



**UNAUDITED RESULTS FOR SECOND QUARTER AND  
HALF YEAR ENDED 30 SEPTEMBER 2017**

- 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 second quarter and half year ended 30 September 2017 (in \$ million)

	GROUP			
	2 <sup>nd</sup> Quarter		1 <sup>st</sup> Half	
	2017-18	2016-17	2017-18	2016-17
<b>Revenue</b>	434.8	438.5	861.3	862.7
<b>Expenditure</b>				
Staff costs	(205.7)	(210.6)	(420.0)	(424.4)
Cost of raw materials	(66.6)	(69.1)	(124.5)	(131.5)
Licence fees	(20.5)	(16.5)	(42.1)	(33.8)
Depreciation and amortisation charges	(19.2)	(18.1)	(38.0)	(35.9)
Company premise and utilities expenses	(26.7)	(28.0)	(53.6)	(54.9)
Other costs	(35.0)	(32.6)	(68.5)	(64.1)
	<u>(373.7)</u>	<u>(374.9)</u>	<u>(746.7)</u>	<u>(744.6)</u>
<b>Operating profit</b>	61.1	63.6	114.6	118.1
Interest on borrowings	(0.2)	(0.3)	(0.4)	(0.6)
Interest income	1.0	1.0	2.3	2.1
Dividends from long-term investment, gross	–	0.7	–	0.7
Share of results of associates/joint ventures, net of tax	18.0	11.5	33.5	23.7
Gain on disposal of property, plant and equipment	0.1	–	0.2	0.1
Gain on disposal of assets held for sale	7.0	–	7.0	9.3
Loss on divestment/dilution of interest in associates	–	–	–	(0.7)
<b>Profit before tax</b>	87.0	76.5	157.2	152.7
Income tax expense	(15.5)	(14.2)	(28.5)	(25.9)
<b>Profit for the period</b>	<u>71.5</u>	<u>62.3</u>	<u>128.7</u>	<u>126.8</u>
<b>Profit attributable to:</b>				
Owners of the Company	72.2	62.1	129.5	126.2
Non-controlling interests	(0.7)	0.2	(0.8)	0.6
	<u>71.5</u>	<u>62.3</u>	<u>128.7</u>	<u>126.8</u>
<b>Underlying net profit <sup>(1)</sup></b>	<b>65.2</b>	<b>62.1</b>	<b>122.5</b>	<b>117.6</b>

1. Underlying net profit refers to net profit attributable to owners of the Company excluding the following one-off items:
- (i) Gain on disposal of assets held for sale (\$7 million in 2Q FY17-18 and NIL in 2Q FY16-17, \$7 million in 1H FY17-18 and \$9.3 million in 1H FY16-17).
  - (ii) Loss on divestment/dilution of interest in associates (NIL in 2Q FY17-18 and 2Q FY16-17, NIL in 1H FY17-18 and \$0.7 million in 1H FY16-17).

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

	GROUP			
	2 <sup>nd</sup> Quarter		1 <sup>st</sup> Half	
	2017-18	2016-17	2017-18	2016-17
Foreign exchange (loss)/gain, net	(1.0)	0.4	(2.1)	(0.5)
(Allowance)/write-back of doubtful debts, net	(0.1)	0.3	(0.1)	0.3
Write-off for stock obsolescence, net	-	-	(0.1)	(0.1)
Over provision of taxation in respect of prior years	-	0.6	-	0.3

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
For the second quarter and half year ended 30 September 2017 (in \$ million)**

	GROUP			
	2 <sup>nd</sup> Quarter		1 <sup>st</sup> Half	
	2017-18	2016-17	2017-18	2016-17
<b>Profit for the period</b>	71.5	62.3	128.7	126.8
<b>Other comprehensive income</b>				
<u>Items that will not be reclassified to profit or loss:</u>				
Actuarial loss on defined benefit plan	(0.1)	(0.3)	(0.1)	(0.3)
<u>Items that are or may be reclassified subsequently to profit or loss:</u>				
Share of changes in equity of an associate	-	4.0	-	4.0
Foreign currency translation differences	(10.3)	10.8	(20.5)	11.5
Reclassification of foreign currency translation to profit or loss	0.4	-	0.4	-
	(9.9)	14.8	(20.1)	15.5
<b>Other comprehensive income for the period, net of tax</b>	(10.0)	14.5	(20.2)	15.2
<b>Total comprehensive income for the period</b>	61.5	76.8	108.5	142.0
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	63.1	75.4	111.2	135.5
Non-controlling interests	(1.6)	1.4	(2.7)	6.5
<b>Total comprehensive income for the period</b>	61.5	76.8	108.5	142.0

**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 September 2017 (in \$ million)**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>30.9.2017</b>	<b>31.3.2017</b>	<b>30.9.2017</b>	<b>31.3.2017</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	367.9	367.9	367.9	367.9
Treasury shares	(15.4)	(30.3)	(15.4)	(30.3)
Share-based compensation reserve	9.2	12.6	9.2	12.6
Statutory reserve	8.6	8.3	–	–
Foreign currency translation reserve	(129.3)	(111.1)	–	–
Revenue reserve	1,368.6	1,362.0	1,026.7	1,133.3
Other reserves*	(13.4)	(5.9)	(13.7)	(10.6)
	<u>1,596.2</u>	<u>1,603.5</u>	<u>1,374.7</u>	<u>1,472.9</u>
<b>Non-controlling interests</b>	84.8	87.7	–	–
<b>Total equity</b>	<u>1,681.0</u>	<u>1,691.2</u>	<u>1,374.7</u>	<u>1,472.9</u>
<b>Non-current assets</b>				
Property, plant and equipment	543.1	538.7	22.8	15.9
Investment properties	9.7	10.4	241.2	252.8
Intangible assets	157.1	157.9	4.2	3.3
Investment in subsidiaries	–	–	536.3	536.2
Investment in associates	586.0	590.1	320.7	305.9
Investment in joint ventures	91.5	80.7	12.0	12.0
Long-term investments	20.8	25.3	–	–
Loan to subsidiaries	–	–	314.9	328.8
Deferred tax assets	10.9	11.6	–	–
Other non-current assets	7.0	8.2	–	–
	<u>1,426.1</u>	<u>1,422.9</u>	<u>1,452.1</u>	<u>1,454.9</u>
<b>Current assets</b>				
Trade and other receivables	272.9	271.2	68.9	61.8
Prepayments and deposits	22.7	17.4	1.3	2.0
Amounts due from associates/joint ventures	8.1	6.7	4.4	3.8
Loan to subsidiaries	–	–	0.9	0.9
Inventories	24.0	21.9	0.2	0.2
Cash and short-term deposits	471.4	505.8	260.9	300.7
Assets of disposal groups classified as held for sale	12.1	33.5	7.6	29.0
	<u>811.2</u>	<u>856.5</u>	<u>344.2</u>	<u>398.4</u>
<b>Current liabilities</b>				
Trade and other payables	307.8	330.9	281.6	237.9
Amounts due to associates/joint ventures	3.6	4.9	–	–
Income tax payable	58.8	58.6	15.3	14.7
Term loans	9.7	10.0	–	–
Finance leases	0.3	0.4	–	–
Liabilities of disposal groups classified as held for sale	–	5.1	–	–
	<u>380.2</u>	<u>409.9</u>	<u>296.9</u>	<u>252.6</u>
<b>Net current assets</b>	431.0	446.6	47.3	145.8
<b>Non-current liabilities</b>				
Deferred tax liabilities	57.7	55.4	26.0	25.8
Term loan	94.2	97.5	94.2	97.5
Finance leases	0.4	0.7	–	–
Defined benefit plan	2.4	2.3	–	–
Other long-term liabilities	21.4	22.4	4.5	4.5
	<u>176.1</u>	<u>178.3</u>	<u>124.7</u>	<u>127.8</u>
<b>Net assets</b>	<u>1,681.0</u>	<u>1,691.2</u>	<u>1,374.7</u>	<u>1,472.9</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 30.09.2017</u>		<u>As at 31.03.2017</u>	
<u>Secured</u> *	<u>Unsecured</u>	<u>Secured</u> *	<u>Unsecured</u>
1.2	8.8	1.3	9.1

Amount repayable after one year

<u>As at 30.09.2017</u>		<u>As at 31.03.2017</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
-	94.6	-	98.2

### Details of any collateral

- \* Secured by property, plant and equipment and other assets belonging to a subsidiary in the Group.

**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 second quarter and half year ended 30 September 2017 (in \$ million)**

	<b>GROUP</b>			
	<b>2<sup>nd</sup> Quarter</b>		<b>1<sup>st</sup> Half</b>	
	<b>2017-18</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2016-17</b>
<b><u>Cash flows from operating activities</u></b>				
Profit before tax	87.0	76.5	157.2	152.7
Adjustments for:				
Interest and investment income, net	(0.8)	(1.4)	(1.9)	(2.2)
Depreciation and amortisation charges	19.2	18.1	38.0	35.9
Unrealised foreign exchange loss/(gain)	1.0	(0.4)	2.1	0.5
Share of results of associates/joint ventures, net of tax	(18.0)	(11.5)	(33.5)	(23.7)
Gain on disposal of property, plant and equipment	(0.1)	–	(0.2)	(0.1)
Gain on disposal of assets held for sale	(7.0)	–	(7.0)	(9.3)
Loss on divestment/dilution of interest in associates	–	–	–	0.7
Share-based payment expense	2.3	2.8	4.8	5.0
Other non-cash items	0.1	(0.3)	0.2	(0.2)
Operating cash flows before working capital changes	83.7	83.8	159.7	159.3
Changes in working capital:				
Decrease/(increase) in receivables	11.6	(16.1)	(0.4)	(21.5)
(Increase)/decrease in prepayments and deposits	(2.0)	2.9	(5.3)	(4.6)
(Increase)/decrease in inventories	(1.0)	2.6	(2.3)	0.2
Decrease in payables	(30.4)	(42.2)	(32.5)	(8.9)
(Increase)/decrease in amounts due from associates/joint ventures	(0.9)	3.1	(2.6)	3.5
<b>Cash generated from operations</b>	<b>61.0</b>	<b>34.1</b>	<b>116.6</b>	<b>128.0</b>
Interest paid to third parties	(0.2)	(0.3)	(0.4)	(0.6)
Income taxes paid	(16.8)	(14.0)	(25.6)	(22.3)
<b>Net cash from operating activities</b>	<b>44.0</b>	<b>19.8</b>	<b>90.6</b>	<b>105.1</b>
<b><u>Cash flows from investing activities</u></b>				
Capital expenditure	(25.4)	(17.5)	(44.3)	(37.0)
Dividends from associates/joint ventures	7.0	5.2	12.9	20.7
Dividends from long-term investment, gross	–	0.7	–	0.7
Proceeds from divestment of interest in an associate	–	–	–	0.2
Proceeds from disposal of assets held for sale	27.0	–	30.7	20.6
Proceeds from disposal of property, plant and equipment	0.1	0.5	0.7	1.3
Investment in associates/joint ventures	(12.0)	(9.0)	(12.1)	(20.4)
Decrease/(increase) in long-term investments	3.9	–	3.9	(24.0)
Interest received from deposits	1.3	1.0	2.2	2.1
<b>Net cash from/(used in) investing activities</b>	<b>1.9</b>	<b>(19.1)</b>	<b>(6.0)</b>	<b>(35.8)</b>
<b><u>Cash flows from financing activities</u></b>				
Repayment of term loans	–	(2.8)	–	(2.9)
Repayment of finance leases and related charges	(0.1)	(0.1)	(0.5)	(0.2)
Proceeds from borrowings	–	0.3	–	0.3
Proceeds from exercise of share options	0.8	1.2	4.2	3.8
Dividends paid	(123.1)	(111.4)	(123.1)	(111.4)
Capital contributions from non-controlling interests	–	–	–	0.5
Dividends paid to non-controlling interests	–	–	(0.2)	(0.2)
<b>Net cash used in financing activities</b>	<b>(122.4)</b>	<b>(112.8)</b>	<b>(119.6)</b>	<b>(110.1)</b>
Net decrease in cash and cash equivalents	(76.5)	(112.1)	(35.0)	(40.8)
Effect of exchange rate changes	(0.9)	1.0	(2.0)	3.6
Cash and cash equivalents at beginning of financial period <sup>(1)</sup>	548.8	563.8	508.4	489.9
<b>Cash and cash equivalents at end of financial period</b>	<b>471.4</b>	<b>452.7</b>	<b>471.4</b>	<b>452.7</b>

<sup>(1)</sup> Cash and cash equivalents comprised cash held under assets held for sale \$4.2 million as at 30 June 2017 (30 June 2016: Nil) and \$2.6 million as at 31 March 2017 (31 March 2016: Nil).

**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 second quarter ended 30 September 2017 (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	Gain/(Loss) on Reissuance of Treasury Shares	Fair Value Reserve	Total	Non-controlling Interests	Total Equity
Balance at 1 July 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
Profit for the period	–	–	–	–	–	72.2	–	–	–	72.2	(0.7)	71.5
Other comprehensive income for the period	–	–	–	–	(9.0)	(0.1)	–	–	–	(9.1)	(0.9)	(10.0)
Total comprehensive income for the period	–	–	–	–	(9.0)	72.1	–	–	–	63.1	(1.6)	61.5
<b>Contributions by and distributions to owners</b>												
Share-based payment	–	–	2.3	–	–	–	–	–	–	2.3	–	2.3
Share options lapsed	–	–	(0.6)	–	–	0.6	–	–	–	–	–	–
Treasury shares reissued pursuant to equity compensation plans	–	10.9	(6.8)	–	–	–	–	(3.3)	–	0.8	–	0.8
Dividends, net	–	–	–	–	–	(123.1)	–	–	–	(123.1)	–	(123.1)
Total contributions by and distributions to owners	–	10.9	(5.1)	–	–	(122.5)	–	(3.3)	–	(120.0)	–	(120.0)
<b>Others</b>												
Share of other changes in equity of an associated company	–	–	–	–	–	–	(4.4)	–	–	(4.4)	–	(4.4)
Transfer to statutory reserve	–	–	–	0.2	–	(0.2)	–	–	–	–	–	–
Balance at 30 September 2017	367.9	(15.4)	9.2	8.6	(129.3)	1,368.6	0.2	(13.7)	0.1	1,596.2	84.8	1,681.0

\* 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 second quarter ended 30 September 2017 (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	Gain/(Loss) on Reissuance of Treasury Shares	Fair Value Reserve	Total	Non-controlling Interests	Total Equity
Balance at 1 July 2016	367.9	(43.5)	13.9	8.2	(130.6)	1,342.9	4.6	(7.7)	–	1,555.7	79.7	1,635.4
Profit for the period	–	–	–	–	–	62.1	–	–	–	62.1	0.2	62.3
Other comprehensive income for the period	–	–	–	–	9.5	3.8	–	–	–	13.3	1.2	14.5
Total comprehensive income for the period	–	–	–	–	9.5	65.9	–	–	–	75.4	1.4	76.8
<b>Contributions by and distributions to owners</b>												
Share-based payment	–	–	2.8	–	–	–	–	–	–	2.8	–	2.8
Share options lapsed	–	–	(0.2)	–	–	0.2	–	–	–	–	–	–
Treasury shares reissued pursuant to equity compensation plans	–	12.2	(8.1)	–	–	–	–	(2.9)	–	1.2	–	1.2
Dividends, net	–	–	–	–	–	(111.4)	–	–	–	(111.4)	–	(111.4)
Total contributions by and distributions to owners	–	12.2	(5.5)	–	–	(111.2)	–	(2.9)	–	(107.4)	–	(107.4)
<b>Others</b>												
Transfer to statutory reserve	–	–	–	0.1	–	(0.1)	–	–	–	–	–	–
Balance at 30 September 2016	367.9	(31.3)	8.4	8.3	(121.1)	1,297.5	4.6	(10.6)	–	1,523.7	81.1	1,604.8

\* 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 second quarter ended 30 September 2017 (in \$ million)**

<b><u>COMPANY</u></b>	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Revenue Reserve	Gain/(Loss) on Reissuance of Treasury Shares	Total Equity
Balance at 1 July 2017	367.9	(26.3)	14.3	1,140.1	(10.4)	1,485.6
Profit for the period	–	–	–	9.1	–	9.1
Total comprehensive income for the period	–	–	–	9.1	–	9.1
<b><u>Contributions by and distributions to owners</u></b>						
Share-based payment	–	–	2.3	–	–	2.3
Share options lapsed	–	–	(0.6)	0.6	–	–
Treasury shares reissued pursuant to equity compensation plans	–	10.9	(6.8)	–	(3.3)	0.8
Dividends, net	–	–	–	(123.1)	–	(123.1)
Total contributions by and distributions to owners	–	10.9	(5.1)	(122.5)	(3.3)	(120.0)
Balance at 30 September 2017	<u>367.9</u>	<u>(15.4)</u>	<u>9.2</u>	<u>1,026.7</u>	<u>(13.7)</u>	<u>1,374.7</u>
Balance at 1 July 2016	367.9	(43.5)	13.9	1,115.6	(7.7)	1,446.2
Profit for the period	–	–	–	24.4	–	24.4
Total comprehensive income for the period	–	–	–	24.4	–	24.4
<b><u>Contributions by and distributions to owners</u></b>						
Share-based payment	–	–	2.8	–	–	2.8
Share options lapsed	–	–	(0.2)	0.2	–	–
Treasury shares reissued pursuant to equity compensation plans	–	12.2	(8.1)	–	(2.9)	1.2
Dividends, net	–	–	–	(111.4)	–	(111.4)
Total contributions by and distributions to owners	–	12.2	(5.5)	(111.2)	(2.9)	(107.4)
Balance at 30 September 2016	<u>367.9</u>	<u>(31.3)</u>	<u>8.4</u>	<u>1,028.8</u>	<u>(10.6)</u>	<u>1,363.2</u>



**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 July to September 2017, 288,000 options were exercised under the SATS Employee Share Option Plan.

As at 30 September 2017, the number of outstanding share options was 861,000 (30 September 2016: 4,104,900).

The movement of share options of the Company during the period from July to September 2017 was as follows:

<u>Date of grant</u>	<u>Balance at 1.7.2017</u>	<u>Forfeited/ Lapsed</u>	<u>Exercised</u>	<u>Balance at 30.9.2017</u>	<u>Exercise price</u>	<u>Expired date</u>
02.07.2007	1,064,400	(819,200)	(245,200)	–	\$2.76	01.07.2017
01.07.2008	920,000	(16,200)	(42,800)	861,000	\$1.92	30.06.2018
	<u>1,984,400</u>	<u>(835,400)</u>	<u>(288,000)</u>	<u>861,000</u>		

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

### **(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 FY2013-14 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 September 2017, the number of shares outstanding under the Company's RSP and PSP were 2,991,000 and 4,775,000 (30 September 2016: 3,080,000 and 4,576,000) respectively.

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

#### RSP

Date of grant	Balance at 1.7.2017 / Date of grant	Number of Restricted Shares			Balance at 30.9.2017
		Vested	Forfeited	Adjustments <sup>#</sup>	
06.08.2014	491,900	(491,900)	–	–	–
03.08.2015	1,050,400	(538,600)	(1,600)	–	510,200
01.08.2016	1,337,500	(535,000)	(3,200)	267,500	1,066,800
01.08.2017	1,424,000	–	(10,000)	–	1,414,000
	<u>4,303,800</u>	<u>(1,565,500)</u>	<u>(14,800)</u>	<u>267,500</u>	<u>2,991,000</u>

<sup>#</sup> Adjustments due to performance factor at the end of the performance period upon meeting the stated performance target.

#### PSP

Date of grant	Balance at 1.7.2017 / Date of grant	Number of Performance Shares			Balance at 30.9.2017
		Vested	Forfeited	Adjustments <sup>#</sup>	
20.10.2014	1,046,000	(1,569,000)	–	523,000	–
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
	<u>5,821,000</u>	<u>(1,569,000)</u>	<u>–</u>	<u>523,000</u>	<u>4,775,000</u>

<sup>#</sup> Adjustments due to performance factor at the end of the performance period upon meeting the stated performance target.

- (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 30 September 2017</b>	<b>As at 30 September 2016</b>
Number of treasury shares	4,830,155	9,989,755
Number of subsidiary holdings	–	–
Aggregate number of treasury shares and subsidiary holdings	4,830,155	9,989,755
Total number of shares outstanding*	1,119,226,120	1,114,066,520
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding	0.4%	0.9%

\* 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 September 2017</b>	<b>As at 31 March 2017</b>
1,119,226,120	1,114,508,920

- 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 Treasury Shares</b>	<b>Number of Shares</b>		<b>\$ million</b>	
	<b>2017-18</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2016-17</b>
Balance at 1 July	8,252,655	13,882,808	26.3	43.5
Purchases during the period	–	–	–	–
Issuance of treasury shares pursuant to equity compensation plans	(3,422,500)	(3,893,053)	(10.9)	(12.2)
Balance at 30 September	4,830,155	9,989,755	15.4	31.3

- 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 2017.

**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.**

Per indicated in Note 4 above.

**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>2<sup>nd</sup> Quarter</b>		<b>1<sup>st</sup> Half</b>	
	<b>2017-18</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2016-17</b>
Earnings per share based on net profit attributable to owners of the Company (cents):				
(i) Basic *	6.5	5.6	11.6	11.4
(ii) Diluted **	6.4	5.6	11.5	11.3

\* 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 30.9.2017</b>	<b>As at 31.3.2017</b>	<b>As at 30.9.2017</b>	<b>As at 31.3.2017</b>
Net asset value per ordinary share (cents)	142.6	143.9	122.8	132.2

- 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**

### **Second Quarter FY2017-18**

The Group recorded net profit attributable to owners of the Company of \$72.2 million for the second quarter of FY2017-18, \$10.1 million or 16.3% higher than the last corresponding quarter. The underlying net profit was \$65.2 million, an increase of \$3.1 million or 5% over last year.

The Group's revenue fell \$3.7 million or 0.8% year-on-year to \$434.8 million. Revenue from Food Solutions fell \$7.9 million or 3.1% to \$244.8 million while Gateway Services' revenue grew \$4.3 million or 2.3% to \$189.7 million despite the deconsolidation of a wholly-owned subsidiary, SATS HK Limited ("SHK"), under Gateway Services in the current quarter. Subsequent to the completion of the sale of SATS' 51% equity stake in SHK to Voltaire Capital Investment Limited in July 2017, SHK has been accounted as an associate of the Group. Excluding the impact of the deconsolidation of SHK, the Group's underlying revenue would have increased \$4 million or 0.9% while Gateway Services' revenue would have reflected a growth of \$12 million or 6.8%.

The Group's expenditure in the second quarter was \$373.7 million, down \$1.2 million or 0.3% from last year. This reduction was largely contributed by the deconsolidation impact of SHK, which was also the main cause for the decrease in staff costs of \$4.9 million and company premise and utilities expenses of \$1.3 million. Cost of raw materials fell \$2.5 million in line with lower Food Solutions' revenue. Conversely, licence fees increased \$4 million mainly due to cessation of rebates while depreciation and amortisation charges were higher by \$1.1 million from additional capital expenditure incurred. Other costs increased \$2.4 million primarily from higher fuel consumption and exchange losses as well as lower grants received.

Operating profit for the quarter was \$61.1 million, a decline of \$2.5 million or 3.9% compared to the same quarter last year.

Share of after-tax profits from associates/joint ventures for the quarter was \$18 million, an improvement of \$6.5 million or 56.5% over the same period last year, with higher contributions from both Gateway and Food Solutions' associates/joint ventures.

The disposal of assets held for sale for the current quarter comprised the gain of \$5.2 million from the disposal of equity interest in SHK and \$1.8 million from the completion of the restructuring of Jilin Zhong Xin Cheng Food Co., Ltd. ("Jilin JVCo") and SG IPF Pte. Ltd. ("SGIPF") as announced in June 2017. Following the restructuring, SGIPF, previously a wholly-owned subsidiary, was accounted as a joint venture of the Group. Jilin JVCo, which was previously an associate of the Group, is now held as an associate of SGIPF.

Revenue by business segment is summarised below:

	Revenue				
	2Q FY2017-18	%	2Q FY2016-17	%	Growth
	\$m		\$m		%
Food Solutions	244.8	56	252.7	58	(3.1)
Gateway Services	189.7	44	185.4	42	2.3
Others	0.3	–	0.4	–	(25.0)
	<b>434.8</b>	<b>100</b>	<b>438.5</b>	<b>100</b>	<b>(0.8)</b>

Note: Certain revenue in 2Q FY2016-17 has been reclassified in conformity with the current year's presentation.

### **First Half FY2017-18**

Group net profit attributable to owners of the Company for the first half was \$129.5 million, \$3.3 million or 2.6% higher than the corresponding period last year. The underlying net profit was \$122.5 million, \$4.9 million or 4.2% higher year-on-year.

Against the first half of last year, Group revenue fell by \$1.4 million or 0.2% to \$861.3 million. The revenue from Food Solutions fell \$14.9 million or 3% to \$477.9 million but this was partly mitigated by the growth in Gateway Services' revenue by \$13.6 million or 3.7% to \$382.8 million. Excluding the impact of the deconsolidation of SHK, the Group's underlying revenue would have increased \$6.3 million or 0.7% while Gateway Services' revenue would have reflected a growth of \$21.3 million or 5.9%.

Group expenditure increased \$2.1 million or 0.3% to \$746.7 million with increases in licence fees, depreciation and amortisation charges as well as other costs. Licence fees increased significantly by \$8.3 million largely due to cessation of rebates while depreciation and amortisation charges rose \$2.1 million with higher capital expenditure. Other costs were higher from fuel consumption, marketing activities and exchange losses, coupled with lower grants received. These increases were mitigated by reduction in staff costs, cost of raw materials as well as company premise and utilities expenses. Staff costs reduced \$4.4 million while company premise and utilities expenses reduced by \$1.3 million both attributable to similar reasons explained for the current quarter. Cost of raw materials declined \$7 million in line with the lower Food Solutions' revenue.

Operating profit for the half year was \$114.6 million, lower by \$3.5 million or 3% from the same period last year.

Share of after-tax profits from associates/joint ventures for the first half was \$33.5 million, a significant improvement of \$9.8 million or 41.4% over last year, with higher contributions from both divisions' associates/joint ventures.

The Group's gain on disposal of assets held for sale of \$7 million in the first half was derived from the SHK and Jilin JVCo transactions mentioned under the second quarter. Comparatively in the same period last year, the Group posted a gain of \$9.3 million from disposal of the Senoko plant as well as a loss of \$0.2 million from the divestment of its interest in an associate, International Airport Cleaning Co., Ltd and a loss of \$0.5 million on dilution of shareholdings from 40% to 28% in its associate, Beijing Airport Inflight Kitchen Limited.

Revenue by business segment is summarised below:

	Revenue				
	1H FY2017-18	%	1H FY2016-17	%	Growth
	\$m		\$m		%
Food Solutions	477.9	55	492.8	57	(3.0)
Gateway Services	382.8	45	369.2	43	3.7
Others	0.6	–	0.7	–	(14.3)
	<b>861.3</b>	<b>100</b>	<b>862.7</b>	<b>100</b>	(0.2)

Note: Certain revenue in 1H FY2016-17 has been reclassified in conformity with the current year's presentation.

## GROUP FINANCIAL POSITION REVIEW

Total equity of the Group stood at \$1,681 million as at 30 September 2017, a reduction of \$10.2 million compared to 31 March 2017. The drop in equity was due largely to dividends paid to shareholders and foreign currency translation losses, partly offset by the profits generated in the half year.

The non-current assets were higher by \$3.2 million mainly from investment in joint ventures as well as property, plant and equipment, partly offset by lower investment in associates and long term investments. The higher investment in joint ventures arose from the new joint venture, SGIPF, subsequent to the restructuring mentioned above. The carrying amount of the investment in associates became lower due mainly to foreign currency translation losses, dividends received from associates as well as the transfer of investment in Jilin JVCo, previously an associate, to the joint venture, SGIPF. These reductions were partly offset by the recognition of investment in SHK as an associate following the divestment of 51% equity interest in SHK. There was a partial repayment of \$3.9 million received for the 5-year secured loan of US\$17.8 million (S\$24.8 million), resulting in lower long-term investment.

Current assets decreased \$45.3 million from the balances as at 31 March 2017, particularly in cash and short-term deposits as well as assets of disposal groups classified as held for sale. Cash and short-term deposits decreased \$34.4 million from the payment of dividends to shareholders, spent on capital expenditure and investments in associates and joint ventures, but was compensated by cash generated from operations, proceeds from disposal of assets held for sale as well as dividends received from associates/joint ventures.

There was a decline in assets of disposal groups classified as held for sale following the completion of divestment transaction of SHK. The remaining balances in assets held for sale as at 30 September 2017 relates to the 4% stake in Asia Airfreight Terminal Company Limited and an investment property which were reported as at 31 March 2017.

Total liabilities of the Group decreased \$31.9 million to \$556.3 million as at 30 September 2017. The reduction in liabilities were due to lower trade and other payables, term loan as well as liabilities of disposal groups classified as held for sale. The term loan decrease was attributed to foreign currency translation difference on the Japanese Yen loan while the liabilities of assets held for sale were reversed corresponding to the completion of the sale.

## GROUP CASH FLOWS REVIEW

The 2Q FY2017-18 net cash from operating activities was \$24.2 million higher than last corresponding period while 1H FY2017-18 net cash from operating activities was \$14.5 million lower, both resulted from movement in working capital.

The Group's 2Q FY2017-18 net cash inflow from investing activities was an increase of \$21 million compared to an outflow of \$19.1 million last year, mainly attributed to proceeds from disposal of assets held for sale, lower long-term investment and higher dividends received from associates/joint ventures. These were partly offset by the higher capital expenditure and investment in associates/joint ventures. For 1H FY2017-18, net cash used in investing activities declined by \$29.8 million to \$6 million due to the absence of long-term investment of \$24 million made in last financial year, lower investment in associates/joint ventures and proceeds received from disposal of assets held for sale. These were partly offset by lower associates/joint ventures' dividends and higher capital expenditure spent.

The proceeds from disposal of assets held for sale for the current quarter and half year refer to payments received from the disposal of equity interest in SHK, restructuring of Jilin JVCo, as well as partial payments from the sale of the investment property.

In both 2Q FY2017-18 and 1H FY2017-18, the net cash used in financing activities were respectively higher than the corresponding periods last year largely due to higher dividends paid to shareholders, partially offset by the absence of term loan repayment.

**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

The operating environment continues to be challenging, with global economic uncertainty and competitive pressures in the aviation business.

Our productivity initiatives have helped us to offset pricing pressures resulting from lower yields in the airline sector.

We expect our recently announced investments in Malaysia and Turkey to make important contributions to growth in the future.



## 11 Dividends

### (a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes.

Name of Dividend	Interim
Type of Dividend	Cash
Dividend amount per Share	6 cents
Tax rate	Tax exempt (one-tier)

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

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

Name of Dividend	Interim
Type of Dividend	Cash
Dividend amount per Share	6 cents
Tax rate	Tax exempt (one-tier)

### (c) Date Payable

The interim dividend will be payable on 8 December 2017.

### (d) Closure of books

NOTICE is hereby given that, the Transfer Books and Register of Members of the Company will be closed on 24 November 2017 for the preparation of dividend warrants.

Duly completed and stamped transfers together with all relevant documents of or evidencing title received by the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902, up to 5.00 p.m. on 23 November 2017 will be registered to determine shareholders' entitlements to the proposed interim dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 23 November 2017 will be entitled to the proposed interim dividend.

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

Not applicable.

### 13 Interested Person Transactions

13.1 The interested person transactions entered into during the second quarter ended 30 September 2017 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>		
Scout Pte. Ltd.	–	2,300
Scout Tigerair Pte Ltd <sup>1</sup>	–	65,900
SG IPF Pte. Ltd.	–	156
SilkAir (Singapore) Private Limited <sup>2</sup>	–	4,990
	<u>–</u>	<u>73,346</u>

<sup>1</sup> The transaction with Scout Tigerair Pte. Ltd of S\$65.9 million includes an extension of Catering Services Agreement between SATS Ltd. and Tiger Airways Singapore Pte. Ltd. (now known as Scout Tigerair Pte. Ltd.) of S\$22.1 million for period 1 September 2014 to 31 August 2017.

<sup>2</sup> The transaction with SilkAir (Singapore) Private Limited was earlier reported under 1Q FY2017/18 for the contract period to ending 31 May 2022. The parties of the contract agreed to shorten the contract period from 31 May 2022 to 31 Dec 2019. Hence, this revised transaction is to supersede the transaction previously reported in 1Q FY2017/18.

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  
9 November 2017  
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 second quarter and half year ended 30 September 2017 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, 9 November 2017