



UNAUDITED RESULTS FOR FIRST QUARTER ENDED 30 JUNE 2016

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

CONSOLIDATED INCOME STATEMENT

For the first quarter ended 30 June 2016 (in \$ million)

	GROUP	
	1 st Quarter	
	2016-17	2015-16
Revenue	424.2	416.9
Expenditure		
Staff costs	(213.8)	(200.1)
Cost of raw materials	(62.4)	(75.9)
Licence fees	(17.3)	(17.0)
Depreciation and amortisation charges	(17.8)	(17.3)
Company premise and utilities expenses	(26.9)	(29.4)
Other costs	(31.5)	(33.2)
	<u>(369.7)</u>	<u>(372.9)</u>
Operating profit	54.5	44.0
Interest on borrowings	(0.3)	(0.2)
Interest income	1.1	0.8
Share of results of associates/joint ventures, net of tax	12.2	12.8
Gain on disposal of property, plant and equipment	0.1	–
Gain on disposal of assets held for sale	9.3	–
Net gain from transfer of business to a joint venture	–	2.5
Loss on divestment of interest in an associate	(0.2)	–
Loss on dilution of interest in an associate	(0.5)	–
	<u>76.2</u>	<u>59.9</u>
Profit before tax		
Income tax expense	(11.7)	(11.3)
Profit for the period	<u>64.5</u>	<u>48.6</u>
Profit attributable to:		
Owners of the Company	64.1	49.6
Non-controlling interests	0.4	(1.0)
	<u>64.5</u>	<u>48.6</u>
Underlying net profit ⁽¹⁾	55.5	47.1

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 (\$9.3 million in 1Q FY16-17, NIL in 1Q FY15-16).
 - (ii) Net gain from transfer of business to a joint venture (NIL in 1Q FY16-17, \$2.5 million in 1Q FY15-16).
 - (iii) Loss on divestment of interest in an associate (\$0.2 million in 1Q FY16-17, NIL in 1Q FY15-16).
 - (iv) Loss on dilution of interest in an associate (\$0.5 million in 1Q FY16-17, NIL in 1Q FY15-16).

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

	GROUP	
	1st Quarter	
	2016-17	2015-16
Foreign exchange loss, net	(0.9)	(0.9)
Write-off for stock obsolescence, net	(0.1)	–
Under-provision of taxation in respect of prior years	(0.3)	–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the first quarter ended 30 June 2016 (in \$ million)

	GROUP	
	1st Quarter	
	2016-17	2015-16
Profit for the period	64.5	48.6
<u>Other comprehensive income</u>		
<u>Items that are or may be reclassified subsequently to profit or loss:</u>		
Foreign currency translation differences	0.7	(16.2)
	<u>0.7</u>	<u>(16.2)</u>
Other comprehensive income for the period, net of tax	<u>0.7</u>	<u>(16.2)</u>
Total comprehensive income for the period	<u>65.2</u>	<u>32.4</u>
Total comprehensive income attributable to:		
Owners of the Company	60.1	35.5
Non-controlling interests	5.1	(3.1)
Total comprehensive income for the period	<u>65.2</u>	<u>32.4</u>

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

**STATEMENTS OF FINANCIAL POSITION
As at 30 June 2016 (in \$ million)**

	GROUP		COMPANY	
	30.6.2016	31.3.2016	30.6.2016	31.3.2016
Equity attributable to owners of the Company				
Share capital	367.9	367.9	367.9	367.9
Treasury shares	(43.5)	(47.2)	(43.5)	(47.2)
Share-based compensation reserve	13.9	12.4	13.9	12.4
Statutory reserve	8.2	8.1	–	–
Foreign currency translation reserve	(130.6)	(126.6)	–	–
Revenue reserve	1,342.9	1,278.9	1,115.6	1,100.1
Other reserves*	(3.1)	(2.7)	(7.7)	(7.3)
	<u>1,555.7</u>	<u>1,490.8</u>	<u>1,446.2</u>	<u>1,425.9</u>
Non-controlling interests	79.7	74.3	–	–
Total equity	<u>1,635.4</u>	<u>1,565.1</u>	<u>1,446.2</u>	<u>1,425.9</u>
Non-current assets				
Property, plant and equipment	529.4	516.8	18.3	14.0
Investment properties	13.6	13.9	256.6	262.6
Intangible assets	164.0	163.7	4.8	5.4
Investment in subsidiaries	–	–	541.1	541.1
Investment in associates	484.1	480.2	272.8	272.8
Investment in joint ventures	65.8	65.9	12.0	12.0
Long-term investments	32.3	8.3	7.9	7.9
Loan to subsidiaries	–	–	327.4	306.7
Deferred tax assets	17.1	15.5	–	–
Other non-current assets	10.0	11.8	–	–
	<u>1,316.3</u>	<u>1,276.1</u>	<u>1,440.9</u>	<u>1,422.5</u>
Current assets				
Trade and other receivables	283.5	277.4	57.7	45.9
Prepayments and deposits	25.9	18.4	2.0	2.3
Amounts due from associates/joint ventures	10.0	10.4	2.6	1.9
Loan to subsidiaries	–	–	6.6	6.7
Inventories	24.7	22.4	0.3	0.3
Cash and short-term deposits	563.8	489.9	354.8	319.1
Assets of disposal groups classified as held for sale	–	11.1	–	–
	<u>907.9</u>	<u>829.6</u>	<u>424.0</u>	<u>376.2</u>
Current liabilities				
Trade and other payables	343.5	309.0	273.2	235.9
Income tax payable	54.2	51.4	12.9	13.2
Term loans	119.8	109.6	102.4	93.6
Finance leases	0.4	0.3	–	–
	<u>517.9</u>	<u>470.3</u>	<u>388.5</u>	<u>342.7</u>
Net current assets	390.0	359.3	35.5	33.5
Non-current liabilities				
Deferred tax liabilities	56.6	55.4	26.6	26.5
Finance leases	0.8	0.8	–	–
Defined benefit plan	3.2	3.1	–	–
Other long-term liabilities	10.3	11.0	3.6	3.6
	<u>70.9</u>	<u>70.3</u>	<u>30.2</u>	<u>30.1</u>
Net assets	<u>1,635.4</u>	<u>1,565.1</u>	<u>1,446.2</u>	<u>1,425.9</u>

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

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

(In \$ million)

Amount repayable in one year or less, or on demand

<u>As at 30.06.2016</u>		<u>As at 31.03.2016</u>	
<u>Secured</u> *	<u>Unsecured</u>	<u>Secured</u> *	<u>Unsecured</u>
1.6	118.6	0.3	109.6

Amount repayable after one year

<u>As at 30.06.2016</u>		<u>As at 31.03.2016</u>	
<u>Secured</u> *	<u>Unsecured</u>	<u>Secured</u> *	<u>Unsecured</u>
-	0.8	-	0.8

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 first quarter ended 30 June 2016 (in \$ million)**

	GROUP	
	1st Quarter	
	2016-17	2015-16
<u>Cash flows from operating activities</u>		
Profit before tax	76.2	59.9
Adjustments for:		
Interest and investment income, net	(0.8)	(0.6)
Depreciation and amortisation charges	17.8	17.3
Unrealised foreign exchange loss	0.9	0.9
Share of results of associates/joint ventures, net of tax	(12.2)	(12.8)
Gain on disposal of property, plant and equipment	(0.1)	–
Gain on disposal of assets held for sale	(9.3)	–
Net gain from transfer of business to a joint venture	–	(2.5)
Loss on divestment of interest in an associate	0.2	–
Loss on dilution of interest in an associate	0.5	–
Share-based payment expense	2.2	1.1
Other non-cash items	0.1	–
Operating cash flows before working capital changes	75.5	63.3
Changes in working capital:		
Increase in receivables	(5.4)	(30.2)
Increase in prepayments and deposits	(7.5)	(6.0)
(Increase)/decrease in inventories	(2.4)	3.5
Increase in payables	33.3	3.2
Decrease in amounts due from associates/joint ventures	0.4	0.4
Cash generated from operations	93.9	34.2
Interest paid to third parties	(0.3)	(0.3)
Income taxes paid	(8.3)	(7.0)
Net cash from operating activities	85.3	26.9
<u>Cash flows from investing activities</u>		
Capital expenditure	(19.5)	(5.9)
Dividends from associates/joint ventures	15.5	17.6
Net cash flow from the investment in a joint venture	–	(2.4)
Proceeds from divestment of interest in an associate	0.2	–
Proceeds from disposal of assets held for sale	20.6	–
Proceeds from disposal of property, plant and equipment	0.8	0.3
Acquisition of an associate	(11.4)	–
Increase in long-term investments	(24.0)	–
Interest received from deposits	1.1	0.8
Net cash (used in)/from investing activities	(16.7)	10.4
<u>Cash flows from financing activities</u>		
Repayment of term loans	(0.1)	(0.2)
Repayment of finance leases and related charges	(0.1)	(0.1)
Proceeds from exercise of share options	2.6	5.0
Purchase of treasury shares	–	(2.6)
Capital contributions from non-controlling interests	0.5	–
Dividends paid to non-controlling interests	(0.2)	(0.2)
Net cash from financing activities	2.7	1.9
Net increase in cash and cash equivalents	71.3	39.2
Effect of exchange rate changes	2.6	(1.3)
Cash and cash equivalents at beginning of financial period	489.9	429.7
Cash and cash equivalents at end of financial period	563.8	467.6

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

STATEMENTS OF CHANGES IN EQUITY

For the first quarter ended 30 June 2016 (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 April 2016	367.9	(47.2)	12.4	8.1	(126.6)	1,278.9	4.6	(7.3)	–	1,490.8	74.3	1,565.1
Profit for the period	–	–	–	–	–	64.1	–	–	–	64.1	0.4	64.5
Other comprehensive income for the period	–	–	–	–	(4.0)	–	–	–	–	(4.0)	4.7	0.7
Total comprehensive income for the period	–	–	–	–	(4.0)	64.1	–	–	–	60.1	5.1	65.2
Contributions by and distributions to owners												
Share-based payment	–	–	2.2	–	–	–	–	–	–	2.2	–	2.2
Treasury shares reissued pursuant to equity compensation plans	–	3.7	(0.7)	–	–	–	–	(0.4)	–	2.6	–	2.6
Total contributions by and distributions to owners	–	3.7	1.5	–	–	–	–	(0.4)	–	4.8	–	4.8
Others												
Capital contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	–	0.5	0.5
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(0.2)	(0.2)
Transfer to statutory reserve	–	–	–	0.1	–	(0.1)	–	–	–	–	–	–
Balance at 30 June 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

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

STATEMENTS OF CHANGES IN EQUITY (cont'd)
For the first quarter ended 30 June 2016 (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 April 2015	367.9	(56.4)	14.3	7.8	(109.9)	1,218.0	4.6	(5.3)	0.1	1,441.1	76.5	1,517.6
Profit for the period	–	–	–	–	–	49.6	–	–	–	49.6	(1.0)	48.6
Other comprehensive income for the period	–	–	–	–	(14.1)	–	–	–	–	(14.1)	(2.1)	(16.2)
Total comprehensive income for the period	–	–	–	–	(14.1)	49.6	–	–	–	35.5	(3.1)	32.4
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	–	6.7	(1.1)	–	–	–	–	(0.6)	–	5.0	–	5.0
Purchase of treasury shares	–	(2.6)	–	–	–	–	–	–	–	(2.6)	–	(2.6)
Total contributions by and distributions to owners	–	4.1	(0.1)	–	–	0.1	–	(0.6)	–	3.5	–	3.5
Others												
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(0.2)	(0.2)
Transfer to statutory reserve	–	–	–	0.2	–	(0.2)	–	–	–	–	–	–
Balance at 30 June 2015	367.9	(52.3)	14.2	8.0	(124.0)	1,267.5	4.6	(5.9)	0.1	1,480.1	73.2	1,553.3

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

STATEMENTS OF CHANGES IN EQUITY (cont'd)
For the first quarter ended 30 June 2016 (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 April 2016	367.9	(47.2)	12.4	1,100.1	(7.3)	1,425.9
Profit for the period	–	–	–	15.5	–	15.5
Total comprehensive income for the period	–	–	–	15.5	–	15.5
<u>Contributions by and distributions to owners</u>						
Share-based payment	–	–	2.2	–	–	2.2
Treasury shares reissued pursuant to equity compensation plans	–	3.7	(0.7)	–	(0.4)	2.6
Total contributions by and distributions to owners	–	3.7	1.5	–	(0.4)	4.8
Balance at 30 June 2016	<u>367.9</u>	<u>(43.5)</u>	<u>13.9</u>	<u>1,115.6</u>	<u>(7.7)</u>	<u>1,446.2</u>
Balance at 1 April 2015	367.9	(56.4)	14.3	1,061.4	(5.3)	1,381.9
Profit for the period	–	–	–	18.9	–	18.9
Total comprehensive income for the period	–	–	–	18.9	–	18.9
<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	–	6.7	(1.1)	–	(0.6)	5.0
Purchase of treasury shares	–	(2.6)	–	–	–	(2.6)
Total contributions by and distributions to owners	–	4.1	(0.1)	0.1	(0.6)	3.5
Balance at 30 June 2015	<u>367.9</u>	<u>(52.3)</u>	<u>14.2</u>	<u>1,080.4</u>	<u>(5.9)</u>	<u>1,404.3</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 also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

SHARE CAPITAL AND OPTIONS ON SHARES IN THE COMPANY

(i) Employee Share Option Plan

During the period from April to June 2016, 1,170,525 options were exercised under the SATS Employee Share Option Plan, which comprises the Senior Executive Share Option Scheme for senior executives and the Employee Share Option Scheme for all other employees.

As at 30 June 2016, the number of outstanding share options was 4,948,660 (30 June 2015: 9,352,485).

The movement of share options of the Company during the period from April to June 2016 was as follows:

Date of grant	Balance at 1.4.2016	Forfeited/ Lapsed	Exercised	Balance at 30.6.2016	Exercise price	Expired date
3.7.2006	886,885	(7,800)	(477,125)	401,960	\$1.80	02.7.2016
2.7.2007	3,764,600	(55,800)	(527,400)	3,181,400	\$2.76	01.7.2017
1.7.2008	1,557,300	(26,000)	(166,000)	1,365,300	\$1.92	30.6.2018
	<u>6,208,785</u>	<u>(89,600)</u>	<u>(1,170,525)</u>	<u>4,948,660</u>		

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

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

(ii) Restricted Share Plan ("RSP") and Performance Share Plan ("PSP")

Management employees are entitled to 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.

For grants in FY2012-13

The RSP award is subject to yearly achievement of financial performance conditions and has an equal vesting over a four-year period. The number of restricted shares awarded is based on individual and corporate performance. PSP award is subject to specified performance conditions over a three-year period. The number of performance shares awarded is based on individual and corporate performance and the final number of performance shares awarded could range from 0% to 200% of the initial grant of the performance shares, subject to achievement of the pre-determined targets.

For grants in FY2013-14 to FY2015-16

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

As at 30 June 2016, the number of shares outstanding under the Company's RSP and PSP were 3,186,753 and 3,757,300 (30 June 2015: 3,427,258 and 3,186,843) respectively.

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

RSP

Date of grant	Balance at 1.4.2016 / Date of grant	<u>Number of Restricted Shares</u>			Balance at 30.6.2016
		Vested	Forfeited	Adjustments	
01.08.2012	164,858	–	–	–	164,858
11.10.2012	11,495	–	–	–	11,495
15.11.2013	414,100	–	–	–	414,100
03.12.2013	54,700	–	–	–	54,700
06.08.2014	1,126,100	–	–	–	1,126,100
03.08.2015	1,415,500	–	–	–	1,415,500
	<u>3,186,753</u>	–	–	–	<u>3,186,753</u>

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

PSP

Date of grant	Balance at 1.4.2016 / Date of grant	Number of Performance Shares			Balance at 30.6.2016
		Vested	Forfeited	Adjustments	
15.11.2013	592,300	–	(14,000)	–	578,300
03.12.2013	326,000	–	–	–	326,000
20.10.2014	1,143,000	–	–	–	1,143,000
02.11.2015	1,710,000	–	–	–	1,710,000
	3,771,300	–	(14,000)	–	3,757,300

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 June 2016	As at 31 March 2016
1,110,173,467	1,109,002,942

1(d)(iv) A statement showing all sales, transfer, disposal, 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	
	2016-17	2015-16	2016-17	2015-16
Balance at 1 April	15,053,333	18,894,849	47.2	56.4
Purchases during the period	–	855,000	–	2.6
Issuance of treasury shares pursuant to equity compensation plans	(1,170,525)	(2,239,200)	(3.7)	(6.7)
Balance at 30 June	13,882,808	17,510,649	43.5	52.3

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 as at 31 March 2016.

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.

	GROUP	
	1st Quarter	
	2016-17	2015-16
Earnings per share based on net profit attributable to owners of the Company (cents):		
(i) Basic *	5.8	4.5
(ii) Diluted **	5.7	4.5

* 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 30.6.2016	As at 31.3.2016	As at 30.6.2016	As at 31.3.2016
Net asset value per ordinary share (cents)	140.1	134.4	130.3	128.6

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

GROUP FINANCIAL PERFORMANCE

First Quarter FY2016-17

Group net profit attributable to owners of the Company for the first quarter was \$64.1 million, \$14.5 million or 29.2% higher than the corresponding quarter last year. The underlying net profit was \$55.5 million, \$8.4 million or 17.8% higher than the same quarter last year.

Against the same quarter last year, Group revenue increased by \$7.3 million or 1.8% to \$424.2 million. The revenue from Food Solutions dropped by \$1.1 million or 0.5% to \$240 million, largely attributable to the transfer of the food distribution business to the joint venture company, SATS BRF Food Pte. Ltd. in June 2015. Excluding this transfer, the Group's underlying revenue would have increased \$35.8 million or 8.6% while Food Solutions' revenue would have increased \$27.4 million or 11.4%. Gateway Services' revenue has also increased by \$8.2 million or 4.7% to \$182.9 million.

Group expenditure dropped by \$3.2 million or 0.9% to \$369.7 million, mainly in cost of raw materials, company premise and utilities expenses and other costs. Cost of raw materials declined by \$13.5 million mainly due to the transfer of food distribution business while company premise and utilities expenses reduced by \$2.5 million from decline in maintenance expenses, utility rates and usage. Other costs fell by \$1.7 million mainly from lower fuel costs and distribution charges. The above reductions in expenses were partly offset by the increase in staff costs by \$13.7 million in support of the growth in business volume, especially in Japan, as well as the strengthening of the Japanese Yen year-on-year. Depreciation and amortisation charges have increased in line with higher capital expenditure.

Operating profit for the quarter was \$54.5 million, an increase of \$10.5 million or 23.9% over the same quarter last year attributed to both higher revenue and lower expenditure incurred.

Share of after-tax profits from associates/joint ventures for the first quarter was \$12.2 million, a decline of \$0.6 million or 4.7% from the same quarter last year, with lower contributions from the Food Solutions' associates/joint ventures.

On 30 June 2016, the Group announced the completion of the disposal of its assets held for sale, the Senoko property. The Group has recorded a gain on disposal of \$9.3 million from this transaction during the quarter. Conversely, the Group has recorded 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				
	1Q FY2016-17	%	1Q FY2015-16	%	Growth
	\$m		\$m		%
Food Solutions	240.0	57	241.1	58	(0.5)
Gateway Services	182.9	43	174.7	42	4.7
Corporate	1.3	–	1.1	–	18.2
	424.2	100	416.9	100	1.8

Group Financial Position Review

Total equity of the Group stood at \$1,635.4 million as at 30 June 2016, an increase of \$70.3 million compared to \$1,565.1 million as at 31 March 2016. The increase in equity was mainly due to profit generated during the quarter, partially offset by the foreign currency translation losses and reduction in treasury shares.

The increase in non-current assets of \$40.2 million was mainly due to increase in property, plant and equipment as well as long-term investments. The long-term investments includes an investment in a 5-year secured loan of US\$17.8 million (S\$24 million) at interest rate of 6.5% per annum made during the current quarter. Investment in associates also increased \$3.9 million from profit contributions from the associates during the quarter and the investment of \$11.4 million for a 20% stake in an Indonesian associate, Purantara Mitra Angkasa Dua (“PMAD”). The increase was offset by dividends received from the associates.

Current assets were \$78.3 million above the balances as at 31 March 2016 mainly due to higher cash and short-term deposits, trade and other receivables as well as prepayments and deposits. The increases were partly offset by the reduction in assets held for sale which comprise the Senoko property mentioned above and a property in Japan, both of which were disposed during the current quarter.

Total liabilities of the Group were \$588.8 million as at 30 June 2016, an increase of \$48.2 million. The increases were mainly attributed to higher trade and other payables, income tax provision, as well as term loans. The term loans increase was attributed to foreign currency translation difference of the Japanese Yen loan.

Group Cash Flows Review

In 1Q FY2016-17, net cash from operating activities was \$85.3 million, higher than 1Q FY2015-16 by \$58.4 million mainly due to higher profit generated and movement in working capital.

Net cash used in investing activities was \$16.7 million, an increase in cash outflow of \$27.1 million compared to the \$10.4 million inflow in last corresponding quarter. The increase was attributed mainly to higher capital expenditure, increase in long-term investments as well as the investment in the new associate PMAD. This was partly offset by proceeds from disposal of the Group's assets held for sale.

The cash from financing activities was marginally higher than the last corresponding quarter, with the absence of cash outflow from purchase of treasury shares offset by lower proceeds from exercise of stock 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

We will continue to focus on improving our productivity by harnessing technology. This will position us well to weather the global economic and political uncertainties as well as intense competition. Airline load factors are improving but yields remain under pressure.

We continue to seek new opportunities in our core aviation business, building on our strong portfolio in Singapore and the region. At the same time, we are developing new business in the non-aviation space driven by demand for high quality safe food and increased travel.

The continued growth of the middle class in Asia will create new opportunities for us, as we work towards our vision of feeding and connecting Asia.

11 Dividends

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date Payable

Not Applicable.

(d) CLOSURE OF BOOKS

Not Applicable.

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

No dividend has been declared/recommendeded for the quarter ended 30 June 2016.

13 Interested Person Transactions

13.1 The interested person transactions entered into during the first quarter ended 30 June 2016 are as follows:

	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 Cargo Pte Ltd	–	1,621
Singapore Airlines Limited	–	207
	–	1,828
Transactions for the Purchase of Goods and Services		
SMM Pte. Ltd.	–	1,694

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 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Prema d/o K Subramaniam
Company Secretary
21 July 2016
Singapore

Singapore Company Registration No: 197201770G

CONFIRMATION BY THE BOARD

We, Euleen Goh Yiu Kiang and Alexander Charles Hungate, being two of the directors of SATS Ltd. (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the three months ended 30 June 2016 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, 21 July 2016