



**UNAUDITED RESULTS FOR SECOND QUARTER AND HALF YEAR
ENDED 30 SEPTEMBER 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 second quarter and half year ended 30 September 2018 (in \$ million)

	GROUP			
	2 nd Quarter		1 st Half	
	2018-19	2017-18	2018-19	2017-18
Revenue	453.1	434.8	892.5	861.3
Expenditure				
Staff costs	(211.6)	(205.7)	(423.0)	(420.0)
Cost of raw materials	(68.8)	(66.6)	(132.5)	(124.5)
Licence fees	(21.9)	(20.5)	(44.2)	(42.1)
Depreciation and amortisation charges	(20.2)	(19.2)	(40.3)	(38.0)
Company premise and utilities expenses	(29.6)	(26.7)	(56.1)	(53.6)
Other costs	(35.0)	(35.0)	(65.5)	(68.5)
	<u>(387.1)</u>	<u>(373.7)</u>	<u>(761.6)</u>	<u>(746.7)</u>
Operating profit	66.0	61.1	130.9	114.6
Interest on borrowings	(0.2)	(0.2)	(0.4)	(0.4)
Interest income	0.9	1.0	1.9	2.3
Share of results of associates/joint ventures, net of tax	14.0	18.0	29.3	33.5
Other non-operating (loss)/income, net	(0.4)	7.1	(0.5)	7.2
	<u>80.3</u>	<u>87.0</u>	<u>161.2</u>	<u>157.2</u>
Profit before tax	80.3	87.0	161.2	157.2
Income tax expense	(13.3)	(15.5)	(28.0)	(28.5)
Profit for the period	<u>67.0</u>	<u>71.5</u>	<u>133.2</u>	<u>128.7</u>
Profit attributable to:				
Owners of the Company	65.7	72.2	129.6	129.5
Non-controlling interests	1.3	(0.7)	3.6	(0.8)
	<u>67.0</u>	<u>71.5</u>	<u>133.2</u>	<u>128.7</u>
Underlying net profit ⁽¹⁾	65.7	65.2	129.6	122.5
EBITDA (\$'M) ⁽²⁾	99.8	105.4	200.0	193.3
Return on Equity (%) ⁽³⁾	4.0	4.4	8.0	8.1

1. Underlying net profit refers to net profit attributable to owners of the Company excluding the following one-off items:

	2 nd Quarter		1 st Half	
	2018-19	2017-18	2018-19	2017-18
(i) Gain on disposal of assets held for sale, net of tax	–	7.0	–	7.0

2. EBITDA refers to earnings before interest, tax, depreciation and amortisation.
3. Return on equity is profit attributable to owners of the Company expressed as a percentage of the average equity holders' funds for the respective periods (non annualised).

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

	GROUP			
	2nd Quarter		1st Half	
	2018-19	2017-18	2018-19	2017-18
Foreign exchange gain/(loss), net	0.7	(1.0)	4.4	(2.1)
Allowance for doubtful debts	(0.1)	(0.1)	(0.1)	(0.1)
Write-off for stock obsolescence, net	(0.1)	–	(0.1)	(0.1)
Gain on disposal of property, plant and equipment	–	0.1	0.2	0.2
Over provision of taxation in respect of prior years	2.3	–	2.5	–
Gain on disposal of assets held for sale	–	7.0	–	7.0

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the second quarter and half year ended 30 September 2018 (in \$ million)**

	GROUP			
	2nd Quarter		1st Half	
	2018-19	2017-18	2018-19	2017-18
Profit for the period	67.0	71.5	133.2	128.7
Other comprehensive income				
<u>Items that will not be reclassified to profit or loss:</u>				
Actuarial loss on defined benefit plan	–	(0.1)	–	(0.1)
<u>Items that are or may be reclassified subsequently to profit or loss:</u>				
Foreign currency translation differences	(16.7)	(10.3)	(12.7)	(20.5)
Reclassification of foreign currency translation to profit or loss	–	0.4	–	0.4
	<u>(16.7)</u>	<u>(9.9)</u>	<u>(12.7)</u>	<u>(20.1)</u>
Other comprehensive income for the period, net of tax	<u>(16.7)</u>	<u>(10.0)</u>	<u>(12.7)</u>	<u>(20.2)</u>
Total comprehensive income for the period	<u>50.3</u>	<u>61.5</u>	<u>120.5</u>	<u>108.5</u>
Total comprehensive income attributable to:				
Owners of the Company	50.9	63.1	118.9	111.2
Non-controlling interests	(0.6)	(1.6)	1.6	(2.7)
Total comprehensive income for the period	<u>50.3</u>	<u>61.5</u>	<u>120.5</u>	<u>108.5</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 September 2018 (in \$ million)**

	GROUP		COMPANY	
	30.9.2018	31.3.2018	30.9.2018	31.3.2018
Equity attributable to owners of the Company				
Share capital	367.9	367.9	367.9	367.9
Treasury shares	(30.9)	(32.8)	(30.9)	(32.8)
Share-based compensation reserve	7.3	15.0	7.3	15.0
Statutory reserve	10.9	9.2	–	–
Foreign currency translation reserve	(154.1)	(143.4)	–	–
Revenue reserve	1,425.0	1,431.0	1,047.6	1,159.6
Other reserves*	(19.1)	(12.8)	(20.1)	(13.8)
	<u>1,607.0</u>	<u>1,634.1</u>	<u>1,371.8</u>	<u>1,495.9</u>
Non-controlling interests	135.1	132.5	–	–
Total equity	<u>1,742.1</u>	<u>1,766.6</u>	<u>1,371.8</u>	<u>1,495.9</u>
Non-current assets				
Property, plant and equipment	559.0	560.1	33.0	27.9
Investment properties	8.3	8.9	215.5	229.5
Intangible assets	157.3	157.5	5.8	4.2
Investment in subsidiaries	–	–	541.1	536.5
Investment in associates	617.9	604.1	332.1	320.7
Investment in joint ventures	249.6	244.7	172.9	165.0
Long-term investments	20.9	20.0	–	–
Loan to subsidiaries	–	–	310.4	312.4
Deferred tax assets	9.9	10.7	–	–
Other non-current assets	6.1	7.3	–	–
	<u>1,629.0</u>	<u>1,613.3</u>	<u>1,610.8</u>	<u>1,596.2</u>
Current assets				
Trade and other receivables	305.7	298.5	95.9	79.8
Prepayments and deposits	21.7	16.2	1.6	2.3
Amounts due from associates/joint ventures	6.2	4.6	4.4	2.5
Loan to subsidiaries	–	–	0.2	0.2
Inventories	24.0	22.5	0.3	0.2
Cash and short-term deposits	281.7	373.3	113.8	211.6
Assets of disposal groups classified as held for sale	18.9	19.9	7.6	7.6
	<u>658.2</u>	<u>735.0</u>	<u>223.8</u>	<u>304.2</u>
Current liabilities				
Trade and other payables	305.5	331.7	253.4	203.2
Amounts due to associates/joint ventures	2.7	3.5	–	–
Income tax payable	57.4	57.3	11.9	12.6
Term loans	2.4	9.8	69.9	58.0
Finance leases	0.2	0.3	–	–
	<u>368.2</u>	<u>402.6</u>	<u>335.2</u>	<u>273.8</u>
Net current assets/(liabilities)	290.0	332.4	(111.4)	30.4
Non-current liabilities				
Deferred tax liabilities	63.2	61.6	26.2	26.2
Term loan	94.0	96.0	94.0	96.0
Finance leases	0.2	0.3	–	–
Other payables	19.5	21.2	7.4	8.5
	<u>176.9</u>	<u>179.1</u>	<u>127.6</u>	<u>130.7</u>
Net assets	<u>1,742.1</u>	<u>1,766.6</u>	<u>1,371.8</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 30.09.2018</u>		<u>As at 31.03.2018</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
-	2.6	-	10.1

Amount repayable after one year

<u>As at 30.09.2018</u>		<u>As at 31.03.2018</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
-	94.2	-	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 second quarter and half year ended 30 September 2018 (in \$ million)

	GROUP			
	2 nd Quarter		1 st Half	
	2018-19	2017-18	2018-19	2017-18
<u>Cash flows from operating activities</u>				
Profit before tax	80.3	87.0	161.2	157.2
Adjustments for:				
Interest income, net	(0.7)	(0.8)	(1.5)	(1.9)
Depreciation and amortisation charges	20.2	19.2	40.3	38.0
Unrealised foreign exchange (gain)/loss	(0.2)	1.0	(2.5)	2.1
Share of results of associates/joint ventures, net of tax	(14.0)	(18.0)	(29.3)	(33.5)
Gain on disposal of property, plant and equipment	–	(0.1)	(0.2)	(0.2)
Gain on disposal of assets held for sale	–	(7.0)	–	(7.0)
Share-based payment expense	1.1	2.3	3.9	4.8
Other non-cash items	–	0.1	–	0.2
Operating cash flows before working capital changes	86.7	83.7	171.9	159.7
Changes in working capital:				
Decrease/(increase) in receivables	4.5	11.6	(4.6)	(0.4)
Increase in prepayments and deposits	(1.5)	(2.0)	(5.5)	(5.3)
Decrease/(increase) in inventories	0.3	(1.0)	(1.5)	(2.3)
Decrease in payables	(62.3)	(30.4)	(29.1)	(32.5)
Increase in amounts due from associates/joint ventures, net	(0.1)	(0.9)	(2.4)	(2.6)
Cash generated from operations	27.6	61.0	128.8	116.6
Interest paid to third parties	(0.2)	(0.2)	(0.4)	(0.4)
Income taxes paid	(15.4)	(16.8)	(25.0)	(25.6)
Net cash from operating activities	12.0	44.0	103.4	90.6
<u>Cash flows from investing activities</u>				
Capital expenditure	(20.9)	(25.4)	(40.0)	(44.3)
Dividends from associates/joint ventures	10.3	7.0	20.8	12.9
Proceeds from disposal of assets held for sale	–	27.0	–	30.7
Proceeds from disposal of property, plant and equipment	0.1	0.1	0.7	0.7
Investment in associates/joint ventures	(11.4)	(12.0)	(18.1)	(12.1)
Decrease in long-term investments	–	3.9	–	3.9
Interest received from deposits	1.2	1.3	1.9	2.2
Net cash (used in)/from investing activities	(20.7)	1.9	(34.7)	(6.0)
<u>Cash flows from financing activities</u>				
Repayment of term loans	(7.2)	–	(7.2)	–
Repayment of finance leases and related charges	(0.1)	(0.1)	(0.2)	(0.5)
Proceeds from borrowings	0.1	–	0.1	–
Proceeds from exercise of share options	0.2	0.8	1.0	4.2
Dividends paid	(134.0)	(123.1)	(134.0)	(123.1)
Purchase of treasury shares	(5.4)	–	(16.9)	–
Capital contribution from non-controlling interest	–	–	1.2	–
Dividends paid to non-controlling interest	–	–	(0.2)	(0.2)
Net cash used in financing activities	(146.4)	(122.4)	(156.2)	(119.6)
Net decrease in cash and cash equivalents	(155.1)	(76.5)	(87.5)	(35.0)
Effect of exchange rate changes	(2.9)	(0.9)	(4.1)	(2.0)
Cash and cash equivalents at beginning of financial period ⁽¹⁾	439.7	548.8	373.3	508.4
Cash and cash equivalents at end of financial period	281.7	471.4	281.7	471.4

⁽¹⁾ Cash and cash equivalents comprised cash held under assets held for sale was Nil as at 30 September 2018 (30 September 2017: Nil), 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 second quarter ended 30 September 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
GROUP												
Balance at 1 July 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
Profit for the period	–	–	–	–	–	65.7	–	–	–	65.7	1.3	67.0
Other comprehensive income for the period	–	–	–	–	(14.8)	–	–	–	–	(14.8)	(1.9)	(16.7)
Total comprehensive income for the period	–	–	–	–	(14.8)	65.7	–	–	–	50.9	(0.6)	50.3
Contributions by and distributions to owners												
Share-based payment	–	–	1.1	–	–	–	–	–	–	1.1	–	1.1
Share options lapsed	–	–	(0.1)	–	–	0.1	–	–	–	–	–	–
Treasury shares reissued pursuant to equity compensation plans	–	17.2	(11.3)	–	–	–	–	(5.6)	–	0.3	–	0.3
Purchase of treasury shares	–	(5.4)	–	–	–	–	–	–	–	(5.4)	–	(5.4)
Dividends, net	–	–	–	–	–	(134.0)	–	–	–	(134.0)	–	(134.0)
Total contributions by and distributions to owners	–	11.8	(10.3)	–	–	(133.9)	–	(5.6)	–	(138.0)	–	(138.0)
Others												
Transfer to statutory reserve	–	–	–	1.0	–	(1.0)	–	–	–	–	–	–
Balance at 30 September 2018	367.9	(30.9)	7.3	10.9	(154.1)	1,425.0	1.1	(20.1)	(0.1)	1,607.0	135.1	1,742.1

* 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 2018 (in \$ million)

GROUP	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 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
Contributions by and distributions to owners												
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)
Others												
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 2018 (in \$ million)

<u>COMPANY</u>	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Revenue Reserve	Loss on Reissuance of Treasury Shares	Total Equity
Balance at 1 July 2018	367.9	(42.7)	17.6	1,171.7	(14.5)	1,500.0
Profit for the period	–	–	–	9.8	–	9.8
Total comprehensive income for the year	–	–	–	9.8	–	9.8
<u>Contributions by and distributions to owners</u>						
Share-based payment	–	–	1.1	–	–	1.1
Share options lapsed	–	–	(0.1)	0.1	–	–
Treasury shares reissued pursuant to equity compensation plans	–	17.2	(11.3)	–	(5.6)	0.3
Purchase of treasury shares	–	(5.4)	–	–	–	(5.4)
Dividends, net	–	–	–	(134.0)	–	(134.0)
Total contributions by and distributions to owners	–	11.8	(10.3)	(133.9)	(5.6)	(138.0)
Balance at 30 September 2018	367.9	(30.9)	7.3	1,047.6	(20.1)	1,371.8
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 year	–	–	–	9.1	–	9.1
<u>Contributions by and distributions to owners</u>						
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	367.9	(15.4)	9.2	1,026.7	(13.7)	1,374.7

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 2018, 129,000 options were exercised under the SATS Employee Share Option Plan.

As at 30 September 2018, there was no outstanding share option (30 September 2017: 861,000).

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

<u>Date of grant</u>	<u>Balance at 1.7.2018</u>	<u>Forfeited/ Lapsed</u>	<u>Exercised</u>	<u>Balance at 30.9.2018</u>	<u>Exercise price</u>	<u>Expired date</u>
01.07.2008	339,100	(210,100)	(129,000)	–	\$1.92	30.06.2018
	339,100	(210,100)	(129,000)	–		

(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 41st 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 September 2018, the number of shares outstanding under the Company's RSP and PSP were 1,572,400 and 3,114,000 (30 September 2017: 2,991,000 and 4,775,000) respectively.

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

RSP

Date of grant	Balance at 1.7.2018 / Date of grant	Number of Restricted Shares			Balance at 30.9.2018
		Vested	Forfeited	Adjustments [#]	
03.08.2015	490,600	(490,600)	–	–	–
01.08.2016	1,035,600	(517,800)	(6,200)	–	511,600
01.08.2017	1,363,000	(542,600)	(30,900)	271,300	1,060,800
	2,889,200	(1,551,000)	(37,100)	271,300	1,572,400

[#] Adjustments due to performance factor at the end of the performance period upon meeting the stated performance target.

PSP

Date of grant	Balance at 1.7.2018 / Date of grant	Number of Performance Shares			Balance at 30.9.2018
		Vested	Forfeited	Adjustments [#]	
02.11.2015	1,570,000	(2,355,000)	–	785,000	–
01.08.2016	1,583,000	–	(21,000)	–	1,562,000
01.08.2017	1,622,000	–	(70,000)	–	1,552,000
	4,775,000	(2,355,000)	(91,000)	785,000	3,114,000

[#] Adjustments due to performance factor at the end of the performance period upon meeting the stated performance targets.

- (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:

Group and Company	As at 30 September 2018	As at 30 September 2017
Number of treasury shares	7,157,955	4,830,155
Number of subsidiary holdings	–	–
Aggregate number of treasury shares and subsidiary holdings	7,157,955	4,830,155
Total number of shares outstanding*	1,116,898,320	1,119,226,120
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding	0.6%	0.4%

* 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.**

As at 30 September 2018	As at 31 March 2018
1,116,898,320	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.**

Group and Company Treasury Shares	Number of Shares		\$ million	
	2018-19	2017-18	2018-19	2017-18
Balance at 1 July	10,102,355	8,252,655	42.7	26.3
Purchases during the period	1,090,600	–	5.4	–
Issuance of treasury shares pursuant to equity compensation plans	(4,035,000)	(3,422,500)	(17.2)	(10.9)
Balance at 30 September	7,157,955	4,830,155	30.9	15.4

- 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 except as detailed in paragraph 5 below.

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

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.**

	GROUP			
	2nd Quarter		1st Half	
	2018-19	2017-18	2018-19	2017-18
Earnings per share based on net profit attributable to owners of the Company (cents):				
(i) Basic *	5.9	6.5	11.6	11.6
(ii) Diluted **	5.9	6.4	11.6	11.5

* 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.**

	GROUP		COMPANY	
	As at 30.9.2018	As at 31.3.2018	As at 30.9.2018	As at 31.3.2018
Net asset value per ordinary share (cents)	143.9	146.4	122.8	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

Second Quarter FY2018-19

Group revenue of the Group grew \$18.3 million or 4.2% to \$453.1 million, with increase volume growth in both Food Solutions and Gateway Services. Revenue from Food Solutions was higher by \$6.1 million or 2.5% to \$250.9 million while Gateway Services' revenue rose \$11.9 million or 6.3% to \$201.6 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 \$22.2 million or 5.2% while Gateway Services' revenue would have reflected a higher growth of \$15.8 million or 8.5%.

Group expenditure in the second quarter rose \$13.4 million or 3.6% to \$387.1 million as compared to the same quarter last year. The higher costs were across all expenditure categories except for other costs, led by increase of \$5.9 million in staff costs, \$2.9 million in company premises and utilities, \$2.2 million in cost of raw materials, \$1.4 million in licence fees as well as \$1 million in the depreciation and

amortisation. Other costs maintained with higher IT expenses, fuel costs, professional fees, compensated by foreign exchange gains and grants received.

Operating profit for the Group recorded higher, by \$4.9 million or 8% to \$66 million, over the same quarter last year, driven by the improvement in revenue.

Share of results from associates/joint ventures was \$14 million, lowered by \$4 million or 22.2% over the same period last year with lower contributions from both Gateway Services' and Food Solutions' associates/joint ventures.

Group net profit attributable to owners of the Company fell \$6.5 million or 9% year-on-year to \$65.7 million, in the absence of \$7 million gain on disposal of assets held for sale comprising deconsolidation of SHK and restructuring of Jilin Zhong Xin Cheng Food Co., Ltd. and SG IPF Pte. Ltd. as well as lower contribution from associates/joint ventures. Excluding the one-off gain of \$7 million on disposal of assets held for sale in 2Q FY2017-18, the underlying net profit of \$65.7 million was \$0.5 million or 0.8% higher year-on-year.

Revenue by business segment is summarised below:

	Revenue				
	2Q FY2018-19	%	2Q FY2017-18	%	Growth
	\$m		\$m		%
Food Solutions	250.9	55	244.8	56	2.5
Gateway Services	201.6	45	189.7	44	6.3
Others	0.6	–	0.3	–	100.0
	453.1	100	434.8	100	4.2

First Half FY2018-19

Group revenue of the Group recorded an increase of \$31.2 million or 3.6% to \$892.5 million, contributed by volume growth in both Food Solutions and Gateway Services. Revenue from Food Solutions was higher by \$12.5 million or 2.6% to \$490.4 million while Gateway Services' revenue improved \$18.4 million or 4.8% to \$401.2 million. Excluding the impact of the deconsolidation of SHK, the Group's underlying revenue would have increased by \$46.8 million or 5.5% while Gateway Services' revenue would have reflected a higher growth of \$34 million or 9.3%.

Group expenditure in the half year was \$761.6 million, increased \$14.9 million or 2% as compared to the corresponding period last year, with increase in all expenditure except other costs. Staff costs were higher by \$3 million while the increase in cost of raw materials and licence fees were \$8 million and \$2.1 million respectively, in line with the higher revenue. Depreciation and amortisation increased arising from the additions in capital expenditure. Company premise and utilities expenses were \$2.5 million higher mainly due higher utilities consumption and rates. The increases were mitigated by reduction of \$3 million in other costs, attributable to foreign exchange gains as compared to foreign exchange losses in the corresponding period last year as well as grants received. These were partly eroded by higher IT expenses, fuel costs and professional fees.

Operating profit for the Group rose to \$130.9 million, \$16.3 million or 14.2% over the corresponding period last year, in line with the higher revenue.

Share of results from associates/joint ventures was \$29.3 million, lowered by \$4.2 million or 12.5% year-on-year with lower contributions from both Gateway Services' and Food Solutions' associates/joint ventures.

Group net profit attributable to owners of the Company was \$129.6 million, marginally higher by \$0.1 million or 0.1% compared to same period last year. The underlying net profit was \$129.6 million, \$7.1 million or 5.8% improvement over the corresponding period last year.

Revenue by business segment is summarised below:

	Revenue				
	1H FY2018-19	%	1H FY2017-18	%	Growth
	\$m		\$m		%
Food Solutions	490.4	55	477.9	55	2.6
Gateway Services	401.2	45	382.8	45	4.8
Others	0.9	–	0.6	–	50.0
	892.5	100	861.3	100	3.6

GROUP FINANCIAL POSITION REVIEW

Total equity of the Group decreased \$24.5 million to \$1,742.1 million at 30 September 2018, compared to balance at 31 March 2018. The lower equity was largely due to payment of dividends and foreign currency translation losses during the period. In addition, share-based compensation reserve reduced and loss on re-issuance of treasury shares increased in relation to the re-issuance of treasury shares for vested shares from equity based compensation plans.

Non-current assets increased \$15.7 million, primarily due to the increased investment in associates and joint ventures. The higher investment in associates arose from the additional investment of \$11.4 million for the increase in shareholding in the capital of Beijing Aviation Ground Services Co., Ltd from 28% to 29%, as well as associates' profit contribution partly 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 and share of joint ventures' profits during the six months, partly eroded by foreign currency translation losses.

Current assets of the Group reduced \$76.8 million mainly due to lower cash and short-term deposits. Cash and short-term deposits decreased mainly due to payment of FY2017-18 final dividends, spent on capital expenditure, investments in associates/joint ventures as well as purchase of treasury shares. The decrease in current assets was partly offset by higher trade and other receivables, prepayment and deposits, receivables from associates/joint ventures and inventories.

Current liabilities dropped \$34.4 million with lower trade and other payables, amounts due to associates/joint ventures, term loans and finance leases. The reduction in term loans was due to repayment of term loans of \$7.2 million.

The Company was in net current liabilities position as at 30 September 2018, mainly due to the lower cash balance resulted from payment of dividends to shareholders.

Non-current liabilities of the Group decreased \$2.2 million with lower other payables as well as lower term loans resulted from foreign currency translation gain on the Japanese Yen loan.

GROUP CASH FLOWS REVIEW

Net cash from operating activities for the current quarter was cash inflow of \$12 million, \$32 million lower from the corresponding quarter last year, mainly due to working capital changes. The six months FY2018-19 net cash from operating activities shown improvement of \$12.8 million over the same period last financial year, attributable to the higher operating cash flows before working capital changes.

Net cash used in investing activities for 2Q FY2018-19 and 1H FY2018-19 were cash outflows of \$20.7 million and \$34.7 million respectively, as compared to cash inflow of \$1.9 million in 2Q FY2017-18 and cash outflow of \$6 million in 1H FY2017-18. The higher cash outflow was primarily due to the absence of proceeds from disposal of assets held for sale received in last financial year.

Net cash used in financing activities for both 2Q FY2018-19 and 1H FY2018-19 were higher cash outflows as compared the same period last financial year, largely arose from dividends paid to shareholders, purchase of treasury shares, repayment of term loans and lower proceeds received from exercise of share options.

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

In the near term, trade tensions and weakening sentiment are impacting emerging market currencies and trade volumes. At the same time, higher oil prices and competition in the airline industry will continue to result in pricing pressures on SATS.

Notwithstanding the short-term challenges, with aviation volumes and demand for safe, quality food set to increase, SATS intends to pursue organic and inorganic growth opportunities.

SATS will also continue to invest in people and technology to digitalise services, enhance culinary capabilities, and improve productivity.

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 7 December 2018.

(d) Closure of books

NOTICE is hereby given that, the Transfer Books and Register of Members of the Company will be closed on 23 November 2018 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 22 November 2018 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 22 November 2018 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 2018 are as follows:

<u>Name of interested person</u>	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)	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)
	\$'000	\$'000
Transactions for the Sale of Goods and Services	—	—
	—	—
Transactions for the Purchase of Goods and Services		
Certis Cisco Consulting Services Pte. Ltd.	—	425
Singapore Telecommunications Limited	—	104
	—	529

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
8 November 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 second quarter and half year ended 30 September 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, 8 November 2018