



UNAUDITED RESULTS FOR FIRST QUARTER ENDED 30 JUNE 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 first quarter ended 30 June 2017 (in \$ million)

	GROUP	
	1 st Quarter	
	2017-18	2016-17
Revenue	426.5	424.2
Expenditure		
Staff costs	(214.3)	(213.8)
Cost of raw materials	(57.9)	(62.4)
Licence fees	(21.6)	(17.3)
Depreciation and amortisation charges	(18.8)	(17.8)
Company premise and utilities expenses	(26.9)	(26.9)
Other costs	(33.5)	(31.5)
	<u>(373.0)</u>	<u>(369.7)</u>
Operating profit	53.5	54.5
Interest on borrowings	(0.2)	(0.3)
Interest income	1.3	1.1
Share of results of associates/joint ventures, net of tax	15.5	12.2
Gain on disposal of property, plant and equipment	0.1	0.1
Gain on disposal of assets held for sale	–	9.3
Loss on divestment/dilution of interest in associates	–	(0.7)
	<u>70.2</u>	<u>76.2</u>
Profit before tax	70.2	76.2
Income tax expense	(13.0)	(11.7)
Profit for the period	<u>57.2</u>	<u>64.5</u>
Profit attributable to:		
Owners of the Company	57.3	64.1
Non-controlling interests	(0.1)	0.4
	<u>57.2</u>	<u>64.5</u>
Underlying net profit ⁽¹⁾	57.3	55.5

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 1Q FY17-18 and \$9.3 million in 1Q FY16-17).
 - (ii) Loss on divestment/dilution of interest in associates (NIL in 1Q FY17-18 and \$0.7 million in 1Q FY16-17).

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

	GROUP	
	1st Quarter	
	2017-18	2016-17
Foreign exchange loss, net	(1.1)	(0.9)
Write-off for stock obsolescence, net	(0.1)	(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 2017 (in \$ million)

	GROUP	
	1st Quarter	
	2017-18	2016-17
Profit for the period	57.2	64.5
Other comprehensive income		
<u>Items that are or may be reclassified subsequently</u> <u>to profit or loss:</u>		
Foreign currency translation differences	(10.2)	0.7
	(10.2)	0.7
Other comprehensive income for the period, net of tax	(10.2)	0.7
Total comprehensive income for the period	47.0	65.2
Total comprehensive income attributable to:		
Owners of the Company	48.1	60.1
Non-controlling interests	(1.1)	5.1
Total comprehensive income for the period	47.0	65.2

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 2017 (in \$ million)

	GROUP		COMPANY	
	30.6.2017	31.3.2017	30.6.2017	31.3.2017
Equity attributable to owners of the Company				
Share capital	367.9	367.9	367.9	367.9
Treasury shares	(26.3)	(30.3)	(26.3)	(30.3)
Share-based compensation reserve	14.3	12.6	14.3	12.6
Statutory reserve	8.4	8.3	–	–
Foreign currency translation reserve	(120.3)	(111.1)	–	–
Revenue reserve	1,419.2	1,362.0	1,140.1	1,133.3
Other reserves*	(5.7)	(5.9)	(10.4)	(10.6)
	<u>1,657.5</u>	<u>1,603.5</u>	<u>1,485.6</u>	<u>1,472.9</u>
Non-controlling interests	86.4	87.7	–	–
Total equity	<u>1,743.9</u>	<u>1,691.2</u>	<u>1,485.6</u>	<u>1,472.9</u>
Non-current assets				
Property, plant and equipment	538.1	538.7	19.5	15.9
Investment properties	10.0	10.4	246.7	252.8
Intangible assets	157.4	157.9	3.9	3.3
Investment in subsidiaries	–	–	536.2	536.2
Investment in associates	582.6	590.1	305.9	305.9
Investment in joint ventures	81.6	80.7	12.0	12.0
Long-term investments	25.0	25.3	–	–
Loan to subsidiaries	–	–	317.0	328.8
Deferred tax assets	11.3	11.6	–	–
Other non-current assets	7.4	8.2	–	–
	<u>1,413.4</u>	<u>1,422.9</u>	<u>1,441.2</u>	<u>1,454.9</u>
Current assets				
Trade and other receivables	288.4	271.2	95.9	61.8
Prepayments and deposits	20.6	17.4	1.7	2.0
Amounts due from associates/joint ventures	8.5	6.7	4.1	3.8
Loan to subsidiaries	–	–	0.9	0.9
Inventories	23.1	21.9	0.2	0.2
Cash and short-term deposits	544.6	505.8	358.0	300.7
Assets of disposal groups classified as held for sale	42.8	33.5	29.0	29.0
	<u>928.0</u>	<u>856.5</u>	<u>489.8</u>	<u>398.4</u>
Current liabilities				
Trade and other payables	338.2	330.9	303.8	237.9
Amounts due to associates/joint ventures	4.9	4.9	–	–
Income tax payable	61.5	58.6	15.3	14.7
Term loans	9.8	10.0	–	–
Finance leases	0.3	0.4	–	–
Liabilities of disposal groups classified as held for sale	6.3	5.1	–	–
	<u>421.0</u>	<u>409.9</u>	<u>319.1</u>	<u>252.6</u>
Net current assets	507.0	446.6	170.7	145.8
Non-current liabilities				
Deferred tax liabilities	56.5	55.4	25.9	25.8
Term loan	95.9	97.5	95.9	97.5
Finance leases	0.4	0.7	–	–
Defined benefit plan	2.3	2.3	–	–
Other long-term liabilities	21.4	22.4	4.5	4.5
	<u>176.5</u>	<u>178.3</u>	<u>126.3</u>	<u>127.8</u>
Net assets	<u>1,743.9</u>	<u>1,691.2</u>	<u>1,485.6</u>	<u>1,472.9</u>

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

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

(In \$ million)

Amount repayable in one year or less, or on demand

<u>As at 30.06.2017</u>		<u>As at 31.03.2017</u>	
<u>Secured</u> *	<u>Unsecured</u>	<u>Secured</u> *	<u>Unsecured</u>
1.2	8.9	1.3	9.1

Amount repayable after one year

<u>As at 30.06.2017</u>		<u>As at 31.03.2017</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
-	96.3	-	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 first quarter ended 30 June 2017 (in \$ million)**

	GROUP	
	1st Quarter	
	2017-18	2016-17
<u>Cash flows from operating activities</u>		
Profit before tax	70.2	76.2
Adjustments for:		
Interest income, net	(1.1)	(0.8)
Depreciation and amortisation charges	18.8	17.8
Unrealised foreign exchange loss	1.1	0.9
Share of results of associates/joint ventures, net of tax	(15.5)	(12.2)
Gain on disposal of property, plant and equipment	(0.1)	(0.1)
Gain on disposal of assets held for sale	–	(9.3)
Loss on divestment/dilution of interest in associates	–	0.7
Share-based payment expense	2.5	2.2
Other non-cash items	0.1	0.1
Operating cash flows before working capital changes	76.0	75.5
Changes in working capital:		
Increase in receivables	(12.0)	(5.4)
Increase in prepayments and deposits	(3.3)	(7.5)
Increase in inventories	(1.3)	(2.4)
(Decrease)/increase in payables	(2.1)	33.3
(Increase)/decrease in amounts due from associates/joint ventures	(1.7)	0.4
Cash generated from operations	55.6	93.9
Interest paid to third parties	(0.2)	(0.3)
Income taxes paid	(8.8)	(8.3)
Net cash from operating activities	46.6	85.3
<u>Cash flows from investing activities</u>		
Capital expenditure	(18.9)	(19.5)
Dividends from associates/joint ventures	5.9	15.5
Proceeds from divestment of interest in an associate	–	0.2
Proceeds from disposal of assets held for sale	3.7	20.6
Proceeds from disposal of property, plant and equipment	0.6	0.8
Investment in associates/joint venture	(0.1)	(11.4)
Increase in long-term investments	–	(24.0)
Interest received from deposits	0.9	1.1
Net cash used in investing activities	(7.9)	(16.7)
<u>Cash flows from financing activities</u>		
Repayment of term loans	–	(0.1)
Repayment of finance leases and related charges	(0.4)	(0.1)
Proceeds from exercise of share options	3.4	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	2.8	2.7
Net increase in cash and cash equivalents	41.5	71.3
Effect of exchange rate changes	(1.1)	2.6
Cash and cash equivalents at beginning of financial period ⁽¹⁾	508.4	489.9
Cash and cash equivalents at end of financial period ⁽¹⁾	548.8	563.8

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

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

STATEMENTS OF CHANGES IN EQUITY

For the first quarter ended 30 June 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 April 2017	367.9	(30.3)	12.6	8.3	(111.1)	1,362.0	4.6	(10.6)	0.1	1,603.5	87.7	1,691.2
Profit for the period	–	–	–	–	–	57.3	–	–	–	57.3	(0.1)	57.2
Other comprehensive income for the period	–	–	–	–	(9.2)	–	–	–	–	(9.2)	(1.0)	(10.2)
Total comprehensive income for the period	–	–	–	–	(9.2)	57.3	–	–	–	48.1	(1.1)	47.0
Contributions by and distributions to owners												
Share-based payment	–	–	2.5	–	–	–	–	–	–	2.5	–	2.5
Treasury shares reissued pursuant to equity compensation plans	–	4.0	(0.8)	–	–	–	–	0.2	–	3.4	–	3.4
Total contributions by and distributions to owners	–	4.0	1.7	–	–	–	–	0.2	–	5.9	–	5.9
Others												
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(0.2)	(0.2)
Transfer to statutory reserve	–	–	–	0.1	–	(0.1)	–	–	–	–	–	–
Balance at 30 June 2017	367.9	(26.3)	14.3	8.4	(120.3)	1,419.2	4.6	(10.4)	0.1	1,657.5	86.4	1,743.9

* 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 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 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 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 April 2017	367.9	(30.3)	12.6	1,133.3	(10.6)	1,472.9
Profit for the period	–	–	–	6.8	–	6.8
Total comprehensive income for the period	–	–	–	6.8	–	6.8
<u>Contributions by and distributions to owners</u>						
Share-based payment	–	–	2.5	–	–	2.5
Treasury shares reissued pursuant to equity compensation plans	–	4.0	(0.8)	–	0.2	3.4
Total contributions by and distributions to owners	–	4.0	1.7	–	0.2	5.9
Balance at 30 June 2017	<u>367.9</u>	<u>(26.3)</u>	<u>14.3</u>	<u>1,140.1</u>	<u>(10.4)</u>	<u>1,485.6</u>
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>

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 April to June 2017, 1,294,700 options were exercised under the SATS Employee Share Option Plan.

As at 30 June 2017, the number of outstanding share options was 1,984,400 (30 June 2016: 4,948,660).

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

<u>Date of grant</u>	<u>Balance at 1.4.2017</u>	<u>Forfeited/ Lapsed</u>	<u>Exercised</u>	<u>Balance at 30.6.2017</u>	<u>Exercise price</u>	<u>Expired date</u>
02.07.2007	2,195,000	(5,200)	(1,125,400)	1,064,400	\$2.76	01.07.2017
01.07.2008	1,091,900	(2,600)	(169,300)	920,000	\$1.92	30.06.2018
	<u>3,286,900</u>	<u>(7,800)</u>	<u>(1,294,700)</u>	<u>1,984,400</u>		

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

(ii) Restricted Share Plan (“RSP”) and Performance Share Plan (“PSP”)

Management employees 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.

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 30 June 2017, the number of shares outstanding under the Company's RSP and PSP were 2,879,800 and 4,199,000 (30 June 2016: 3,186,753 and 3,757,300) respectively.

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

RSP

Date of grant	Balance at 1.4.2017 / Date of grant	<u>Number of Restricted Shares</u>			Balance at 30.6.2017
		Vested	Forfeited	Adjustments	
06.08.2014	491,900	–	–	–	491,900
03.08.2015	1,050,400	–	–	–	1,050,400
01.08.2016	1,345,000	–	(7,500)	–	1,337,500
	<u>2,887,300</u>	<u>–</u>	<u>(7,500)</u>	<u>–</u>	<u>2,879,800</u>

PSP

Date of grant	Balance at 1.4.2017 / Date of grant	<u>Number of Performance Shares</u>			Balance at 30.6.2017
		Vested	Forfeited	Adjustments	
20.10.2014	1,046,000	–	–	–	1,046,000
02.11.2015	1,570,000	–	–	–	1,570,000
01.08.2016	1,583,000	–	–	–	1,583,000
	<u>4,199,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>4,199,000</u>

- (iii) Number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding are as follows:

Group and Company	As at 30 June 2017	As at 30 June 2016
Number of treasury shares	8,252,655	13,882,808
Number of subsidiary holdings	–	–
Aggregate number of treasury shares and subsidiary holdings	8,252,655	13,882,808
Total number of shares outstanding*	1,115,803,620	1,110,173,467
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding	0.7%	1.3%

* Total number of issued shares excluding treasury shares and subsidiary holdings.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 30 June 2017	As at 31 March 2017
1,115,803,620	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 April	9,547,355	15,053,333	30.3	47.2
Purchases during the period	–	–	–	–
Issuance of treasury shares pursuant to equity compensation plans	(1,294,700)	(1,170,525)	(4.0)	(3.7)
Balance at 30 June	8,252,655	13,882,808	26.3	43.5

- 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.

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	
	1 st Quarter	
	2017-18	2016-17
Earnings per share based on net profit attributable to owners of the Company (cents):		
(i) Basic *	5.1	5.8
(ii) Diluted **	5.1	5.7

* 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 30.6.2017	As at 31.3.2017	As at 30.6.2017	As at 31.3.2017
Net asset value per ordinary share (cents)	148.5	143.9	133.1	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

First Quarter FY2017-18

The Group closed the first quarter of FY2017-18 with a net profit attributable to owners of the Company of \$57.3 million, \$6.8 million or 10.6% lower than the last corresponding quarter. This is mainly due to the absence of last year's gain from the disposal of assets held for sale, the Senoko plant. Notwithstanding, the underlying net profit was \$1.8 million or 3.2% above last year.

Group's revenue was \$426.5 million, an increase of \$2.3 million or 0.5%. The revenue from Food Solutions fell \$7 million or 2.9% to \$233.1 million while Gateway Services' revenue grew \$9.3 million or 5.1% to \$193.1 million.

The Group's expenditure in the quarter was \$373 million, an increase of \$3.3 million or 0.9% compared to the first quarter in FY2016-17. With various automation, productivity and cost management initiatives, staff costs and premise and utilities expenses were maintained near to last year level. Cost of raw materials was lower by \$4.5 million due to lower Food Solutions' revenue. Conversely, licence fees increased significantly by \$4.3 million due mainly to cessation of rebates while depreciation and amortisation charges increased \$1 million in line with additional capital expenditure incurred. Other costs increased \$2 million mainly due to higher costs incurred on equipment maintenance, fuel consumption and marketing activities.

Operating profit for the quarter was \$53.5 million, a decline of \$1 million or 1.8% compared to the same quarter last year.

Share of after-tax profits from associates/joint ventures for the quarter was \$15.5 million, an improvement of \$3.3 million or 27% over the same period last year, with higher contributions from both Gateway and Food Solutions' associates/joint ventures.

Revenue by business segment is summarised below:

	Revenue				
	1Q FY2017-18	%	1Q FY2016-17	%	Growth
	\$m		\$m		%
Food Solutions	233.1	55	240.1	57	(2.9)
Gateway Services	193.1	45	183.8	43	5.1
Others	0.3	–	0.3	–	–
	426.5	100	424.2	100	0.5

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

GROUP FINANCIAL POSITION REVIEW

Total equity of the Group stood at \$1,743.9 million as at 30 June 2017, an increase of \$52.7 million compared to \$1,691.2 million as at 31 March 2017. The increase in equity resulted mainly from profits generated during the quarter, partly negated by the foreign currency translation losses suffered.

The non-current assets were lower by \$9.5 million mainly due to the transfer of the carrying value of the investment in an associate Jilin Zhong Xin Cheng Food Co., Ltd (“Jilin JVCo”) amounting to \$7.8 million to assets held for sale. During the quarter, an agreement was signed to transfer the whole equity stake in Jilin JVCo to our 100% owned subsidiary SG IPF Pte. Ltd. (“SGIPF”). Concurrently an agreement was signed with Jilin IPF Pte. Ltd. (“JIPF”), a wholly owned subsidiary of Singbridge Corporate Pte. Ltd., to inject capital into SGIPF for 40% stake in SGIPF. Upon completion of these transactions, SGIPF will be classified as a joint venture of the Group. As a result of these transactions, the assets and liabilities for SGIPF and the investment in Jilin JVCo have been classified as disposal groups held for sale as at 30 June 2017. Announcement of these agreements were made on 7 June 2017.

Current assets increased \$71.5 million over the balances as at 31 March 2017, particularly in trade and other receivables and cash and short-term deposits. Cash and short-term deposits increased \$38.8 million mainly attributed to cash generated from operations. Trade and other receivables and prepayment increases were attributed to revenue increase and operational needs.

Apart from the above mentioned Jilin JVCo and SGIPF transactions, assets and liabilities held for sale also included the impending sale of 51% stake in SATS HK Limited (“SHK”), 4% stake in Asia Airfreight Terminal Company Limited and an investment property which were reported as at 31 March 2017.

Total liabilities of the Group increased \$9.3 million to \$597.5 million as at 30 June 2017. The increases in liabilities were due to higher trade and other payables as well as income tax provision.

GROUP CASH FLOWS REVIEW

The 1Q FY2017-18 net cash from operating activities was \$38.7 million lower than last corresponding quarter mainly due to the movement in working capital.

Net cash used in investing activities was lower compared to the same period last financial year mainly attributed to absence of long-term investment as well as lower investments in associates/joint ventures, dividends from associates/joint ventures and proceeds from disposal of assets held for sale. The proceeds from disposal of assets held for sale for the current quarter refers to partial payment received for the sale of the investment property.

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

There is no indication that low yields across the airline industry will improve in the near future, so pricing pressure on SATS is expected to continue.

However, the growth in air travel, eCommerce and demand for high quality, safe food remain strong. Therefore, we intend to make further investments in capital and new business opportunities in additional locations in the coming year to prepare for the future.

We will also continue to increase the use of technology to improve productivity, gain greater scale economies and link our regional operations to serve our customers better.

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/recommended for the quarter ended 30 June 2017.

13 Interested Person Transactions

13.1 The interested person transactions entered into during the first quarter ended 30 June 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		
SilkAir (Singapore) Private Limited	–	9,660
Singapore Airlines Limited	–	1,538 *
	<u>–</u>	<u>11,198</u>
Joint Venture		
Jilin IPF Pte. Ltd.	4,786	–
	<u>4,786</u>	<u>–</u>

* This includes the value of the original contract entered into in 2014 between SATS Ltd. and Singapore Airlines Limited for the period 1 June 2014 to 31 May 2017.

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
21 July 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 three months ended 30 June 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, 21 July 2017