



**UNAUDITED RESULTS FOR THIRD QUARTER AND NINE MONTHS  
ENDED 31 DECEMBER 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 third quarter and nine months ended 31 December 2016 (in \$ million)**

	<b>GROUP</b>			
	<b>3<sup>rd</sup> Quarter</b>		<b>9 Months</b>	
	<b>2016-17</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2015-16</b>
<b>Revenue</b>	440.9	441.0	1,303.6	1,280.6
<b>Expenditure</b>				
Staff costs	(215.0)	(212.4)	(639.4)	(613.3)
Cost of raw materials	(65.5)	(71.3)	(197.0)	(219.9)
Licence fees	(17.6)	(18.4)	(51.4)	(51.7)
Depreciation and amortisation charges	(18.2)	(17.7)	(54.1)	(52.0)
Company premise and utilities expenses	(26.4)	(27.1)	(81.3)	(85.0)
Other costs	(31.5)	(32.3)	(95.6)	(93.7)
	<u>(374.2)</u>	<u>(379.2)</u>	<u>(1,118.8)</u>	<u>(1,115.6)</u>
<b>Operating profit</b>	66.7	61.8	184.8	165.0
Interest on borrowings	(0.5)	(0.3)	(1.1)	(0.9)
Interest income	1.3	1.0	3.4	2.6
Dividends from long-term investment, gross	–	–	0.7	–
Share of results of associates/joint ventures, net of tax	12.7	11.6	36.4	36.3
Loss on disposal of property, plant and equipment	(0.2)	(0.8)	(0.1)	(0.8)
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/dilution of interest in associates	–	–	(0.7)	–
<b>Profit before tax</b>	80.0	73.3	232.7	204.7
Income tax expense	(13.5)	(12.6)	(39.4)	(36.0)
<b>Profit for the period</b>	<u>66.5</u>	<u>60.7</u>	<u>193.3</u>	<u>168.7</u>
<b>Profit attributable to:</b>				
Owners of the Company	65.1	60.6	191.3	169.9
Non-controlling interests	1.4	0.1	2.0	(1.2)
	<u>66.5</u>	<u>60.7</u>	<u>193.3</u>	<u>168.7</u>
<b>Underlying net profit <sup>(1)</sup></b>	<b>65.1</b>	<b>60.6</b>	<b>182.7</b>	<b>167.4</b>

1. Underlying net profit refers to net profit attributable to owners of the Company excluding the following one-off items:
- (i) Gain on disposal of assets held for sale (NIL in 3Q FY16-17 and 3Q FY15-16, \$9.3 million in 9M FY16-17 and NIL in 9M FY15-16).
  - (ii) Net gain from transfer of business to a joint venture (NIL in 3Q FY16-17 and 3Q FY15-16, NIL in 9M FY16-17 and \$2.5 million in 9M FY15-16).
  - (iii) Loss on divestment/dilution of interest in associates (NIL in 3Q FY16-17 and 3Q FY15-16, \$0.7 million in 9M FY16-17 and NIL in 9M FY15-16).

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

	GROUP			
	3 <sup>rd</sup> Quarter		9 Months	
	2016-17	2015-16	2016-17	2015-16
Foreign exchange gain, net	2.7	–	2.2	0.8
Allowance for doubtful debts, net	(0.6)	(0.2)	(0.3)	(0.4)
Write-off for stock obsolescence, net	–	(0.1)	(0.1)	(0.1)
Over/(under) provision of taxation in respect of prior years	0.2	–	0.5	(0.4)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
For the third quarter and nine months ended 31 December 2016 (in \$ million)**

	GROUP			
	3 <sup>rd</sup> Quarter		9 Months	
	2016-17	2015-16	2016-17	2015-16
<b>Profit for the period</b>	66.5	60.7	193.3	168.7
<b>Other comprehensive income</b>				
<u>Items that will not be reclassified to profit or loss:</u>				
Actuarial gain/(loss) on defined benefit plan	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	(0.3)	0.1	(0.3)
Foreign currency translation differences	16.0	5.6	27.5	(2.3)
	16.1	5.3	31.6	(2.6)
<b>Other comprehensive income for the period, net of tax</b>	16.2	5.3	31.4	(2.6)
<b>Total comprehensive income for the period</b>	82.7	66.0	224.7	166.1
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	85.8	66.5	221.3	166.2
Non-controlling interests	(3.1)	(0.5)	3.4	(0.1)
<b>Total comprehensive income for the period</b>	82.7	66.0	224.7	166.1

**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 2016 (in \$ million)**

	GROUP		COMPANY	
	31.12.2016	31.3.2016	31.12.2016	31.3.2016
<b>Equity attributable to owners of the Company</b>				
Share capital	367.9	367.9	367.9	367.9
Treasury shares	(31.5)	(47.2)	(31.5)	(47.2)
Share-based compensation reserve	10.1	12.4	10.1	12.4
Statutory reserve	8.3	8.1	–	–
Foreign currency translation reserve	(100.6)	(126.6)	–	–
Revenue reserve	1,295.9	1,278.9	981.9	1,100.1
Other reserves*	(5.9)	(2.7)	(10.6)	(7.3)
	1,544.2	1,490.8	1,317.8	1,425.9
<b>Non-controlling interests</b>	78.0	74.3	–	–
<b>Total equity</b>	1,622.2	1,565.1	1,317.8	1,425.9
<b>Non-current assets</b>				
Property, plant and equipment	528.1	516.8	25.1	14.0
Investment properties	12.8	13.9	245.3	262.6
Intangible assets	159.6	163.7	4.0	5.4
Investment in subsidiaries	–	–	541.4	541.1
Investment in associates	536.7	480.2	273.7	272.8
Investment in joint ventures	78.8	65.9	12.0	12.0
Long-term investments	34.1	8.3	7.9	7.9
Loan to subsidiaries	–	–	344.0	306.7
Deferred tax assets	14.5	15.5	–	–
Other non-current assets	8.5	11.8	–	–
	1,373.1	1,276.1	1,453.4	1,422.5
<b>Current assets</b>				
Trade and other receivables	306.0	277.4	68.6	45.9
Prepayments and deposits	27.7	18.4	0.9	2.3
Amounts due from associates/joint ventures	4.8	10.4	3.2	1.9
Loan to subsidiaries	–	–	0.9	6.7
Inventories	22.7	22.4	0.3	0.3
Cash and short-term deposits	424.8	489.9	232.7	319.1
Assets of disposal groups classified as held for sale	–	11.1	–	–
	786.0	829.6	306.6	376.2
<b>Current liabilities</b>				
Trade and other payables	302.4	309.0	302.1	235.9
Income tax payable	55.7	51.4	13.3	13.2
Term loans	10.0	109.6	–	93.6
Finance leases	0.3	0.3	–	–
	368.4	470.3	315.4	342.7
<b>Net current assets/(liabilities)</b>	417.6	359.3	(8.8)	33.5
<b>Non-current liabilities</b>				
Deferred tax liabilities	56.8	55.4	25.8	26.5
Term loan	96.4	–	96.4	–
Finance leases	0.9	0.8	–	–
Defined benefit plan	3.3	3.1	–	–
Other long-term liabilities	11.1	11.0	4.6	3.6
	168.5	70.3	126.8	30.1
<b>Net assets</b>	1,622.2	1,565.1	1,317.8	1,425.9

\* 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 31.12.2016</u>		<u>As at 31.03.2016</u>	
<u>Secured</u> *	<u>Unsecured</u>	<u>Secured</u> *	<u>Unsecured</u>
1.3	9.0	0.3	109.6

Amount repayable after one year

<u>As at 31.12.2016</u>		<u>As at 31.03.2016</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
-	97.3	-	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 third quarter and nine months ended 31 December 2016 (in \$ million)**

	GROUP			
	3 <sup>rd</sup> Quarter		9 Months	
	2016-17	2015-16	2016-17	2015-16
<b><u>Cash flows from operating activities</u></b>				
Profit before tax	80.0	73.3	232.7	204.7
Adjustments for:				
Interest and investment income, net	(0.8)	(0.7)	(3.0)	(1.7)
Depreciation and amortisation charges	18.2	17.7	54.1	52.0
Unrealised foreign exchange gain	(2.7)	–	(2.2)	(0.8)
Share of results of associates/joint ventures, net of tax	(12.7)	(11.6)	(36.4)	(36.3)
Loss on disposal of property, plant and equipment	0.2	0.8	0.1	0.8
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/dilution of interest in associates	–	–	0.7	–
Share-based payment expense	2.0	2.6	7.0	5.1
Other non-cash items	0.5	0.3	0.3	0.5
Operating cash flows before working capital changes	84.7	82.4	244.0	221.8
Changes in working capital:				
Increase in receivables	(2.2)	(21.7)	(23.7)	(23.4)
(Increase)/decrease in prepayments and deposits	(4.6)	2.7	(9.2)	(5.9)
(Increase)/decrease in inventories	(0.7)	(3.2)	(0.5)	3.1
Increase/(decrease) in payables	0.6	15.2	(8.3)	(12.9)
Decrease/(increase) in amounts due from associates/ joint ventures	2.1	5.4	5.6	(24.7)
<b>Cash generated from operations</b>	79.9	80.8	207.9	158.0
Interest paid to third parties	(0.4)	(0.3)	(1.0)	(0.9)
Income taxes paid	(11.4)	(10.6)	(33.7)	(30.8)
<b>Net cash from operating activities</b>	68.1	69.9	173.2	126.3
<b><u>Cash flows from investing activities</u></b>				
Capital expenditure	(18.6)	(12.3)	(55.6)	(28.3)
Dividends from associates/joint ventures	18.7	7.5	39.4	33.6
Dividends from long-term investment, gross	–	–	0.7	0.7
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	–	–	0.4	0.6
Investment in associates/joint venture	(23.0)	–	(43.4)	–
Increase in long-term investments	–	–	(24.0)	–
Interest received from deposits	1.3	1.0	3.4	2.6
<b>Net cash (used in)/from investing activities</b>	(21.6)	(3.8)	(58.3)	6.8
<b><u>Cash flows from financing activities</u></b>				
Repayment of term loans	(3.6)	(0.1)	(6.5)	(0.4)
Repayment of finance leases and related charges	(0.1)	(0.1)	(0.3)	(0.3)
Proceeds from borrowings	–	1.4	0.3	1.4
Proceeds from exercise of share options	1.0	1.7	4.8	10.6
Dividends paid	(66.8)	(55.6)	(178.2)	(155.5)
Purchase of treasury shares	(1.4)	–	(1.4)	(2.6)
Capital contributions from non-controlling interests	–	0.5	0.5	0.5
Dividends paid to non-controlling interests	–	–	(0.2)	(0.2)
<b>Net cash used in financing activities</b>	(70.9)	(52.2)	(181.0)	(146.5)
Net (decrease)/increase in cash and cash equivalents	(24.4)	13.9	(66.1)	(13.4)
Effect of exchange rate changes	(3.5)	–	1.0	0.5
Cash and cash equivalents at beginning of financial period	452.7	402.9	489.9	429.7
<b>Cash and cash equivalents at end of financial period</b>	<b>424.8</b>	<b>416.8</b>	<b>424.8</b>	<b>416.8</b>

**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 2016 (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
<b>GROUP</b>												
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
<b>Contributions by and distributions to owners</b>												
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 2016 (in \$ million)**

<b>GROUP</b>	Attributable to owners of the Company											
	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Statutory Reserve*	Foreign Currency Translation Reserve	Revenue Reserve	Capital Reserve	Gain/(Loss) on Reissuance of Treasury Shares	Fair Value Reserve	Total	Non-controlling Interests	Total Equity
Balance at 1 October 2015	367.9	(40.5)	8.9	8.1	(119.5)	1,227.3	4.6	(7.2)	0.1	1,449.7	76.7	1,526.4
Profit for the period	–	–	–	–	–	60.6	–	–	–	60.6	0.1	60.7
Other comprehensive income for the period	–	–	–	–	6.2	(0.3)	–	–	–	5.9	(0.6)	5.3
Total comprehensive income for the period	–	–	–	–	6.2	60.3	–	–	–	66.5	(0.5)	66.0
<b>Contributions by and distributions to owners</b>												
Share-based payment	–	–	2.1	–	–	0.5	–	–	–	2.6	–	2.6
Share options lapsed	–	–	(0.1)	–	–	0.1	–	–	–	–	–	–
Treasury shares reissued pursuant to equity compensation plans	–	2.7	(0.4)	–	–	(0.5)	–	(0.1)	–	1.7	–	1.7
Dividends, net	–	–	–	–	–	(55.6)	–	–	–	(55.6)	–	(55.6)
Total contributions by and distributions to owners	–	2.7	1.6	–	–	(55.5)	–	(0.1)	–	(51.3)	–	(51.3)
<b>Others</b>												
Capital contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	–	0.5	0.5
Balance at 31 December 2015	367.9	(37.8)	10.5	8.1	(113.3)	1,232.1	4.6	(7.3)	0.1	1,464.9	76.7	1,541.6

\* 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 2016 (in \$ million)**

<b><u>COMPANY</u></b>	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Revenue Reserve	Gain/(Loss) on Reissuance of Treasury Shares	Total Equity
Balance at 1 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
<b><u>Contributions by and distributions to owners</u></b>						
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	<u>367.9</u>	<u>(31.5)</u>	<u>10.1</u>	<u>981.9</u>	<u>(10.6)</u>	<u>1,317.8</u>
Balance at 1 October 2015	367.9	(40.5)	8.9	988.0	(7.2)	1,317.1
Profit for the period	–	–	–	16.1	–	16.1
Total comprehensive income for the period	–	–	–	16.1	–	16.1
<b><u>Contributions by and distributions to owners</u></b>						
Share-based payment	–	–	2.1	0.5	–	2.6
Share options lapsed	–	–	(0.1)	0.1	–	–
Treasury shares reissued pursuant to equity compensation plans	–	2.7	(0.4)	(0.5)	(0.1)	1.7
Dividends, net	–	–	–	(55.6)	–	(55.6)
Total contributions by and distributions to owners	–	2.7	1.6	(55.5)	(0.1)	(51.3)
Balance at 31 December 2015	<u>367.9</u>	<u>(37.8)</u>	<u>10.5</u>	<u>948.6</u>	<u>(7.3)</u>	<u>1,281.9</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 share 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 October to December 2016, 380,100 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 31 December 2016, the number of outstanding share options was 3,665,000 (31 December 2015: 6,552,785).

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

Date of grant	Balance at 1.10.2016	Forfeited/ Lapsed	Exercised	Balance at 31.12.2016	Exercise price	Expired date
02.07.2007	2,848,800	(39,000)	(316,200)	2,493,600	\$2.76	01.07.2017
01.07.2008	1,256,100	(20,800)	(63,900)	1,171,400	\$1.92	30.06.2018
	4,104,900	(59,800)	(380,100)	3,665,000		

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 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 41<sup>st</sup> Annual General Meeting held on 23 July 2014 for further extension of 10 years to July 2025.

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

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

#### For grants in FY2013-14 to FY2016-17

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 2016, the number of shares outstanding under the Company's RSP and PSP were 2,943,000 and 4,199,000 (31 December 2015: 3,324,542 and 3,918,300) respectively.

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

#### **RSP**

Date of grant	Balance at 1.10.2016 / Date of grant	Number of Restricted Shares			Balance at 31.12.2016
		Vested	Forfeited	Adjustments	
06.08.2014	522,700	–	(22,400)	–	500,300
03.08.2015	1,122,800	–	(53,600)	–	1,069,200
01.08.2016	1,434,500	–	(61,000)	–	1,373,500
	3,080,000	–	(137,000)	–	2,943,000

#### **PSP**

Date of grant	Balance at 1.10.2016 / Date of grant	Number of Performance Shares			Balance at 31.12.2016
		Vested	Forfeited	Adjustments	
20.10.2014	1,143,000	–	(97,000)	–	1,046,000
02.11.2015	1,710,000	–	(140,000)	–	1,570,000
01.08.2016	1,723,000	–	(140,000)	–	1,583,000
	4,576,000	–	(377,000)	–	4,199,000

**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 2016	As at 31 March 2016
1,114,151,620	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 October	9,989,755	13,545,233	31.3	40.5
Purchases during the period	295,000	–	1.4	–
Issuance of treasury shares pursuant to equity compensation plans	(380,100)	(909,900)	(1.2)	(2.7)
Balance at 31 December	9,904,655	12,635,333	31.5	37.8

**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.

	<b>GROUP</b>			
	<b>3<sup>rd</sup> Quarter</b>		<b>9 Months</b>	
	<b>2016-17</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2015-16</b>
Earnings per share based on net profit attributable to owners of the Company (cents):				
(i) Basic *	5.8	5.5	17.2	15.3
(ii) Diluted **	5.8	5.4	17.1	15.2

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

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

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

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>As at 31.12.2016</b>	<b>As at 31.3.2016</b>	<b>As at 31.12.2016</b>	<b>As at 31.3.2016</b>
Net asset value per ordinary share (cents)	138.6	134.4	118.3	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

### Third Quarter FY2016-17

In third quarter FY2016-17, the Group achieved net profit attributable to owners of the Company of \$65.1 million, \$4.5 million or 7.4% higher than the last corresponding quarter.

The Group's revenue in the third quarter was \$440.9 million, at relatively the same level as 3Q last year. Gateway Services' revenue increased \$4.1 million or 2.2% to \$193 million though Food Solutions had declined by \$4.6 million or 1.8% to \$246.4 million.

The Group's expenditure was \$374.2 million, a drop of \$5 million or 1.3% compared to last corresponding quarter. There were reductions in most categories of expenditure except staff costs as well as depreciation and amortisation charges. The staff costs increase of \$2.6 million or 1.2% was attributed mainly to service increment and higher accrual of staff expenses while the increase in depreciation and amortisation charges were in line with the additional capital expenditure incurred. Cost of raw materials declined \$5.8 million in view of the lower revenue for Food Solutions. The reduction in premise and utilities expenses was attributed to lower maintenance expenses as well as lower utilities usage and rates.

Operating profit for the quarter was \$66.7 million, an increase of \$4.9 million or 7.9% over the same quarter last year.

Share of after-tax profits from associates/joint ventures for the quarter was \$12.7 million, an increase of \$1.1 million or 9.5% from the same quarter last year, with higher contributions from the associates/joint ventures in both Gateway Services and Food Solutions divisions.

Revenue by business segment is summarised below:

	Revenue				
	3Q FY2016-17	%	3Q FY2015-16	%	Growth
	\$m		\$m		%
Food Solutions	246.4	56	251.0	57	(1.8)
Gateway Services	193.0	44	188.9	43	2.2
Corporate	1.5	–	1.1	–	36.4
	<b>440.9</b>	<b>100</b>	<b>441.0</b>	<b>100</b>	0.0

## **Nine months FY2016-17**

Group net profit attributable to owners of the Company for the nine months was \$191.3 million, \$21.4 million or 12.6% higher than the corresponding period last year. The underlying net profit was \$182.7 million, \$15.3 million or 9.1% higher than the last corresponding period.

Against the same period last year, Group revenue increased \$23 million or 1.8% to \$1,303.6 million. The revenue from Food Solutions increased \$4 million or 0.5% to \$739.1 million while Gateway Services' revenue improved \$18.3 million or 3.4% to \$560.4 million. Excluding the food distribution revenue transferred to SATS BRF Food Pte. Ltd. ("SBRF"), the Group's underlying revenue would have increased \$68.2 million or 5.3% while Food Solutions' revenue would have increased \$49.2 million or 6.7%.

Group expenditure increased \$3.2 million or 0.3% to \$1,118.8 million. Staff costs increased \$26.1 million or 4.3% primarily due to service increment, increased subcontract costs to support the additional business volumes as well as higher accrual of staff expenses. With higher capital expenditure, depreciation and amortisation charges increased \$2.1 million. Other costs were higher by \$1.9 million mainly from increases in equipment maintenance costs, professional fees and cleaning materials, but were partly mitigated by savings in fuel consumptions, higher grants and foreign exchange gain. The Group incurred lower cost of raw materials by \$22.9 million mainly due to the transfer of food distribution business while company premise and utilities expenses dropped \$3.7 million from lower maintenance expenses as well as reduction in utility rates and usage.

Operating profit for the nine months was \$184.8 million, an improvement of \$19.8 million or 12% over the same period last year.

Share of after-tax profits from associates/joint ventures for the nine months was \$36.4 million, an increase of \$0.1 million or 0.3% from the same period last year, with higher contributions from Gateway's associates/joint ventures.

On 30 June 2016, the Group announced the completion of the disposal of its assets held for sale, the Senoko property. A gain on disposal of \$9.3 million was recorded in the first quarter from this transaction. Conversely, the Group has also 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				
	9M FY2016-17	%	9M FY2015-16	%	Growth
	\$m		\$m		%
Food Solutions	739.1	57	735.1	58	0.5
Gateway Services	560.4	43	542.1	42	3.4
Corporate	4.1	–	3.4	–	20.6
	<b>1,303.6</b>	<b>100</b>	<b>1,280.6</b>	<b>100</b>	1.8

## **Group Financial Position Review**

Total equity of the Group stood at \$1,622.2 million as at 31 December 2016, an increase of \$57.1 million compared to \$1,565.1 million as at 31 March 2016. The increase in equity was mainly due to the profit generated, reduction in treasury shares as well as foreign currency translation gains.

The increase in non-current assets of \$97 million was mainly due to increase in property, plant and equipment, investment in associates and joint ventures as well as long-term investments. Investment in associates increased \$56.5 million partly from profit contributions during the nine months, as well as the investments of \$11.4 million for a 20% stake in Purantara Mitra Angkasa Dua ("PMAD") and \$23 million for a 33% stake in Oman SATS Cargo LLC ("Oman SATS"). These increases were offset by dividends received during the period. The increase of investment in joint ventures included the \$9 million investment in DFASS SATS Pte. Ltd. and profit contributions during the period. The long-term investments' increase of \$25.8 million was attributed to the investment in a 5-year secured loan of US\$17.8 million at interest rate of 6.5% per annum made in the first quarter.

Current assets were \$43.6 million lower than the balances as at 31 March 2016 mainly due to the reduction in cash and short-term deposits, disposal of properties under assets held for sale and settlement of amounts due from associates/joint ventures. The decline in cash and short term deposits was mainly attributed to dividends of \$178.2 million paid to shareholders during the period, capital expenditure and investments, partly offset by cash generated from operations, dividends from associates/joint ventures and proceeds from disposal of assets held for sale. The assets held for sale comprised the Senoko property and a property in Japan, both of which were disposed during the first quarter.

Total liabilities of the Group declined \$3.7 million to \$536.9 million as at 31 December 2016. The decreases in liabilities were due to lower trade and other payables as well as some repayment of term loan. The Japanese Yen term-loan of JPY7.8 billion was refinanced for a period of 5 years in this quarter, resulting in the term-loan being reclassified from current liabilities to non-current liabilities.

## **Group Cash Flows Review**

In 3Q FY2016-17, net cash from operating activities was \$68.1 million, lower than the same quarter last year, mainly due to movement in working capital partly offset by higher profits generated in the quarter. The 9M FY2016-17 net cash from operating activities was \$173.2 million, \$46.9 million higher than the same period last year. The increase was attributed to higher profits generated during the nine months as well as movement in working capital.

In both 3Q FY2016-17 and 9M FY2016-17, there were higher cash outflow in investing activities compared to the same corresponding periods last year. These increases in cash outflow were mainly attributed to higher capital expenditure and investments, offset by higher dividends received and proceeds from disposal of the Group's assets held for sale.

The cash used in financing activities in both 3Q FY2016-17 and 9M FY2016-17 were higher than the corresponding periods last year mainly due to higher dividends paid to shareholders, repayment of term loans and lower proceeds from the 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**

The operating environment continues to be challenging with airline margins under increasing pressure.

We will accelerate the harnessing of technology to improve productivity, seek new opportunities beyond Singapore and develop new ventures outside aviation.

In line with our strategy of feeding and connecting Asia, we are expanding our inflight catering facilities in Singapore to handle larger batch sizes for the expected increase in volume at Changi Airport. We are also extending our cargo network into the Middle East with projects both in Dammam, Saudi Arabia and Muscat, Oman.

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

No dividend has been declared / recommended for the quarter ended 31 December 2016.



### 13 Interested Person Transactions

13.1 The interested person transactions entered into during the third quarter ended 31 December 2016 are as follows:

	<b>Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)</b>	<b>Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S\$100,000)</b>
	\$'000	\$'000
<b>Transactions for the Sale of Goods and Services</b>		
Singapore Airlines Limited	–	269
SilkAir (Singapore) Private Limited	–	315
SIA Engineering Company Limited	–	2,911
ST Aerospace Services Co Pte Ltd	–	1,150
	<hr/>	<hr/>
	–	4,645
<b>Transactions for the Purchase of Goods and Services</b>		
KTP Consultants Pte Ltd	–	1,803
S&I Systems Pte Ltd	–	194
ST Aerospace Services Co Pte Ltd	–	213
	<hr/>	<hr/>
	–	2,210

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  
9 February 2017  
Singapore

Singapore Company Registration No: 197201770G

## **CONFIRMATION BY THE BOARD**

We, Euleen Goh Yiu Kiang and Alexander Charles Hungate, being two of the directors of SATS Ltd. (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the nine months ended 31 December 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, 9 February 2017