | (734) | (94.1) |
| - Available-for-sale financial assets | (74) | - | nm |
| - Foreign currency translation | (867) | (1,751) | (50.5) |
| Other comprehensive income for the period, net of tax | (3,066) | (14,723) | (79.2) |
| Total comprehensive income for the period | 8,859 | 220 | >500.0 |
| Attributable to: | | | |
| Shareholders of the Company | 9,225 | 708 | >500.0 |
| Non-controlling interests | (366) | (488) | (25.0) |
| | 8,859 | 220 | >500.0 |

nm – not meaningful

1(c)(i) BALANCE SHEETS as at 31 March 2017

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 31.3.2017 | 31.12.2016 | 31.3.2017 | 31.12.2016 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Share capital | 81,489 | 79,867 | 81,489 | 79,867 |
| Reserves | 724,893 | 716,797 | 154,003 | 155,576 |
| Share capital and reserves | 806,382 | 796,664 | 235,492 | 235,443 |
| Non-controlling interests | 110,997 | 111,363 | - | - |
| Total equity | 917,379 | 908,027 | 235,492 | 235,443 |
| Represented by: | | | | |
| <u>Non-current assets</u> | | | | |
| Fixed assets | 372,955 | 367,731 | - | - |
| Investment properties | 206,842 | 183,902 | - | - |
| Investments | | | | |
| Subsidiaries | - | - | 138,141 | 138,141 |
| Associated companies and joint ventures | 708,922 | 682,248 | 27,951 | 27,951 |
| Others | 4,700 | 4,661 | - | - |
| Intangibles | 2,048 | 2,209 | - | - |
| Long-term receivables | - | - | 51,723 | 51,723 |
| | 1,295,467 | 1,240,751 | 217,815 | 217,815 |
| <u>Current assets</u> | | | | |
| Stocks | 629 | 669 | - | - |
| Debtors | 71,821 | 60,090 | 258 | 80 |
| Amounts owing by holding and related companies | 610 | 324 | 115,580 | 115,835 |
| Amounts owing by associated companies | 40,771 | 29,317 | - | - |
| Fixed deposits | 125,941 | 54,028 | 28,158 | 28,247 |
| Bank balances and cash | 46,495 | 48,922 | 217 | 226 |
| | 286,267 | 193,350 | 144,213 | 144,388 |
| Assets classified as held for sale (Note 1(c)(iv)) | 24,068 | 288,765 | 6,621 | 6,621 |
| | 310,335 | 482,115 | 150,834 | 151,009 |
| <u>Current liabilities</u> | | | | |
| Creditors | 139,727 | 138,388 | 2,892 | 3,707 |
| Amounts owing to holding and related companies | 380 | 836 | 10,224 | 9,630 |
| Amounts owing to associated companies | 13,391 | 5,407 | - | - |
| Short-term borrowings | 53,997 | 72,762 | - | - |
| Taxation | 4,940 | 4,896 | 39 | 42 |
| | 212,435 | 222,289 | 13,155 | 13,379 |
| Liabilities directly associated with assets classified as held for sale (Note 1(c)(iv)) | - | 115,002 | - | - |
| | 212,435 | 337,291 | 13,155 | 13,379 |
| Net current assets | 97,900 | 144,824 | 137,679 | 137,630 |
| <u>Non-current liabilities</u> | | | | |
| Long-term borrowings | 451,049 | 456,003 | 120,000 | 120,000 |
| Deferred taxation | 9,775 | 9,980 | 2 | 2 |
| Other non-current liabilities | 15,164 | 11,565 | - | - |
| | 475,988 | 477,548 | 120,002 | 120,002 |
| Net assets | 917,379 | 908,027 | 235,492 | 235,443 |
| <i>Group net debt</i> | <i>332,610</i> | <i>482,249</i> | <i>n.a.</i> | <i>n.a.</i> |
| <i>Group net gearing ratio</i> | <i>0.36x</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 31.3.2017 | | As at 31.12.2016 | |
|-------------------|---------------------|-------------------|---------------------|
| Secured \$'000 | Unsecured \$'000 | Secured \$'000 | Unsecured \$'000 |
| 11,710 | 42,287 | 9,758 | 143,004 |

Amount repayable after one year

| As at 31.3.2017 | | As at 31.12.2016 | |
|-------------------|---------------------|-------------------|---------------------|
| Secured \$'000 | Unsecured \$'000 | Secured \$'000 | Unsecured \$'000 |
| 52,752 | 398,297 | 55,770 | 400,233 |

The Group funds its operations from internal sources, banks and related companies. At 31 December 2016, unsecured borrowings repayable in one year or less included \$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 \$122,827,000 (31 December 2016: \$125,571,000) to banks for loan facilities.

1(c)(iii) BALANCE SHEET ANALYSIS

Group shareholders' funds increased by \$9.7 million to \$806.4 million as at 31 March 2017 due mainly to retained profits for the quarter, partly offset by foreign currency translation loss.

Group total assets of \$1,605.8 million as at 31 March 2017 were \$117.1 million lower than as at the previous year end. Fixed assets increased by \$5.2 million due mainly to construction of logistics warehouse. Investment properties increased by \$22.9 million due mainly to construction and fit-out of a data centre in Singapore. Associated companies and joint ventures increased by \$26.7 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, partly offset by dividends received.

Current assets decreased by \$171.8 million to \$310.3 million due largely to disposal of a subsidiary, Keppel DC Singapore 3, which was classified as assets held for sale in 2016, partly offset by increase in debtors, amount owing by associated companies and fixed deposits.

Group total liabilities of \$688.4 million as at 31 March 2017 decreased by \$126.4 million due mainly to reduction in liabilities directly associated with assets held for sale upon disposal of Keppel DC Singapore 3, partly offset by increase in amount due to an associated company. Group total borrowings were \$505.0 million compared to \$528.8 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. On 20 January 2017, the sale was completed.

In 2016, the Company entered into negotiations 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.

In accordance with FRS 105 – Non-current Assets Held for Sale and Discontinued Operations, the Group's carrying amount in AAT 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:

| | 31.03.2017 \$'000 | 31.12.2016 \$'000 |
|--|----------------------|----------------------|
| <u>Assets classified as held for sale</u> | | |
| Fixed assets | - | 130 |
| Investment properties | - | 225,000 |
| Associated companies and joint ventures | 24,068 | 24,141 |
| Debtors | - | 15,917 |
| Amounts owing by holding and related companies | - | 11 |
| Fixed deposits | - | 21,623 |
| Bank balances and cash | - | 1,943 |
| | <u>24,068</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 first quarter ended 31 March 2017

| | First Quarter | |
|---|----------------------|-----------------|
| | 2017 | 2016 |
| | \$'000 | \$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Operating (loss)/profit | (1,673) | 6,695 |
| Adjustments: | | |
| Depreciation of fixed assets | 4,940 | 4,403 |
| Amortisation of intangible assets | 210 | - |
| Share-based payment expenses | 489 | 658 |
| Loss on disposal of fixed assets | 17 | - |
| Gain on disposal of a subsidiary | (2) | - |
| Distributions received from other investments | - | (216) |
| Gain on dilution of interest in an associated company | - | (76) |
| Operating cash flows before changes in working capital | 3,981 | 11,464 |
| Working capital changes: | | |
| Stocks | 40 | 18 |
| Debtors | (7,400) | 782 |
| Creditors | (734) | 863 |
| Amount due to/from associated companies | 6,875 | (5,738) |
| Cash flows from operations | 2,762 | 7,389 |
| Interest received | 312 | 432 |
| Interest paid | (3,488) | (4,004) |
| Income taxes paid | (832) | (32) |
| NET CASH (USED IN)/FROM OPERATING ACTIVITIES | (1,246) | 3,785 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Addition to fixed assets | (8,919) | (8,690) |
| Addition to investment properties | (37,341) | (10,826) |
| Addition to intangible assets | (51) | - |
| Investment in an associated company | (18,000) | - |
| Proceeds from disposal of a subsidiary (Note A) | 133,499 | - |
| Proceeds from disposal of fixed assets | 357 | 1 |
| Distributions received from other investments | - | 216 |
| Dividends received from associated companies | 13,142 | 8,719 |
| NET CASH FROM/(USED IN) INVESTING ACTIVITIES | 82,687 | (10,580) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from short-term loans | 30,512 | 4,550 |
| Repayment of short-term loans | (52,556) | (4,691) |
| Proceeds from long-term loans | 1,137 | 565 |
| Funds to an associated company | (11,545) | - |
| Repayment of long-term loans | (939) | (27,852) |
| Repayment of lease liabilities | (54) | (54) |
| Contribution from non-controlling shareholder of a subsidiary | - | 4,356 |
| Dividends paid to non-controlling shareholder of subsidiaries | (885) | (848) |
| NET CASH USED IN FINANCING ACTIVITIES | (34,330) | (23,974) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 47,111 | (30,769) |
| Cash and cash equivalents at beginning of period | 126,516 | 188,507 |
| Effect of exchange rate changes on cash and cash equivalents | (1,191) | (1,509) |
| Cash and cash equivalents as at 31 March (Note B) | 172,436 | 156,229 |

1(d)(i) CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
for the first quarter ended 31 March 2017

Notes to Consolidated Statement of Cash Flows

A. Disposal of a subsidiary

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

| | First Quarter | |
|---|----------------------|---------------|
| | 2017 | 2016 |
| | \$'000 | \$'000 |
| Fixed assets | 19 | - |
| Investment properties | 225,000 | - |
| Debtors | 11,758 | - |
| Amounts owing by a related company | 11 | - |
| Bank balances and cash | 11,163 | - |
| Creditors | (9,449) | - |
| Bank borrowings | (80,000) | - |
| Taxation | (8,880) | - |
| | 149,622 | - |
| Amount accounted for as amount owing from associated company | (100,000) | - |
| Net assets disposed | 49,622 | - |
| Net assets attributable to retained interest | (4,962) | - |
| Net assets attributable to interest disposed | 44,660 | - |
| Assignment of amount owing from associated company to purchaser | 100,000 | - |
| Net gain on disposal | 2 | - |
| Sale proceeds | 144,662 | - |
| Less: Bank balances and cash disposed | (11,163) | - |
| Cash inflow on disposal | 133,499 | - |

B. Cash and cash equivalents

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

| | First Quarter | |
|------------------------|----------------------|----------------|
| | 2017 | 2016 |
| | \$'000 | \$'000 |
| Fixed deposits | 125,941 | 109,101 |
| Bank balances and cash | 46,495 | 47,128 |
| | 172,436 | 156,229 |

1(d)(ii) CASH FLOW ANALYSIS

Net cash used in operating activities was \$1.2 million due mainly to operating cash flow after working capital changes was offset by interest and taxes paid.

Net cash from investing activities was \$82.7 million due mainly to proceeds from disposal of a subsidiary and dividends received from associated companies, partly offset by investment in an associated company and capital expenditure on construction of warehouses and fit-out of data centre.

Net cash used in financing activities was \$34.3 million due mainly to repayment of loans, funds to an associated company and dividends paid to non-controlling shareholder of a subsidiary.

1(e)(i) STATEMENTS OF CHANGES IN EQUITY
for the first quarter ended 31 March 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 period | | | | | | | |
| Profit for the period | - | - | 11,572 | - | 11,572 | 353 | 11,925 |
| Other comprehensive income for the period * | - | 53 | - | (2,400) | (2,347) | (719) | (3,066) |
| Total comprehensive income for the period | - | 53 | 11,572 | (2,400) | 9,225 | (366) | 8,859 |
| Transactions with owners, recognised directly in equity | | | | | | | |
| <u>Contributions by and distributions to owners</u> | | | | | | | |
| Issue of shares | 1,622 | (1,622) | - | - | - | - | - |
| Cost of share-based payment | - | 454 | - | - | 454 | - | 454 |
| Total contributions by and distributions to owners | 1,622 | (1,168) | - | - | 454 | - | 454 |
| <u>Changes in ownership interests in subsidiaries</u> | | | | | | | |
| Cash contributed by non-controlling shareholder | - | - | - | - | - | - | - |
| Total changes in ownership interests in subsidiaries | - | - | - | - | - | - | - |
| Total transactions with owners | 1,622 | (1,168) | - | - | 454 | - | 454 |
| Share of reserves of associated companies | - | 39 | - | - | 39 | - | 39 |
| Balance at 31 March 2017 | 81,489 | 34,939 | 711,795 | (21,841) | 806,382 | 110,997 | 917,379 |

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

* 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 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 |
| Loss for the period, representing total comprehensive income for the period | - | - | (405) | (405) |
| <i>Transactions with owners, recognised directly in equity</i> | | | | |
| Issue of shares | 1,622 | (1,622) | - | - |
| Cost of share-based payment | - | 454 | - | 454 |
| Total transactions with owners | <u>1,622</u> | <u>(1,168)</u> | <u>-</u> | <u>454</u> |
| Balance at 31 March 2017 | <u>81,489</u> | <u>5,309</u> | <u>148,694</u> | <u>235,492</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 | <u>1,585</u> | <u>(1,035)</u> | <u>-</u> | <u>550</u> |
| Balance at 31 March 2016 | <u>79,831</u> | <u>5,339</u> | <u>94,840</u> | <u>180,010</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 31 March 2017 | <u>558,066,383</u> |

As at 31 March 2017, the number of ordinary shares in issue was 558,066,383 of which none were held by the Company as treasury shares (31 March 2016: 557,000,168 ordinary shares of which none were held as treasury shares; 31 December 2016: 557,025,168 ordinary shares of which none were held as treasury shares).

Share Options

As at 31 March 2017, there were unexercised options for 485,000 (31 March 2016: 595,000) of unissued ordinary shares under the Company's Share Option Scheme.

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

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

As at 31 March 2017, the number of restricted shares released but not vested was 1,063,615 (31 March 2016: 922,315) for KT&T RSP.

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

As at 31 March 2017, the number of contingent shares granted and not released was 510,000 (31 March 2016: 365,000) 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 765,000 ordinary shares of the Company for KT&T PSP.

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

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

Contingent awards:

| Date of Grant | Number of Shares | | | | | At 31.3.17 |
|---------------------|------------------|---------------------------|-------------------------|--------------------|-----------|----------------|
| | At 1.1.17 | Contingent shares granted | Adjustment upon release | Released | Cancelled | |
| <u>KT&T RSP</u> | | | | | | |
| 29.4.16 | 1,142,500 | - | (3,985) | (1,138,515) | - | - |
| | <u>1,142,500</u> | <u>-</u> | <u>(3,985)</u> | <u>(1,138,515)</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 |
| | <u>635,000</u> | <u>-</u> | <u>(31,200)</u> | <u>(93,800)</u> | <u>-</u> | <u>510,000</u> |

Awards released but not vested:

| Date of Grant | Number of Shares | | | | At 31.3.17 |
|---------------------|------------------|------------------|------------------|-----------|------------------|
| | At 1.1.17 | Released | Vested | Cancelled | |
| <u>KT&T RSP</u> | | | | | |
| 7.4.14 | 262,415 | - | (262,415) | - | - |
| 10.4.15 | 610,100 | - | (305,400) | - | 304,700 |
| 29.4.16 | - | 1,138,515 | (379,600) | - | 758,915 |
| | <u>872,515</u> | <u>1,138,515</u> | <u>(947,415)</u> | <u>-</u> | <u>1,063,615</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 period 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

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

| | G R O U P | | |
|---|----------------------|---------|--------|
| | First Quarter | | |
| | 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) | 2.1 | 2.4 | (12.5) |
| - Weighted average number of shares ('000) | 557,719 | 556,664 | 0.2 |
| (ii) On a fully diluted basis (cents) | 2.1 | 2.4 | (12.5) |
| - Adjusted weighted average number of shares ('000) | 559,357 | 557,904 | 0.3 |

7. NET ASSET VALUE

| | G R O U P | | | C O M P A N Y | | |
|---|------------------|------------|--------|----------------------|------------|--------|
| | 31.3.2017 | 31.12.2016 | +/(-)% | 31.3.2017 | 31.12.2016 | +/(-)% |
| Net asset value per ordinary share based on issued share capital at the end of the financial period/year (\$) | 1.44 | 1.43 | 0.7 | 0.42 | 0.42 | - |

8. REVIEW OF GROUP PERFORMANCE

Group revenue in the first quarter 2017 of \$40.7 million decreased by 16% compared to the corresponding quarter in 2016 due mainly to lower revenue from both Logistics and Data Centre Divisions. Revenue from the Data Centre Division decreased due to disposal of subsidiaries, 90% interest in Keppel DC Singapore 3 Pte Ltd to Keppel DC REIT on 20 January 2017 and 50% interest in Keppel DC REIT Management Pte Ltd to Keppel Capital on 1 July 2016. After the disposal, both companies were classified as associated companies of the Group.

Operating loss was \$1.7 million compared to operating profit of \$6.7 million in the corresponding quarter in 2016 due largely to absence of contribution from subsidiaries disposed, higher start-up expenses and manpower employed to support new developments in the data centre business.

Profit before taxation was \$15.3 million as the operating loss was offset by share of profits from associated companies.

After taking into account lower taxation expense and non-controlling interests, the Group's net profit attributable to shareholders was \$11.6 million.

9. VARIANCE FROM FORECAST STATEMENT

No forecast for the first quarter ended 31 March 2017 was previously provided.

10. PROSPECTS

In the Logistics Division, market outlook remains challenging with slowing economic and trade growth as well as margin pressures from intense market competition. The Division has recently rolled out last-mile delivery services with a key healthcare account, using Courex's crowdsourcing platform, and will continue to build on the synergy to pursue and capture growth in e-commerce fulfilment and urban logistics.

With the completion of Keppel DC Singapore 4 and PCCW Global - Keppel ICX (Hong Kong) in 2Q 2017, the Data Centre Division's footprint will increase by over 195,000 sqft of Gross Floor Area. In Europe, the Division is taking over the operations at Keppel DC Frankfurt 1 and is actively engaging potential customers to fill up the remaining space. The Division will continue to seek new asset development and acquisition opportunities in collaboration with the Alpha Data Centre Fund, and provide value-added services to further strengthen its market position.

In the Investment Division, Keppel T&T is currently undertaking a strategic review of its shareholdings in M1 Limited, together with the other significant shareholders (Singapore Press Holdings and Axiata Group Berhad). This may or may not lead to a transaction. Keppel T&T will make further announcements as appropriate, if and when there are any material developments which warrant disclosure.

The Group will continue its drive towards improving its cost efficiencies, seek opportunities for strategic investments in value accretive assets and at the same time, explore opportunities to unlock value and recycle capital.

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/recommendedd, a statement to that effect.

No dividend has been declared for the quarter ended 31 March 2017 (31 March 2016: Nil).

For the financial year ended 31 December 2016, the Directors have recommended a final dividend of 4.5 cents per share tax exempt one-tier for approval by shareholders at the Annual General Meeting to be held on 19 April 2017. If approved, the dividend will be paid on 12 May 2017.

13. SEGMENT ANALYSIS

First Quarter ended 31 March 2017 By business segments

| | Logistics \$'000 | Data Centre \$'000 | Investments \$'000 | Eliminations \$'000 | Consolidated Total \$'000 |
|--|---------------------|-----------------------|-----------------------|------------------------|---------------------------------|
| <u>Revenue</u> | | | | | |
| External sales | 34,807 | 5,909 | - | - | 40,716 |
| Inter-segment sales | 25 | - | - | (25) | - |
| Total | <u>34,832</u> | <u>5,909</u> | <u>-</u> | <u>(25)</u> | <u>40,716</u> |
| <u>Segment results</u> | | | | | |
| Operating profit/(loss) | 1,405 | (145) | (2,933) | - | (1,673) |
| Interest income | 140 | 241 | 692 | (614) | 459 |
| Interest expense | (915) | (1,924) | (777) | 614 | (3,002) |
| Share of results of associated companies and joint ventures | (107) | 9,103 | 10,488 | - | 19,484 |
| Profit before taxation | 523 | 7,275 | 7,470 | - | 15,268 |
| Taxation | (794) | (711) | (1,838) | - | (3,343) |
| (Loss)/profit for the period | <u>(271)</u> | <u>6,564</u> | <u>5,632</u> | <u>-</u> | <u>11,925</u> |
| Attributable to: | | | | | |
| Shareholders of the Company | (575) | 6,533 | 5,614 | - | 11,572 |
| Non-controlling interests | 304 | 31 | 18 | - | 353 |
| | <u>(271)</u> | <u>6,564</u> | <u>5,632</u> | <u>-</u> | <u>11,925</u> |
| <u>Other Information</u> | | | | | |
| Segment assets | 576,389 | 848,388 | 492,190 | (311,165) | 1,605,802 |
| Segment liabilities | (284,576) | (472,985) | (242,027) | 311,165 | (688,423) |
| Net assets | <u>291,813</u> | <u>375,403</u> | <u>250,163</u> | <u>-</u> | <u>917,379</u> |
| Investment in associated companies and joint ventures | 27,240 | 423,233 | 258,449 | - | 708,922 |
| Additions to non-current assets | 12,583 | 46,873 | 26 | - | 59,482 |
| Depreciation and amortisation | 5,070 | 71 | 9 | - | 5,150 |

By geographical information

| | Singapore \$'000 | China \$'000 | ASEAN other than Singapore \$'000 | Others \$'000 | Consolidated Total \$'000 |
|--------------------|---------------------|-----------------|--|------------------|---------------------------------|
| External sales | 19,479 | 13,622 | 4,235 | 3,380 | 40,716 |
| Non-current assets | 906,683 | 236,861 | 45,608 | 106,315 | 1,295,467 |

Information about major customers

For the first quarter ended 31 March 2017, revenue of \$5,075,000 was derived from an associated company in the Data Centre segment for the provision of data centre facility management services.

13. SEGMENT ANALYSIS (cont'd)

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 | <u>35,025</u> | <u>13,268</u> | <u>-</u> | <u>(25)</u> | <u>48,268</u> |
| <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 | <u>1,110</u> | <u>8,113</u> | <u>5,720</u> | <u>-</u> | <u>14,943</u> |
| Attributable to: | | | | | |
| Shareholders of the Company | 675 | 6,973 | 5,665 | - | 13,313 |
| Non-controlling interests | 435 | 1,140 | 55 | - | 1,630 |
| | <u>1,110</u> | <u>8,113</u> | <u>5,720</u> | <u>-</u> | <u>14,943</u> |
| <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 | <u>283,721</u> | <u>334,104</u> | <u>211,896</u> | <u>-</u> | <u>829,721</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 and amortisation | 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)

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 2017 and 31 March 2016.

14. REVIEW OF SEGMENT PERFORMANCE

Logistics Division's revenue of \$34.8 million decreased by \$0.2 million compared to the same period last year due mainly to lower warehousing revenue. Operating profit decreased by \$1.2 million to \$1.4 million due largely to lower contribution from operations and depreciation charge on new logistics facilities. Profit before taxation of \$0.5 million decreased by \$1.3 million due to lower operating profit, lower share of results of associated companies and higher interest expense. After taking into account higher taxation and lower non-controlling interests, net loss attributable to shareholders was \$0.6 million.

Data Centre Division's revenue of \$5.9 million decreased by \$7.4 million compared to the same period last year due mainly to disposal of 90% interest in Keppel DC Singapore 3 Pte Ltd to Keppel DC REIT on 20 January 2017 and 50% interest in Keppel DC REIT Management Pte Ltd to Keppel Capital on 1 July 2016. After the disposal, both companies were classified as associated companies. Operating profit decreased by \$7.0 million to a loss of \$0.1 million due largely to lower revenue, higher expenses and staff costs to support development and growth. The operating loss was offset by the increase in share of profits from associated companies which resulted in the profit before taxation of \$7.3 million. Net profit attributable to shareholders was lower at \$6.5 million after taking into account lower taxation and non-controlling interests.

Investments Division's profit before taxation of \$7.5 million decreased by \$0.6 million compared to the same period last year due mainly to lower contribution from associated companies, partly offset by lower net interest expense. Consequently, net profit attributable to shareholders was lower at \$5.6 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 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) | |
|--|---|----------------------------|---|----------------------------|
| | 2017 3 Months \$'000 | 2016 3 Months \$'000 | 2017 3 Months \$'000 | 2016 3 Months \$'000 |
| <u>General Transactions</u> | | | | |
| Keppel Corporation Limited Group | 94 | 110 | 8,851 | 162 |
| Singapore Telecommunications Limited Group | - | - | 116 | 356 |
| Singapore Technologies Engineering Group | - | - | 99 | - |
| Singapore Power Limited Group | - | - | 801 | - |
| <u>Treasury Transactions</u> | | | | |
| Keppel Corporation Limited Group | | | | |
| - Deposits outstanding at period-end | - | - | 93,961 | 80,218 |
| - Interest income / Interest expense and related charges / Foreign exchange transactions | - | - | 48,012 | 2,203 |
| <u>Management Services</u> | | | | |
| Keppel Corporation Limited Group | - | - | 3,256 | 830 |
| | 94 | 110 | 155,096 | 83,769 |

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

TAN WAH NAM / KENNY LEE
Company Secretaries
18 April 2017

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 2017 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, 18 April 2017