



**UNAUDITED RESULTS FOR THIRD QUARTER AND NINE MONTHS
ENDED 31 DECEMBER 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 third quarter and nine months ended 31 December 2017 (in \$ million)

	GROUP			
	3 rd Quarter		9 Months	
	2017-18	2016-17	2017-18	2016-17
Revenue	439.8	440.9	1,301.1	1,303.6
Expenditure				
Staff costs	(206.9)	(215.0)	(626.9)	(639.4)
Cost of raw materials	(64.4)	(65.5)	(188.9)	(197.0)
Licence fees	(21.5)	(17.6)	(63.6)	(51.4)
Depreciation and amortisation charges	(19.5)	(18.2)	(57.5)	(54.1)
Company premise and utilities expenses	(24.8)	(26.4)	(78.4)	(81.3)
Other costs	(37.0)	(31.5)	(105.5)	(95.6)
	<u>(374.1)</u>	<u>(374.2)</u>	<u>(1,120.8)</u>	<u>(1,118.8)</u>
Operating profit	65.7	66.7	180.3	184.8
Interest on borrowings	(0.2)	(0.5)	(0.6)	(1.1)
Interest income	0.9	1.3	3.2	3.4
Share of results of associates/joint ventures, net of tax	13.7	12.7	47.2	36.4
Other non-operating income/(loss), net	4.6	(0.2)	11.8	9.2
Profit before tax	84.7	80.0	241.9	232.7
Income tax expense	(16.7)	(13.5)	(45.2)	(39.4)
Profit for the period	<u>68.0</u>	<u>66.5</u>	<u>196.7</u>	<u>193.3</u>
Profit attributable to:				
Owners of the Company	66.6	65.1	196.1	191.3
Non-controlling interests	1.4	1.4	0.6	2.0
	<u>68.0</u>	<u>66.5</u>	<u>196.7</u>	<u>193.3</u>
Underlying net profit ⁽¹⁾	62.1	65.1	184.6	182.7
Return on Equity (%) ⁽²⁾	4.2	4.2	12.3	12.6

- Underlying net profit refers to net profit attributable to owners of the Company excluding the following one-off items:
 - Gain on disposal of assets held for sale (NIL in 3Q FY17-18 and 3Q FY16-17, \$7 million in 9M FY17-18 and \$9.3 million in 9M FY16-17).
 - Write-back of earn-out consideration (\$4.5 million in 3Q FY17-18 and NIL in 3Q FY16-17, \$4.5 million in 9M FY17-18 and NIL in 9M FY16-17).
 - Loss on divestment/dilution of interest in associates (NIL in 3Q FY17-18 and 3Q FY16-17, NIL in 9M FY17-18 and \$0.7 million in 9M FY16-17).
- 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):**

	GROUP			
	3 rd Quarter		9 Months	
	2017-18	2016-17	2017-18	2016-17
Foreign exchange (loss)/gain, net	(0.8)	2.7	(2.9)	2.2
Write-back/(allowance) of doubtful debts, net	0.1	(0.6)	–	(0.3)
Write-off for stock obsolescence, net	0.1	–	–	(0.1)
Gain on disposal of assets held for sale	–	–	7.0	9.3
Write-back of earn-out consideration	4.5	–	4.5	–
Dividends from long-term investment, gross	–	–	–	0.7
(Loss)/gain on disposal of property, plant and equipment	–	(0.2)	0.2	(0.1)
Loss on divestment/dilution of interest in associates	–	–	–	(0.7)
(Under)/over provision of taxation in respect of prior years	(0.1)	0.2	(0.1)	0.5

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the third quarter and nine months ended 31 December 2017 (in \$ million)**

	GROUP			
	3 rd Quarter		9 Months	
	2017-18	2016-17	2017-18	2016-17
Profit for the period	68.0	66.5	196.7	193.3
Other comprehensive income				
<u>Items that will not be reclassified to profit or loss:</u>				
Actuarial gain/(loss) on defined benefit plan	–	0.1	(0.1)	(0.2)
<u>Items that are or may be reclassified subsequently to profit or loss:</u>				
Share of changes in equity of an associate	–	–	–	4.0
Net fair value changes on available-for-sale assets	–	0.1	–	0.1
Foreign currency translation differences	(5.9)	16.0	(26.4)	27.5
Reclassification of foreign currency translation to profit or loss	–	–	0.4	–
	(5.9)	16.1	(26.0)	31.6
Other comprehensive income for the period, net of tax	(5.9)	16.2	(26.1)	31.4
Total comprehensive income for the period	62.1	82.7	170.6	224.7
Total comprehensive income attributable to:				
Owners of the Company	61.7	85.8	172.9	221.3
Non-controlling interests	0.4	(3.1)	(2.3)	3.4
Total comprehensive income for the period	62.1	82.7	170.6	224.7

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 31 December 2017 (in \$ million)**

	GROUP		COMPANY	
	31.12.2017	31.3.2017	31.12.2017	31.3.2017
Equity attributable to owners of the Company				
Share capital	367.9	367.9	367.9	367.9
Treasury shares	(15.3)	(30.3)	(15.3)	(30.3)
Share-based compensation reserve	11.9	12.6	11.9	12.6
Statutory reserve	8.6	8.3	–	–
Foreign currency translation reserve	(134.2)	(111.1)	–	–
Revenue reserve	1,368.0	1,362.0	979.3	1,133.3
Other reserves*	(13.4)	(5.9)	(13.7)	(10.6)
	<u>1,593.5</u>	<u>1,603.5</u>	<u>1,330.1</u>	<u>1,472.9</u>
Non-controlling interests	85.2	87.7	–	–
Total equity	<u>1,678.7</u>	<u>1,691.2</u>	<u>1,330.1</u>	<u>1,472.9</u>
Non-current assets				
Property, plant and equipment	550.4	538.7	27.9	15.9
Investment properties	9.4	10.4	234.1	252.8
Intangible assets	156.9	157.9	5.0	3.3
Investment in subsidiaries	–	–	537.1	536.2
Investment in associates	598.9	590.1	320.7	305.9
Investment in joint ventures	96.2	80.7	12.0	12.0
Long-term investments	20.4	25.3	–	–
Loan to subsidiaries	–	–	329.6	328.8
Deferred tax assets	10.5	11.6	–	–
Other non-current assets	6.5	8.2	–	–
	<u>1,449.2</u>	<u>1,422.9</u>	<u>1,466.4</u>	<u>1,454.9</u>
Current assets				
Trade and other receivables	313.7	271.2	88.8	61.8
Prepayments and deposits	19.3	17.4	0.7	2.0
Amounts due from associates/joint ventures	8.9	6.7	4.9	3.8
Loan to subsidiaries	–	–	0.9	0.9
Inventories	25.0	21.9	0.2	0.2
Cash and short-term deposits	426.6	505.8	246.4	300.7
Assets of disposal groups classified as held for sale	12.1	33.5	7.6	29.0
	<u>805.6</u>	<u>856.5</u>	<u>349.5</u>	<u>398.4</u>
Current liabilities				
Trade and other payables	335.2	330.9	320.4	237.9
Amounts due to associates/joint ventures	3.4	4.9	–	–
Loan from subsidiaries	–	–	31.0	–
Income tax payable	59.7	58.6	15.6	14.7
Term loans	9.5	10.0	–	–
Finance leases	0.3	0.4	–	–
Liabilities of disposal groups classified as held for sale	–	5.1	–	–
	<u>408.1</u>	<u>409.9</u>	<u>367.0</u>	<u>252.6</u>
Net current assets/(liabilities)	397.5	446.6	(17.5)	145.8
Non-current liabilities				
Deferred tax liabilities	59.8	55.4	26.2	25.8
Term loan	92.6	97.5	92.6	97.5
Finance leases	0.3	0.7	–	–
Defined benefit plan	2.4	2.3	–	–
Other long-term liabilities	12.9	22.4	–	4.5
	<u>168.0</u>	<u>178.3</u>	<u>118.8</u>	<u>127.8</u>
Net assets	<u>1,678.7</u>	<u>1,691.2</u>	<u>1,330.1</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 31.12.2017</u>		<u>As at 31.03.2017</u>	
<u>Secured</u> *	<u>Unsecured</u>	<u>Secured</u> *	<u>Unsecured</u>
1.2	8.6	1.3	9.1

Amount repayable after one year

<u>As at 31.12.2017</u>		<u>As at 31.03.2017</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
-	92.9	-	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 third quarter and nine months ended 31 December 2017 (in \$ million)

	GROUP			
	3 rd Quarter		9 Months	
	2017-18	2016-17	2017-18	2016-17
<u>Cash flows from operating activities</u>				
Profit before tax	84.7	80.0	241.9	232.7
Adjustments for:				
Interest and investment income, net	(0.7)	(0.8)	(2.6)	(3.0)
Depreciation and amortisation charges	19.5	18.2	57.5	54.1
Unrealised foreign exchange loss/(gain)	0.8	(2.7)	2.9	(2.2)
Share of results of associates/joint ventures, net of tax	(13.7)	(12.7)	(47.2)	(36.4)
Loss/(gain) on disposal of property, plant and equipment	–	0.2	(0.2)	0.1
Gain on disposal of assets held for sale	–	–	(7.0)	(9.3)
Write-back of earn-out consideration	(4.5)	–	(4.5)	–
Loss on divestment/dilution of interest in associates	–	–	–	0.7
Share-based payment expense	2.7	2.0	7.5	7.0
Other non-cash items	(0.1)	0.5	0.1	0.3
Operating cash flows before working capital changes	88.7	84.7	248.4	244.0
Changes in working capital:				
Increase in receivables	(37.2)	(2.2)	(37.6)	(23.7)
Decrease/(increase) in prepayments and deposits	3.4	(4.6)	(1.9)	(9.2)
Increase in inventories	(0.9)	(0.7)	(3.2)	(0.5)
Increase/(decrease) in payables	16.6	0.6	(15.9)	(8.3)
(Increase)/decrease in amounts due from associates/joint ventures, net	(1.0)	2.1	(3.6)	5.6
Cash generated from operations	69.6	79.9	186.2	207.9
Interest paid to third parties	(0.2)	(0.4)	(0.6)	(1.0)
Income taxes paid	(13.6)	(11.4)	(39.2)	(33.7)
Net cash from operating activities	55.8	68.1	146.4	173.2
<u>Cash flows from investing activities</u>				
Capital expenditure	(27.3)	(18.6)	(71.6)	(55.6)
Dividends from associates/joint ventures	10.4	18.7	23.3	39.4
Dividends from long-term investment, gross	–	–	–	0.7
Proceeds from divestment of interest in an associate	–	–	–	0.2
Proceeds from disposal of assets held for sale	3.2	–	33.9	20.6
Proceeds from disposal of property, plant and equipment	–	–	0.7	0.4
Investment in associates/joint ventures	(18.7)	(23.0)	(30.8)	(43.4)
Decrease/(increase) in long-term investments	–	–	3.9	(24.0)
Interest received from deposits	0.5	1.3	2.7	3.4
Net cash used in investing activities	(31.9)	(21.6)	(37.9)	(58.3)
<u>Cash flows from financing activities</u>				
Repayment of term loans	–	(3.6)	–	(6.5)
Repayment of finance leases and related charges	–	(0.1)	(0.5)	(0.3)
Proceeds from borrowings	–	–	–	0.3
Proceeds from exercise of share options	–	1.0	4.2	4.8
Dividends paid	(67.2)	(66.8)	(190.3)	(178.2)
Purchase of treasury shares	–	(1.4)	–	(1.4)
Capital contribution from non-controlling interest	–	–	–	0.5
Dividends paid to non-controlling interest	–	–	(0.2)	(0.2)
Net cash used in financing activities	(67.2)	(70.9)	(186.8)	(181.0)
Net decrease in cash and cash equivalents	(43.3)	(24.4)	(78.3)	(66.1)
Effect of exchange rate changes	(1.5)	(3.5)	(3.5)	1.0
Cash and cash equivalents at beginning of financial period ⁽¹⁾	471.4	452.7	508.4	489.9
Cash and cash equivalents at end of financial period	426.6	424.8	426.6	424.8

⁽¹⁾ Cash and cash equivalents comprised cash held under assets held for sale \$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 third quarter ended 31 December 2017 (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	Gain/(Loss) on Reissuance of Treasury Shares	Fair Value Reserve	Total	Non-controlling Interests	Total Equity
GROUP												
Balance at 1 October 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
Profit for the period	–	–	–	–	–	66.6	–	–	–	66.6	1.4	68.0
Other comprehensive income for the period	–	–	–	–	(4.9)	–	–	–	–	(4.9)	(1.0)	(5.9)
Total comprehensive income for the period	–	–	–	–	(4.9)	66.6	–	–	–	61.7	0.4	62.1
Contributions by and distributions to owners												
Share-based payment	–	–	2.7	–	–	–	–	–	–	2.7	–	2.7
Treasury shares reissued pursuant to equity compensation plans	–	0.1	–	–	–	–	–	–	–	0.1	–	0.1
Dividends, net	–	–	–	–	–	(67.2)	–	–	–	(67.2)	–	(67.2)
Total contributions by and distributions to owners	–	0.1	2.7	–	–	(67.2)	–	–	–	(64.4)	–	(64.4)
Balance at 31 December 2017	367.9	(15.3)	11.9	8.6	(134.2)	1,368.0	0.2	(13.7)	0.1	1,593.5	85.2	1,678.7

* 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 third quarter ended 31 December 2017 (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	Gain/(Loss) on Reissuance of Treasury Shares	Fair Value Reserve	Total	Non-controlling Interests	Total Equity
Balance at 1 October 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
Profit for the period	–	–	–	–	–	65.1	–	–	–	65.1	1.4	66.5
Other comprehensive income for the period	–	–	–	–	20.5	0.1	–	–	0.1	20.7	(4.5)	16.2
Total comprehensive income for the period	–	–	–	–	20.5	65.2	–	–	0.1	85.8	(3.1)	82.7
Contributions by and distributions to owners												
Share-based payment	–	–	2.0	–	–	–	–	–	–	2.0	–	2.0
Treasury shares reissued pursuant to equity compensation plans	–	1.2	(0.3)	–	–	–	–	–	–	0.9	–	0.9
Purchase of treasury shares	–	(1.4)	–	–	–	–	–	–	–	(1.4)	–	(1.4)
Dividends, net	–	–	–	–	–	(66.8)	–	–	–	(66.8)	–	(66.8)
Total contributions by and distributions to owners	–	(0.2)	1.7	–	–	(66.8)	–	–	–	(65.3)	–	(65.3)
Balance at 31 December 2016	367.9	(31.5)	10.1	8.3	(100.6)	1,295.9	4.6	(10.6)	0.1	1,544.2	78.0	1,622.2

* 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 third quarter ended 31 December 2017 (in \$ million)

<u>COMPANY</u>	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Revenue Reserve	Gain/(Loss) on Reissuance of Treasury Shares	Total Equity
Balance at 1 October 2017	367.9	(15.4)	9.2	1,026.7	(13.7)	1,374.7
Profit for the period	–	–	–	19.8	–	19.8
Total comprehensive income for the period	–	–	–	19.8	–	19.8
<u>Contributions by and distributions to owners</u>						
Share-based payment	–	–	2.7	–	–	2.7
Treasury shares reissued pursuant to equity compensation plans	–	0.1	–	–	–	0.1
Dividends, net	–	–	–	(67.2)	–	(67.2)
Total contributions by and distributions to owners	–	0.1	2.7	(67.2)	–	(64.4)
Balance at 31 December 2017	367.9	(15.3)	11.9	979.3	(13.7)	1,330.1
Balance at 1 October 2016	367.9	(31.3)	8.4	1,028.8	(10.6)	1,363.2
Profit for the period	–	–	–	19.9	–	19.9
Total comprehensive income for the period	–	–	–	19.9	–	19.9
<u>Contributions by and distributions to owners</u>						
Share-based payment	–	–	2.0	–	–	2.0
Treasury shares reissued pursuant to equity compensation plans	–	1.2	(0.3)	–	–	0.9
Purchase of treasury shares	–	(1.4)	–	–	–	(1.4)
Dividends, net	–	–	–	(66.8)	–	(66.8)
Total contributions by and distributions to owners	–	(0.2)	1.7	(66.8)	–	(65.3)
Balance at 31 December 2016	367.9	(31.5)	10.1	981.9	(10.6)	1,317.8

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 October to December 2017, 18,800 options were exercised under the SATS Employee Share Option Plan.

As at 31 December 2017, the number of outstanding share options was 826,000 (31 December 2016: 3,665,000).

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

<u>Date of grant</u>	<u>Balance at 1.10.2017</u>	<u>Forfeited/ Lapsed</u>	<u>Exercised</u>	<u>Balance at 31.12.2017</u>	<u>Exercise price</u>	<u>Expired date</u>
01.07.2008	861,000	(16,200)	(18,800)	826,000	\$1.92	30.06.2018

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 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 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 31 December 2017, the number of shares outstanding under the Company's RSP and PSP were 2,971,400 and 4,775,000 (31 December 2016: 2,943,000 and 4,199,000) respectively.

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

RSP

Date of grant	Balance at 1.10.2017 / Date of grant	Number of Restricted Shares			Balance at 31.12.2017
		Vested	Forfeited	Adjustments	
03.08.2015	510,200	–	(4,400)	–	505,800
01.08.2016	1,066,800	–	(7,200)	–	1,059,600
01.08.2017	1,414,000	–	(8,000)	–	1,406,000
	2,991,000	–	(19,600)	–	2,971,400

PSP

Date of grant	Balance at 1.10.2017 / Date of grant	Number of Performance Shares			Balance at 31.12.2017
		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:

Group and Company	As at 31 December 2017	As at 31 December 2016
Number of treasury shares	4,811,355	9,904,655
Number of subsidiary holdings	–	–
Aggregate number of treasury shares and subsidiary holdings	4,811,355	9,904,655
Total number of shares outstanding*	1,119,244,920	1,114,151,620
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.**

As at 31 December 2017	As at 31 March 2017
1,119,244,920	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.**

Group and Company Treasury Shares	Number of Shares		\$ million	
	2017-18	2016-17	2017-18	2016-17
Balance at 1 October	4,830,155	9,989,755	15.4	31.3
Purchases during the period	–	295,000	–	1.4
Issuance of treasury shares pursuant to equity compensation plans	(18,800)	(380,100)	(0.1)	(1.2)
Balance at 31 December	4,811,355	9,904,655	15.3	31.5

- 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.

There has been no change as 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.

	GROUP			
	3rd Quarter		9 Months	
	2017-18	2016-17	2017-18	2016-17
Earnings per share based on net profit attributable to owners of the Company (cents):				
(i) Basic *	6.0	5.8	17.6	17.2
(ii) Diluted **	5.9	5.8	17.4	17.1

* 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.

	GROUP		COMPANY	
	As at 31.12.2017	As at 31.3.2017	As at 31.12.2017	As at 31.3.2017
Net asset value per ordinary share (cents)	142.4	143.9	118.8	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

Third Quarter FY2017-18

Group revenue fell \$1.1 million or 0.2% year-on-year to \$439.8 million. Revenue from Food Solutions fell \$6.1 million or 2.5% to \$240.4 million while Gateway Services' revenue rose \$5 million or 2.6% to \$199 million despite 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. Excluding the impact of the deconsolidation of SHK, the Group's underlying revenue would have increased \$10.3 million or 2.4% while Gateway Services' revenue would have reflected a growth of \$16.4 million or 9%.

Group expenditure in the current quarter was \$374.1 million, marginally down by \$0.1 million compared to last year's corresponding quarter. Staff costs fell \$8.1 million and company premise and utilities expenses were \$1.6 million lower mainly due to the deconsolidation of SHK. Cost of raw materials declined \$1.1 million corresponding to the lower Food Solutions' revenue. Conversely, licence fees increased \$3.9 million due to cessation of rebates while depreciation and amortisation charges were higher by \$1.3 million from additional capital expenditure incurred. Other costs increased \$5.5 million primarily from higher fuel consumption, exchange losses as well as lower grants received.

Operating profit for the quarter was \$65.7 million, a decline of \$1 million or 1.5% compared to the same quarter last year.

Share of after-tax profits from associates/joint ventures for the quarter was \$13.7 million, an increase of \$1 million or 7.9% over the same period last year, with higher contributions from Food Solutions' associates/joint ventures.

Other non-operating income/ (loss), net for 3Q results include a write back of the earn-out consideration amounting to \$4.5 million. As part of the purchase agreement for the acquisition of the additional equity interest in MacroAsia Catering Services, Inc ("MACS"), the total purchase consideration includes certain earn-out targets to be met. As the target period has lapsed and the earn-out targets were not met, such consideration was thus adjusted to profit or loss.

Group net profit attributable to owners of the Company for the third quarter FY2017-18 reached \$66.6 million an increase of \$1.5 million or 2.3% above the same profit achieved in the last corresponding quarter. The underlying net profit was \$62.1 million, a decline of \$3 million or 4.6% over last year.

Revenue by business segment is summarised below:

	Revenue				
	3Q FY2017-18	%	3Q FY2016-17	%	Growth
	\$m		\$m		%
Food Solutions	240.4	55	246.5	56	(2.5)
Gateway Services	199.0	45	194.0	44	2.6
Others	0.4	–	0.4	–	–
	439.8	100	440.9	100	(0.2)

Note: Certain revenue in 3Q FY2016-17 has been reclassified in conformity with the current year's presentation.

Nine months FY2017-18

Year-to-date Group revenue was \$2.5 million or 0.2% lower than prior year. The revenue from Food Solutions fell \$21 million or 2.8% to \$718.3 million, mitigated by the growth in Gateway Services' revenue by \$18.6 million or 3.3% to \$581.8 million. Excluding the impact of the deconsolidation of SHK, the Group's underlying revenue would have increased \$16.5 million or 1.3% while Gateway Services' revenue would have reflected a growth of \$37.6 million or 6.9%.

Group expenditure rose \$2 million or 0.2% to \$1,120.8 million with higher licence fees, depreciation and amortisation charges as well as other costs. Licence fees increased significantly by \$12.2 million largely due to cessation of rebates while depreciation and amortisation charges rose \$3.4 million with higher capital expenditure. Other costs were higher by \$9.9 million primarily due to higher fuel costs, increased marketing activities, exchange losses, and lower grants received. These increases were mitigated by reduction of \$12.5 million in staff costs, \$8.1 million in cost of raw materials as well as \$2.9 million in company premise and utilities expenses for the similar reasons explained for the current quarter.

Operating profit for the nine months was \$180.3 million, lower by \$4.5 million or 2.4% from the same period last year.

Share of after-tax profits from associates/joint ventures for the period was \$47.2 million, a growth of \$10.8 million or 29.7% over last year, with higher contributions from both divisions' associates/joint ventures.

Other non-operating income/ (loss), net for the nine months increased by \$2.6 million or 28.3% mainly due to the gain of \$7 million on disposal of assets held for sale as well as the write back of \$4.5 million to the profit and loss for the earn-out consideration due on the acquisition of additional equity interest in MACS.

The gain on disposal of assets held for sale in the current financial period comprised \$5.2 million gain from the divestment of 51% equity interest in SHK and \$1.8 million gain from restructuring of Jilin Zhong Xin Cheng Food Co., Ltd ("Jilin JVCo.") and SG IPF Pte Ltd. ("SGIPF") transactions in the second quarter.

Comparatively in the same period last year, there was a gain of \$9.3 million from the disposal of the Senoko plant. This was partially offset by the loss of \$0.7 million on divestment/dilution of interest in associates arising from (i) the loss of \$0.2 million from divestment of its interest in an associate, International Airport Cleaning Co., Ltd and; (ii) a loss of \$0.5 million on dilution of shareholdings from 40% to 28% in its associate, Beijing Airport Inflight Kitchen Limited.

Group net profit attributable to owners of the Company for the nine months was \$196.1 million, \$4.8 million or 2.5% higher than the nine months last year. The underlying net profit was \$184.6 million, \$1.9 million or 1% higher year-on-year.

Revenue by business segment is summarised below:

	Revenue				
	9M FY2017-18	%	9M FY2016-17	%	Growth
	\$m		\$m		%
Food Solutions	718.3	55	739.3	57	(2.8)
Gateway Services	581.8	45	563.2	43	3.3
Others	1.0	–	1.1	–	(9.1)
	1,301.1	100	1,303.6	100	(0.2)

Note: Certain revenue in 9M FY2016-17 has been reclassified in conformity with the current year's presentation.

GROUP FINANCIAL POSITION REVIEW

Total equity of the Group decreased \$12.5 million to \$1,678.7 million as at 31 December 2017, as compared to balance at 31 March 2017. The decline in equity was mainly due to dividend payment to shareholders during the year and higher foreign currency translation reserve losses, partly mitigated by profits generated during the year and lower treasury shares.

Non-current assets were higher by \$26.3 million mainly from investment in joint ventures, investment in associates as well as property, plant and equipment, partly offset by lower long-term investments. The higher investment in joint ventures arose from the restructuring of SGIPF in the second quarter. Investment in associates grew by \$8.8 million due to the subscription of 49% stake in Mumbai Cargo Service Center Airport Private Limited ("MCSC"), a newly-incorporated company which had been wholly-owned by Cargo Service Center India Private Limited ("CSC"), as well as reclassification of investment in SHK from a subsidiary to an associate. The increase was partly offset by the 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. There was a decline in the long-term investment following the partial repayment of \$3.9 million received for the 5-year secured loan of US\$17.8 million (S\$24.8 million).

Current assets decreased \$50.9 million mainly in cash and short-term deposits as well as assets of disposal groups classified as held for sale. Cash and short-term deposits declined \$79.2 million from the payment of dividends to shareholders, spent on capital expenditure, coupled with investments in associates and joint ventures. These cash outflows were compensated by cash generated from operations, proceeds from disposal of assets held for sale as well as dividends received from associates/joint ventures. Assets of disposal groups classified as held for sale as at 31 December 2017 decreased following the completion of divestment transaction of SHK in July 2017. The remaining balance in assets held for sale as at 31 December 2017 relates to the 4% stake in Asia Airfreight Terminal Company Limited and an investment property which were reported as at 31 March 2017. The decrease was partly offset by the higher trade and other receivables, prepayments and deposits, amounts due from associates/joint ventures and inventories.

Current liabilities of the Group reduced marginally by \$1.8 million to \$408.1 million as at 31 December 2017. The decrease was mainly due to the reduction in liabilities of disposal groups classified as held for sale following the completion of the sale transaction of SHK. This is partially offset by the reclassification of current portion of the earn-out consideration arising from the acquisition of 49% equity interest in Brahim's SATS Investment Holdings Sdn. Bhd. from other long-term liabilities to trade and other payables under current liabilities.

As at 31 December 2017, the Company is in a net current liabilities position mainly due to (i) the completion of disposal of asset held for sale, (ii) lower cash position resulting from dividend payout for the period; and (iii) higher intercompany payable within the SATS Group.

Non-current liabilities of the Group declined \$10.3 million to \$168 million as at 31 December 2017. The decrease was mainly due to the decrease in term loan due to foreign currency translation gain on the Japanese Yen loan and the decrease in other long-term liabilities due to the write back of \$4.5 million provision for the earn-out consideration in MACS as explained.

GROUP CASH FLOWS REVIEW

Net cash from operating activities for both 3Q and 9M FY2017-18 was lower than the corresponding periods last year by \$12.3 million and \$26.8 million respectively. The decreases resulted from movement in working capital partly mitigated by higher profits generated during the periods.

Net cash outflow in investing activities increased in 3Q FY2017-18 mainly due to higher capital expenditure as well as lower dividends received from associates. These were partly compensated by proceeds from disposal of assets held for sale and lower investment in associates/joint ventures in the current quarter. For 9M FY2017-18, net cash used in investing activities fell by \$20.4 million to \$37.9 million due to the absence of long-term investment of \$24 million made in last financial period, receipts from disposal of assets held for sale as well as lower investment in associates/joint ventures. The lower cash outflows were partly offset by higher capital expenditure with lower associates/joint ventures' dividends received.

The proceeds received from the disposal of assets held for sale in the current quarter referred to the partial payments from the sale of the investment property while the 9M FY2017-18 comprised receipts from the disposal of 51% stake in SHK, restructuring of Jilin JVCo as well as partial payments from the sale of the investment property.

Net cash used in financing activities was lower in 3Q FY2017-18 but higher in 9M FY2017-18. The decline in 3Q FY2017-18 resulted from the absence of repayment of term loans and purchase of treasury shares, partly offsetting the higher dividends paid. The increase in 9M FY2017-18 was mainly due to higher dividends paid.

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

SATS' performance remains resilient despite a challenging operating environment. Changi Airport's growth in passenger and cargo traffic will present opportunities for the company to strengthen our operations in Singapore with greater efficiency and innovative products and services.

We will continue to broaden and deepen our presence in overseas markets to boost overseas contributions to our business and draw on scale efficiencies.

- 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/recommendedd, a statement to that effect.**

No dividend has been declared / recommended for the quarter ended 31 December 2017.

13 Interested Person Transactions

13.1 The interested person transactions entered into during the third quarter ended 31 December 2017 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		
Singapore Airlines Limited	–	486,288
	–	486,288
Transactions for the Purchase of Goods and Services		
NCS Communications Engineering Pte. Ltd.	–	287
Singapore Telecommunications Limited	–	4,845
	–	5,132

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
13 February 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 third quarter and nine months ended 31 December 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, 13 February 2018