



## UNAUDITED RESULTS FOR FIRST QUARTER ENDED 30 JUNE 2018

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

### CONSOLIDATED INCOME STATEMENT

For the first quarter ended 30 June 2018 (in \$ million)

|   | GROUP                   |                |
|---|-------------------------|----------------|
|   | 1 <sup>st</sup> Quarter |                |
|   | 2018-19                 | 2017-18        |
| <b>Revenue</b>  | 439.4                   | 426.5          |
| <b>Expenditure</b>  |                         |                |
| Staff costs   | (211.4)                 | (214.3)        |
| Cost of raw materials                                     | (63.7)                  | (57.9)         |
| Licence fees  | (22.3)                  | (21.6)         |
| Depreciation and amortisation charges                     | (20.1)                  | (18.8)         |
| Company premise and utilities expenses                    | (26.5)                  | (26.9)         |
| Other costs   | (30.5)                  | (33.5)         |
|   | <u>(374.5)</u>          | <u>(373.0)</u> |
| <b>Operating profit</b>                                   | 64.9                    | 53.5           |
| Interest on borrowings                                    | (0.2)                   | (0.2)          |
| Interest income   | 1.0                     | 1.3            |
| Share of results of associates/joint ventures, net of tax | 15.3                    | 15.5           |
| Other non-operating (loss)/income, net                    | (0.1)                   | 0.1            |
| <b>Profit before tax</b>                                  | 80.9                    | 70.2           |
| Income tax expense  | (14.7)                  | (13.0)         |
| <b>Profit for the period</b>                              | <u>66.2</u>             | <u>57.2</u>    |
| <b>Profit attributable to:</b>                            |                         |                |
| Owners of the Company                                     | 63.9                    | 57.3           |
| Non-controlling interests                                 | 2.3                     | (0.1)          |
|   | <u>66.2</u>             | <u>57.2</u>    |
| <b>EBITDA (\$'M) <sup>(1)</sup></b>                       | <b>100.2</b>            | <b>87.9</b>    |
| <b>Return on Equity (%) <sup>(2)</sup></b>                | <b>3.8</b>              | <b>3.5</b>     |

1. EBITDA refers to earnings before interest, tax, depreciation and amortisation.

2. Return on equity is profit attributable to owners of the Company expressed as a percentage of the average equity holders' funds.

**Notes - Profit for the period is arrived at after crediting/(charging) the following items  
(in \$ million):**

|  | <b>GROUP</b>                  |                |
|--|-------------------------------|----------------|
|  | <b>1<sup>st</sup> Quarter</b> |                |
|  | <b>2018-19</b>                | <b>2017-18</b> |
| Foreign exchange gain/(loss), net                    | 3.7                           | (1.1)          |
| Write-off for stock obsolescence, net                | –                             | (0.1)          |
| Gain on disposal of property, plant and equipment    | 0.2                           | 0.1            |
| Over provision of taxation in respect of prior years | 0.2                           | –              |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
For the first quarter ended 30 June 2018 (in \$ million)**

|  | <b>GROUP</b>                  |                |
|--|-------------------------------|----------------|
|  | <b>1<sup>st</sup> Quarter</b> |                |
|  | <b>2018-19</b>                | <b>2017-18</b> |
| <b>Profit for the period</b>   | 66.2                          | 57.2           |
| <b>Other comprehensive income</b>  |                               |                |
| <u>Items that are or may be reclassified subsequently<br/>to profit or loss:</u> |                               |                |
| Foreign currency translation differences   | 4.0                           | (10.2)         |
|  | <u>4.0</u>                    | <u>(10.2)</u>  |
| <b>Other comprehensive income for the<br/>period, net of tax</b>                 | <u>4.0</u>                    | <u>(10.2)</u>  |
| <b>Total comprehensive income for the period</b>                                 | <u>70.2</u>                   | <u>47.0</u>    |
| <b>Total comprehensive income attributable to:</b>                               |                               |                |
| Owners of the Company  | 68.0                          | 48.1           |
| Non-controlling interests  | 2.2                           | (1.1)          |
| <b>Total comprehensive income for the period</b>                                 | <u>70.2</u>                   | <u>47.0</u>    |

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

**STATEMENTS OF FINANCIAL POSITION  
As at 30 June 2018 (in \$ million)**

|   | <b>GROUP</b>     |                  | <b>COMPANY</b>   |                  |
|---|------------------|------------------|------------------|------------------|
|   | <b>30.6.2018</b> | <b>31.3.2018</b> | <b>30.6.2018</b> | <b>31.3.2018</b> |
| <b>Equity attributable to owners of the Company</b>   |                  |                  |                  |                  |
| Share capital   | 367.9            | 367.9            | 367.9            | 367.9            |
| Treasury shares                                       | (42.7)           | (32.8)           | (42.7)           | (32.8)           |
| Share-based compensation reserve                      | 17.6             | 15.0             | 17.6             | 15.0             |
| Statutory reserve                                     | 9.9              | 9.2              | –                | –                |
| Foreign currency translation reserve                  | (139.3)          | (143.4)          | –                | –                |
| Revenue reserve                                       | 1,494.2          | 1,431.0          | 1,171.7          | 1,159.6          |
| Other reserves*                                       | (13.5)           | (12.8)           | (14.5)           | (13.8)           |
|   | <u>1,694.1</u>   | <u>1,634.1</u>   | <u>1,500.0</u>   | <u>1,495.9</u>   |
| <b>Non-controlling interests</b>                      | 135.7            | 132.5            | –                | –                |
| <b>Total equity</b>                                   | <u>1,829.8</u>   | <u>1,766.6</u>   | <u>1,500.0</u>   | <u>1,495.9</u>   |
| <b>Non-current assets</b>                             |                  |                  |                  |                  |
| Property, plant and equipment                         | 560.2            | 560.1            | 29.1             | 27.9             |
| Investment properties                                 | 8.6              | 8.9              | 222.7            | 229.5            |
| Intangible assets                                     | 157.8            | 157.5            | 5.8              | 4.2              |
| Investment in subsidiaries                            | –                | –                | 537.1            | 536.5            |
| Investment in associates                              | 611.5            | 604.1            | 320.7            | 320.7            |
| Investment in joint ventures                          | 252.8            | 244.7            | 172.9            | 165.0            |
| Long-term investments                                 | 20.8             | 20.0             | –                | –                |
| Loan to subsidiaries                                  | –                | –                | 312.5            | 312.4            |
| Deferred tax assets                                   | 10.3             | 10.7             | –                | –                |
| Defined benefit plan                                  | 0.7              | 0.7              | –                | –                |
| Other non-current assets                              | 6.0              | 6.6              | –                | –                |
|   | <u>1,628.7</u>   | <u>1,613.3</u>   | <u>1,600.8</u>   | <u>1,596.2</u>   |
| <b>Current assets</b>                                 |                  |                  |                  |                  |
| Trade and other receivables                           | 309.7            | 298.5            | 106.7            | 79.8             |
| Prepayments and deposits                              | 20.2             | 16.2             | 2.1              | 2.3              |
| Amounts due from associates/joint ventures            | 5.3              | 4.6              | 3.3              | 2.5              |
| Loan to subsidiaries                                  | –                | –                | 0.2              | 0.2              |
| Inventories   | 24.3             | 22.5             | 0.2              | 0.2              |
| Cash and short-term deposits                          | 439.7            | 373.3            | 255.4            | 211.6            |
| Assets of disposal groups classified as held for sale | 20.5             | 19.9             | 7.6              | 7.6              |
|   | <u>819.7</u>     | <u>735.0</u>     | <u>375.5</u>     | <u>304.2</u>     |
| <b>Current liabilities</b>                            |                  |                  |                  |                  |
| Trade and other payables                              | 366.5            | 331.7            | 265.9            | 203.2            |
| Amounts due to associates/joint ventures              | 1.9              | 3.5              | –                | –                |
| Income tax payable                                    | 60.4             | 57.3             | 13.7             | 12.6             |
| Term loans  | 9.9              | 9.8              | 65.2             | 58.0             |
| Finance leases  | 0.3              | 0.3              | –                | –                |
|   | <u>439.0</u>     | <u>402.6</u>     | <u>344.8</u>     | <u>273.8</u>     |
| <b>Net current assets</b>                             | 380.7            | 332.4            | 30.7             | 30.4             |
| <b>Non-current liabilities</b>                        |                  |                  |                  |                  |
| Deferred tax liabilities                              | 63.1             | 61.6             | 26.2             | 26.2             |
| Term loan   | 96.2             | 96.0             | 96.2             | 96.0             |
| Finance leases  | 0.1              | 0.3              | –                | –                |
| Other payables  | 20.2             | 21.2             | 9.1              | 8.5              |
|   | <u>179.6</u>     | <u>179.1</u>     | <u>131.5</u>     | <u>130.7</u>     |
| <b>Net assets</b>                                     | <u>1,829.8</u>   | <u>1,766.6</u>   | <u>1,500.0</u>   | <u>1,495.9</u>   |

\* Other Reserves consist of Gain/(Loss) on Reissuance of Treasury Shares, Capital Reserve and Fair Value Reserve.

## 1(b)(ii) Aggregate amount of group's borrowings and debt securities

(In \$ million)

Amount repayable in one year or less, or on demand

| <u>As at 30.06.2018</u> |                  | <u>As at 31.03.2018</u> |                  |
|-------------------------|------------------|-------------------------|------------------|
| <u>Secured</u>          | <u>Unsecured</u> | <u>Secured</u>          | <u>Unsecured</u> |
| -                       | 10.2             | -                       | 10.1             |

Amount repayable after one year

| <u>As at 30.06.2018</u> |                  | <u>As at 31.03.2018</u> |                  |
|-------------------------|------------------|-------------------------|------------------|
| <u>Secured</u>          | <u>Unsecured</u> | <u>Secured</u>          | <u>Unsecured</u> |
| -                       | 96.3             | -                       | 96.3             |

### Details of any collateral

NIL.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
For the first quarter ended 30 June 2018 (in \$ million)**

|  | <b>GROUP</b>                  |                |
|--|-------------------------------|----------------|
|  | <b>1<sup>st</sup> Quarter</b> |                |
|  | <b>2018-19</b>                | <b>2017-18</b> |
| <b><u>Cash flows from operating activities</u></b>                         |                               |                |
| Profit before tax  | 80.9                          | 70.2           |
| Adjustments for:   |                               |                |
| Interest income, net   | (0.8)                         | (1.1)          |
| Depreciation and amortisation charges                                      | 20.1                          | 18.8           |
| Unrealised foreign exchange (gain)/loss                                    | (2.3)                         | 1.1            |
| Share of results of associates/joint ventures, net of tax                  | (15.3)                        | (15.5)         |
| Gain on disposal of property, plant and equipment                          | (0.2)                         | (0.1)          |
| Share-based payment expense  | 2.8                           | 2.5            |
| Other non-cash items   | –                             | 0.1            |
| Operating cash flows before working capital changes                        | 85.2                          | 76.0           |
| Changes in working capital:  |                               |                |
| Increase in receivables  | (9.1)                         | (12.0)         |
| Increase in prepayments and deposits                                       | (4.0)                         | (3.3)          |
| Increase in inventories  | (1.8)                         | (1.3)          |
| Increase/(decrease) in payables  | 33.2                          | (2.1)          |
| Increase in amounts due from associates/joint ventures, net                | (2.3)                         | (1.7)          |
| <b>Cash generated from operations</b>                                      | <b>101.2</b>                  | <b>55.6</b>    |
| Interest paid to third parties   | (0.2)                         | (0.2)          |
| Income taxes paid  | (9.6)                         | (8.8)          |
| <b>Net cash from operating activities</b>                                  | <b>91.4</b>                   | <b>46.6</b>    |
| <b><u>Cash flows from investing activities</u></b>                         |                               |                |
| Capital expenditure  | (19.1)                        | (18.9)         |
| Dividends from associates/joint ventures                                   | 10.5                          | 5.9            |
| Proceeds from disposal of assets held for sale                             | –                             | 3.7            |
| Proceeds from disposal of property, plant and equipment                    | 0.6                           | 0.6            |
| Investment in associates/joint ventures                                    | (6.7)                         | (0.1)          |
| Interest received from deposits  | 0.7                           | 0.9            |
| <b>Net cash used in investing activities</b>                               | <b>(14.0)</b>                 | <b>(7.9)</b>   |
| <b><u>Cash flows from financing activities</u></b>                         |                               |                |
| Repayment of finance leases and related charges                            | (0.1)                         | (0.4)          |
| Proceeds from exercise of share options                                    | 0.8                           | 3.4            |
| Purchase of treasury shares  | (11.5)                        | –              |
| Capital contribution from non-controlling interest                         | 1.2                           | –              |
| Dividends paid to non-controlling interest                                 | (0.2)                         | (0.2)          |
| <b>Net cash (used in)/from financing activities</b>                        | <b>(9.8)</b>                  | <b>2.8</b>     |
| Net increase in cash and cash equivalents                                  | 67.6                          | 41.5           |
| Effect of exchange rate changes  | (1.2)                         | (1.1)          |
| Cash and cash equivalents at beginning of financial period <sup>(1)</sup>  | 373.3                         | 508.4          |
| <b>Cash and cash equivalents at end of financial period <sup>(1)</sup></b> | <b>439.7</b>                  | <b>548.8</b>   |

<sup>(1)</sup> Cash and cash equivalents comprised cash held under assets held for sale was Nil as at 30 June 2018 (30 June 2017: \$4.2 million) and Nil as at 31 March 2018 (31 March 2017: \$2.6 million).

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**STATEMENTS OF CHANGES IN EQUITY**

**For the first quarter ended 30 June 2018 (in \$ million)**

|  | Attributable to owners of the Company |                 |                                  |                    |                                      |                 |                 |                                       |                    |         |                           |              |
|--|---------------------------------------|-----------------|----------------------------------|--------------------|--------------------------------------|-----------------|-----------------|---------------------------------------|--------------------|---------|---------------------------|--------------|
|  | Share Capital                         | Treasury Shares | Share-Based Compensation Reserve | Statutory Reserve* | Foreign Currency Translation Reserve | Revenue Reserve | Capital Reserve | Loss on Reissuance of Treasury Shares | Fair Value Reserve | Total   | Non-controlling Interests | Total Equity |
| <b>GROUP</b>   |                                       |                 |                                  |                    |                                      |                 |                 |                                       |                    |         |                           |              |
| Balance at 1 April 2018  | 367.9                                 | (32.8)          | 15.0                             | 9.2                | (143.4)                              | 1,431.0         | 1.1             | (13.8)                                | (0.1)              | 1,634.1 | 132.5                     | 1,766.6      |
| Profit for the period  | –                                     | –               | –                                | –                  | –                                    | 63.9            | –               | –                                     | –                  | 63.9    | 2.3                       | 66.2         |
| Other comprehensive income for the period                      | –                                     | –               | –                                | –                  | 4.1                                  | –               | –               | –                                     | –                  | 4.1     | (0.1)                     | 4.0          |
| Total comprehensive income for the period                      | –                                     | –               | –                                | –                  | 4.1                                  | 63.9            | –               | –                                     | –                  | 68.0    | 2.2                       | 70.2         |
| <b>Contributions by and distributions to owners</b>            |                                       |                 |                                  |                    |                                      |                 |                 |                                       |                    |         |                           |              |
| Share-based payment  | –                                     | –               | 2.8                              | –                  | –                                    | –               | –               | –                                     | –                  | 2.8     | –                         | 2.8          |
| Treasury shares reissued pursuant to equity compensation plans | –                                     | 1.6             | (0.2)                            | –                  | –                                    | –               | –               | (0.7)                                 | –                  | 0.7     | –                         | 0.7          |
| Purchase of treasury shares                                    | –                                     | (11.5)          | –                                | –                  | –                                    | –               | –               | –                                     | –                  | (11.5)  | –                         | (11.5)       |
| Total contributions by and distributions to owners             | –                                     | (9.9)           | 2.6                              | –                  | –                                    | –               | –               | (0.7)                                 | –                  | (8.0)   | –                         | (8.0)        |
| <b>Others</b>  |                                       |                 |                                  |                    |                                      |                 |                 |                                       |                    |         |                           |              |
| Capital contributions from non-controlling interests           | –                                     | –               | –                                | –                  | –                                    | –               | –               | –                                     | –                  | –       | 1.2                       | 1.2          |
| Dividends paid to non-controlling interests                    | –                                     | –               | –                                | –                  | –                                    | –               | –               | –                                     | –                  | –       | (0.2)                     | (0.2)        |
| Transfer to statutory reserve                                  | –                                     | –               | –                                | 0.7                | –                                    | (0.7)           | –               | –                                     | –                  | –       | –                         | –            |
| Balance at 30 June 2018  | 367.9                                 | (42.7)          | 17.6                             | 9.9                | (139.3)                              | 1,494.2         | 1.1             | (14.5)                                | (0.1)              | 1,694.1 | 135.7                     | 1,829.8      |

\* Certain countries in which some of the associates are incorporated legally require statutory reserves to be set aside. The laws of the countries restrict the distribution and use of these statutory reserves.

**STATEMENTS OF CHANGES IN EQUITY (cont'd)**  
**For the first quarter ended 30 June 2018 (in \$ million)**

| <b>GROUP</b>   | Attributable to owners of the Company |                 |                                  |                    |                                      |                 |                 |                                       |                    |         |                           |              |
|--|---------------------------------------|-----------------|----------------------------------|--------------------|--------------------------------------|-----------------|-----------------|---------------------------------------|--------------------|---------|---------------------------|--------------|
|  | Share Capital                         | Treasury Shares | Share-Based Compensation Reserve | Statutory Reserve* | Foreign Currency Translation Reserve | Revenue Reserve | Capital Reserve | Loss on Reissuance of Treasury Shares | Fair Value Reserve | Total   | Non-controlling Interests | Total Equity |
| Balance at 1 April 2017  | 367.9                                 | (30.3)          | 12.6                             | 8.3                | (111.1)                              | 1,362.0         | 4.6             | (10.6)                                | 0.1                | 1,603.5 | 87.7                      | 1,691.2      |
| Profit for the period  | –                                     | –               | –                                | –                  | –                                    | 57.3            | –               | –                                     | –                  | 57.3    | (0.1)                     | 57.2         |
| Other comprehensive income for the period                      | –                                     | –               | –                                | –                  | (9.2)                                | –               | –               | –                                     | –                  | (9.2)   | (1.0)                     | (10.2)       |
| Total comprehensive income for the period                      | –                                     | –               | –                                | –                  | (9.2)                                | 57.3            | –               | –                                     | –                  | 48.1    | (1.1)                     | 47.0         |
| <b>Contributions by and distributions to owners</b>            |                                       |                 |                                  |                    |                                      |                 |                 |                                       |                    |         |                           |              |
| Share-based payment  | –                                     | –               | 2.5                              | –                  | –                                    | –               | –               | –                                     | –                  | 2.5     | –                         | 2.5          |
| Treasury shares reissued pursuant to equity compensation plans | –                                     | 4.0             | (0.8)                            | –                  | –                                    | –               | –               | 0.2                                   | –                  | 3.4     | –                         | 3.4          |
| Total contributions by and distributions to owners             | –                                     | 4.0             | 1.7                              | –                  | –                                    | –               | –               | 0.2                                   | –                  | 5.9     | –                         | 5.9          |
| <b>Others</b>  |                                       |                 |                                  |                    |                                      |                 |                 |                                       |                    |         |                           |              |
| Dividends paid to non-controlling interests                    | –                                     | –               | –                                | –                  | –                                    | –               | –               | –                                     | –                  | –       | (0.2)                     | (0.2)        |
| Transfer to statutory reserve                                  | –                                     | –               | –                                | 0.1                | –                                    | (0.1)           | –               | –                                     | –                  | –       | –                         | –            |
| Balance at 30 June 2017  | 367.9                                 | (26.3)          | 14.3                             | 8.4                | (120.3)                              | 1,419.2         | 4.6             | (10.4)                                | 0.1                | 1,657.5 | 86.4                      | 1,743.9      |

\* Certain countries in which some of the associates are incorporated legally require statutory reserves to be set aside. The laws of the countries restrict the distribution and use of these statutory reserves.

**STATEMENTS OF CHANGES IN EQUITY (cont'd)**  
**For the first quarter ended 30 June 2018 (in \$ million)**

| <b><u>COMPANY</u></b>  | Share Capital | Treasury Shares | Share-Based Compensation Reserve | Revenue Reserve | Loss on Reissuance of Treasury Shares | Total Equity |
|--|---------------|-----------------|----------------------------------|-----------------|---------------------------------------|--------------|
| Balance at 1 April 2018  | 367.9         | (32.8)          | 15.0                             | 1,159.6         | (13.8)                                | 1,495.9      |
| Profit for the period  | –             | –               | –                                | 12.1            | –                                     | 12.1         |
| Total comprehensive income for the year                        | –             | –               | –                                | 12.1            | –                                     | 12.1         |
| <b><u>Contributions by and distributions to owners</u></b>     |               |                 |                                  |                 |                                       |              |
| Share-based payment  | –             | –               | 2.8                              | –               | –                                     | 2.8          |
| Treasury shares reissued pursuant to equity compensation plans | –             | 1.6             | (0.2)                            | –               | (0.7)                                 | 0.7          |
| Purchase of treasury shares                                    | –             | (11.5)          | –                                | –               | –                                     | (11.5)       |
| Total contributions by and distributions to owners             | –             | (9.9)           | 2.6                              | –               | (0.7)                                 | (8.0)        |
| Balance at 30 June 2018  | 367.9         | (42.7)          | 17.6                             | 1,171.7         | (14.5)                                | 1,500.0      |
| Balance at 1 April 2017  | 367.9         | (30.3)          | 12.6                             | 1,133.3         | (10.6)                                | 1,472.9      |
| Profit for the period  | –             | –               | –                                | 6.8             | –                                     | 6.8          |
| Total comprehensive income for the year                        | –             | –               | –                                | 6.8             | –                                     | 6.8          |
| <b><u>Contributions by and distributions to owners</u></b>     |               |                 |                                  |                 |                                       |              |
| Share-based payment  | –             | –               | 2.5                              | –               | –                                     | 2.5          |
| Treasury shares reissued pursuant to equity compensation plans | –             | 4.0             | (0.8)                            | –               | 0.2                                   | 3.4          |
| Total contributions by and distributions to owners             | –             | 4.0             | 1.7                              | –               | 0.2                                   | 5.9          |
| Balance at 30 June 2017  | 367.9         | (26.3)          | 14.3                             | 1,140.1         | (10.4)                                | 1,485.6      |



**1(d)(ii) Details of any changes in the company’s share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued share excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

**SHARE CAPITAL AND OPTIONS ON SHARES IN THE COMPANY**

**(i) Employee Share Option Plan**

During the period from April to June 2018, 407,600 options were exercised under the SATS Employee Share Option Plan.

As at 30 June 2018, the number of outstanding share options was 339,100 (30 June 2017: 1,984,400).

The movement of share options of the Company during the period from April to June 2018 was as follows:

| <u>Date of grant</u> | <u>Balance at 1.4.2018</u> | <u>Forfeited/ Lapsed</u> | <u>Exercised</u> | <u>Balance at 30.6.2018</u> | <u>Exercise price</u> | <u>Expired date</u> |
|----------------------|----------------------------|--------------------------|------------------|-----------------------------|-----------------------|---------------------|
| 01.07.2008           | 752,500                    | (5,800)                  | (407,600)        | 339,100                     | \$1.92                | 30.06.2018          |
|                      | <u>752,500</u>             | <u>(5,800)</u>           | <u>(407,600)</u> | <u>339,100</u>              |                       |                     |

The Company has ceased to issue further grants of share options since the last grant in July 2008.

As at date of announcement, the Plan has expired and share options which were not exercised has since lapsed.

**(ii) Restricted Share Plan (“RSP”) and Performance Share Plan (“PSP”)**

Management employees may qualify for two share-based incentive plans, the RSP and PSP, which were approved by the shareholders of the Company on 19 July 2005. Both share plans which expired on July 2015 were subsequently approved during the 41<sup>st</sup> Annual General Meeting held on 23 July 2014 for further extension of 10 years to July 2025.

## SHARE CAPITAL AND OPTIONS ON SHARES IN THE COMPANY (cont'd)

### (ii) Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") (cont'd)

#### For grants in FY2014-15 to FY2017-18

The RSP award is subject to the achievement of the pre-determined target over a one-year period and has an equal vesting over a three-year period. The number of restricted shares awarded is based on individual and corporate performance and the final number of restricted shares could range between 0% and 120% of the initial grant of the restricted shares. PSP has a performance period of three years. The number of performance shares awarded is based on individual and corporate performance and the final performance shares awarded could range between 0% and 150% of the initial grant, subject to achievement of the pre-determined targets.

As at 30 June 2018, the number of shares outstanding under the Company's RSP and PSP were 2,889,200 and 4,775,000 (30 June 2017: 2,879,800 and 4,199,000) respectively.

The details of the shares awarded under RSP and PSP are as follows:

#### **RSP**

| Date of grant | Balance at<br>1.4.2018 /<br>Date of grant | Number of Restricted Shares |           |             | Balance at<br>30.6.2018 |
|---------------|---|-----------------------------|-----------|-------------|-------------------------|
|               |   | Vested                      | Forfeited | Adjustments |                         |
| 03.08.2015    | 495,000                                   | –                           | (4,400)   | –           | 490,600                 |
| 01.08.2016    | 1,045,200                                 | –                           | (9,600)   | –           | 1,035,600               |
| 01.08.2017    | 1,376,500                                 | –                           | (13,500)  | –           | 1,363,000               |
|               | 2,916,700                                 | –                           | (27,500)  | –           | 2,889,200               |

#### **PSP**

| Date of grant | Balance at<br>1.4.2018 /<br>Date of grant | Number of Performance Shares |           |             | Balance at<br>30.6.2018 |
|---------------|---|------------------------------|-----------|-------------|-------------------------|
|               |   | Vested                       | Forfeited | Adjustments |                         |
| 02.11.2015    | 1,570,000                                 | –                            | –         | –           | 1,570,000               |
| 01.08.2016    | 1,583,000                                 | –                            | –         | –           | 1,583,000               |
| 01.08.2017    | 1,622,000                                 | –                            | –         | –           | 1,622,000               |
|               | 4,775,000                                 | –                            | –         | –           | 4,775,000               |

- (iii) Number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding are as follows:

| <b>Group and Company</b>  | <b>As at<br/>30 June 2018</b> | <b>As at<br/>30 June 2017</b> |
|---|-------------------------------|-------------------------------|
| Number of treasury shares   | 10,102,355                    | 8,252,655                     |
| Number of subsidiary holdings   | –                             | –                             |
| Aggregate number of treasury shares and subsidiary holdings   | 10,102,355                    | 8,252,655                     |
| Total number of shares outstanding*   | 1,113,953,920                 | 1,115,803,620                 |
| Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding | 0.9%                          | 0.7%                          |

\* Total number of issued shares excluding treasury shares and subsidiary holdings.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

| <b>As at 30 June 2018</b> | <b>As at 31 March 2018</b> |
|---------------------------|----------------------------|
| 1,113,953,920             | 1,115,845,820              |

- 1(d)(iv) A statement showing all sales, transfer, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

| <b>Group and Company<br/>Treasury Shares</b>                      | <b>Number of Shares</b> |                | <b>\$ million</b> |                |
|---|-------------------------|----------------|-------------------|----------------|
|   | <b>2018-19</b>          | <b>2017-18</b> | <b>2018-19</b>    | <b>2017-18</b> |
| Balance at 1 April  | 8,210,455               | 9,547,355      | 32.8              | 30.3           |
| Purchases during the period                                       | 2,299,500               | –              | 11.5              | –              |
| Issuance of treasury shares pursuant to equity compensation plans | (407,600)               | (1,294,700)    | (1.6)             | (4.0)          |
| Balance at 30 June  | 10,102,355              | 8,252,655      | 42.7              | 26.3           |

- 1(d)(v) A statement showing all sales, transfer, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Nil.

**2 Whether the figures have been audited, or reviewed and in accordance with which standard.**

The figures have not been audited nor reviewed.

**3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).**

Not applicable.

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ended 31 March 2018.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The new financial reporting framework, SFRS(I), is mandatory for Singapore-incorporated companies with equity instruments traded in a public market in Singapore for annual periods beginning on or after 1 January 2018.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the financial year ended 31 March 2018, except for the adoption of new/revised SFRS(I) framework applicable for the financial period beginning 1 January 2018. In addition to the adoption of the new framework, the Group also concurrently applied the following new SFRS(I)s, amendments to and interpretations of SFRS(I) effective from the same date:

- SFRS(I) 15 *Revenue from Contracts with Customers* (Amendments to SFRS(I) 15 and Clarifications to SFRS(I) 15)
- SFRS(I) 9 *Financial Instruments*
- *Classification and Measurement of Share-based Payment Transactions* (Amendments to SFRS(I) 2);
- *Transfers of Investment Property* (Amendments to SFRS(I) 1-40);
- *Deletion of short-term exemptions for first-time adopters* (Amendments to SFRS(I) 1);
- *Measuring an Associate or Joint Venture at Fair Value* (Amendments to SFRS(I) 1-28);
- Applying SFRS(I) 9 *Financial Instruments* with SFRS(I) 4 *Insurance Contracts* (Amendments to SFRS(I) 4);
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*

The adoption of the above standards did not have any significant impact on the financial statements.

- 6 **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

|   | <b>GROUP</b>                  |                |
|---|-------------------------------|----------------|
|   | <b>1<sup>st</sup> Quarter</b> |                |
|   | <b>2018-19</b>                | <b>2017-18</b> |
| Earnings per share based on net profit attributable to owners of the Company (cents): |                               |                |
| (i) Basic *   | 5.7                           | 5.1            |
| (ii) Diluted **   | 5.7                           | 5.1            |

\* Based on weighted average number of fully paid shares in issue.

\*\* Based on weighted average number of fully paid shares in issue after adjusting for dilution of shares under the various employee share plans.

- 7 **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

|  | <b>GROUP</b>     |                  | <b>COMPANY</b>   |                  |
|--|------------------|------------------|------------------|------------------|
|  | <b>As at</b>     | <b>As at</b>     | <b>As at</b>     | <b>As at</b>     |
|  | <b>30.6.2018</b> | <b>31.3.2018</b> | <b>30.6.2018</b> | <b>31.3.2018</b> |
| Net asset value per ordinary share (cents) | 152.1            | 146.4            | 134.7            | 134.1            |

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

## **GROUP FINANCIAL PERFORMANCE**

### **First Quarter FY2018-19**

Group revenue of the Group grew \$12.9 million or 3% to \$439.4 million, with growth in both Food Solutions and Gateway Services. Revenue from Food Solutions was higher by \$6.4 million or 2.7% to \$239.5 million while Gateway Services' revenue rose \$6.5 million or 3.4% to \$199.6 million. Excluding the impact of the deconsolidation of SATS HK Limited ("SHK") - a wholly owned subsidiary, which the Group has divested 51% interest to Voltaire Capital Investment Limited in July 2017, the Group's underlying revenue would have increased by \$24.5 million or 5.9% while Gateway Services' revenue would have reflected a higher growth of \$18.1 million or 10%.

Group expenditure in the current quarter was \$374.5 million, increased \$1.5 million or 0.4% as compared to the corresponding quarter last year, led by higher cost of raw materials, licence fees as well as depreciation and amortisation charges. The increases in cost of raw materials and licence fees were in line with the higher revenue while the depreciation and amortisation increased with additions in capital expenditure. Conversely, staff costs fell \$2.9 million while company premise and utilities expenses were \$0.4 million lower mainly due to the deconsolidation of SHK.

Other costs decreased \$3 million primarily due to lower equipment and vehicle maintenance costs, as well as foreign exchange gain amounting to \$3.7 million in the current quarter compared to the foreign exchange loss amounting to \$1.1 million incurred in 1Q FY2017-18.

Operating profit for the Group rose to \$64.9 million, \$11.4 million or 21.3% over the same quarter last financial year, in line with the growth in revenue.

Share of results from associates/joint ventures was \$15.3 million, lowered by \$0.2 million or 1.3% over the same period last year with lower contributions from Gateway Services' associates/joint ventures, partially compensated by Food Solutions' improved performance.

Group net profit attributable to owners of the Company for the Group achieved \$63.9 million, growth of \$6.6 million or 11.5% compared to the corresponding quarter last year.

Revenue by business segment is summarised below:

|                  | Revenue      |            |              |            |        |
|------------------|--------------|------------|--------------|------------|--------|
|                  | 1Q FY2018-19 | %          | 1Q FY2017-18 | %          | Growth |
|                  | \$m          |            | \$m          |            | %      |
| Food Solutions   | 239.5        | 55         | 233.1        | 55         | 2.7    |
| Gateway Services | 199.6        | 45         | 193.1        | 45         | 3.4    |
| Others           | 0.3          | –          | 0.3          | –          | –      |
|                  | <b>439.4</b> | <b>100</b> | <b>426.5</b> | <b>100</b> | 3.0    |

## GROUP FINANCIAL POSITION REVIEW

Total equity of the Group grew \$63.2 million to \$1,829.8 million as at 30 June 2018, as compared to balance at 31 March 2018. The equity grew mainly due to profits generated during the quarter partly offset by increase in treasury shares.

Non-current assets increased \$15.4 million, primarily due to the higher investment in associates and joint ventures. The increase in investment in associates was attributable to associates' profit contribution during the quarter as well as foreign currency translation gains, offset by dividends received from associates. The higher investment in joint ventures resulted from additional capital injection of \$6.7 million to Ground Team Red Holdings Sdn Bhd.

Current assets of the Group rose \$84.7 million with higher balances across all current assets. The most significant increase was \$66.4 million in cash and short-term deposits, with cash inflows mainly contributed by cash generated from operations as well as dividends received from associates/joint ventures. The increase in assets held for sale as at 30 June 2018 was due to the net assets movements for the period in relation to the 4% stake in Asia Airfreight Terminal Company Limited and 35% stake in DSATS. Both transactions are still pending completion as at 30 June 2018.

Current liabilities increased \$36.4 million with higher trade and other payables as well as income tax payables, with partial offsetting impact from lower amount due to associates/joint ventures.

Non-current liabilities of the Group increased marginally \$0.5 million to \$179.6 million as at 30 June 2018.

## **GROUP CASH FLOWS REVIEW**

Net cash from operating activities for the first quarter was cash inflow of \$91.4 million, with \$44.8 million increase from the corresponding quarter last year. The higher cash inflow was attributable to the higher profits generated during the period as well as the movement in working capital.

Net cash used in investing activities was higher due to the slight increase in capital expenditure spent, investment in associates/joint ventures as mentioned above, lower interest received from deposits as well as the absence of proceeds from disposal of assets held for sale in 1Q FY2017-18. The increase was partly compensated by the higher dividends received from associates/joint ventures.

Net cash used in financing activities was \$9.8 million, largely arose from purchase of treasury shares and lower proceeds received from exercise of share options. This was partly offset by capital contributions from non-controlling interests.

**9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

### **OUTLOOK**

Despite the threat of global trade uncertainties potentially affecting cargo volumes, we expect passenger volumes in Asia to grow. At the same time, rapid urbanisation in the region will drive demand for safe, high-quality food, and more cruise ships will be deployed in Southeast Asia to keep pace with burgeoning consumer interest. However, pricing pressures will remain.

Our investments in technology and digitalisation are increasing productivity and enhancing our services.

We intend to deepen our collaboration with key customers to support their growth and broaden our unrivalled network of operations across the region.

**11 Dividends**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

**(c) Date Payable**

Not Applicable.

**(d) Closure of books**

Not Applicable.

**12 If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared/recommendeded for the quarter ended 30 June 2018.



### 13 Interested Person Transactions

13.1 The interested person transactions entered into during the first quarter ended 30 June 2018 are as follows:

| <u>Name of interested person</u>                           | <b>Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)</b> | <b>Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S\$100,000)</b> |
|--|--|--|
|  | \$'000   | \$'000   |
| <b>Transactions for the Sale of Goods and Services</b>     |  |  |
| Singapore Airlines Limited                                 | –  | 7,155  |
| SIA Engineering Company Limited                            | –  | 9,425  |
|  | <u>–</u>   | <u>16,580</u>  |
| <b>Transactions for the Purchase of Goods and Services</b> |  |  |
| NCS Communications Engineering Pte Ltd                     | –  | 4,325  |
|  | <u>–</u>   | <u>4,325</u>   |

Note: All the transactions set out in the above table were based on records from the Group's Register of Interested Person Transactions for the financial period under review, and include transactions whose durations exceed the financial period under review and/or multiple transactions with the same interested person. The transactions were based on actual or estimated values of the transactions for the entire duration of the relevant transactions in the case of fixed term contracts or annual/periodic values of the transactions in the case of open-ended contracts, taking into account agreed rates.

All the above interested person transactions were done on normal commercial terms.

**14 Confirmation that the Issuer has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1).**

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

Prema d/o K Subramaniam  
Company Secretary  
19 July 2018  
Singapore

Singapore Company Registration No: 197201770G

## **CONFIRMATION BY THE BOARD**

We, Euleen Goh Yiu Kiang and Alexander Charles Hungate, being two of the directors of SATS 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 three months ended 30 June 2018 financial results to be false or misleading in any material respect.

On behalf of the Board of Directors,

**EULEEN GOH YIU KIANG**  
Chairman

**ALEXANDER CHARLES HUNGATE**  
Executive Director / President and  
Chief Executive Officer

Singapore, 19 July 2018