



UNAUDITED RESULTS FOR FIRST QUARTER ENDED 30 JUNE 2015

- 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 2015 (in \$ million)

	GROUP	
	1 st Quarter	
	2015-16	2014-15
Revenue	416.9	435.2
Expenditure		
Staff costs	(200.1)	(203.9)
Cost of raw materials	(75.9)	(85.3)
Licence fees	(17.0)	(19.4)
Depreciation and amortisation charges	(17.3)	(16.9)
Company premise and utilities expenses	(29.4)	(30.9)
Other costs	(33.2)	(39.1)
	<u>(372.9)</u>	<u>(395.5)</u>
Operating profit	44.0	39.7
Interest on borrowings	(0.2)	(0.4)
Interest income	0.8	0.2
Loss on disposal of property, plant and equipment	–	(0.8)
Share of results of associates/joint ventures, net of tax	12.8	10.4
Impairment of assets held for sale	–	(0.1)
Net gain from transfer of business to a joint venture	2.5	–
Profit before tax	59.9	49.0
Income tax expense	(11.3)	(6.7)
Profit for the period	<u>48.6</u>	<u>42.3</u>
Profit attributable to:		
Owners of the Company	49.6	43.3
Non-controlling interests	(1.0)	(1.0)
	<u>48.6</u>	<u>42.3</u>
Underlying net profit ⁽¹⁾	47.1	43.4

1. Underlying net profit refers to net profit attributable to owners of the Company excluding the following one-off items: (i) Net gain from transfer of business to a joint venture (\$2.5 million in 1Q FY15-16, NIL in 1Q FY14-15). (ii) Impairment loss on carrying value of Assets Held for Sale (NIL in 1Q FY15-16, \$0.1 million in 1Q FY14-15).

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

	GROUP	
	1st Quarter	
	2015-16	2014-15
Foreign exchange (loss)/gain, net	(0.9)	0.1
Write-off for stock obsolescence, net	–	(0.2)
Overprovision of taxation in respect of prior years	–	1.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the first quarter ended 30 June 2015 (in \$ million)

	GROUP	
	1st Quarter	
	2015-16	2014-15
Profit for the period	48.6	42.3
<u>Other comprehensive income:</u>		
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Foreign currency translation	(16.2)	(10.6)
Reclassification of foreign currency translation to profit or loss	–	1.0
	<u>(16.2)</u>	<u>(9.6)</u>
Other comprehensive loss for the period, net of tax	<u>(16.2)</u>	<u>(9.6)</u>
Total comprehensive income for the period	<u>32.4</u>	<u>32.7</u>
Total comprehensive income attributable to:		
Owners of the Company	35.5	33.2
Non-controlling interests	(3.1)	(0.5)
Total comprehensive income for the period	<u>32.4</u>	<u>32.7</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 2015 (in \$ million)**

	GROUP		COMPANY	
	30.6.2015	31.3.2015	30.6.2015	31.3.2015
Equity attributable to owners of the Company				
Share capital	367.9	367.9	367.9	367.9
Treasury shares	(52.3)	(56.4)	(52.3)	(56.4)
Share-based compensation reserve	14.2	14.3	14.2	14.3
Statutory reserve	8.0	7.8	–	–
Foreign currency translation reserve	(124.0)	(109.9)	–	–
Revenue reserve	1,267.5	1,218.0	1,080.4	1,061.4
Other reserves*	(1.2)	(0.6)	(5.9)	(5.3)
	<u>1,480.1</u>	<u>1,441.1</u>	<u>1,404.3</u>	<u>1,381.9</u>
Non-controlling interests	73.2	76.5	–	–
Total equity	<u>1,553.3</u>	<u>1,517.6</u>	<u>1,404.3</u>	<u>1,381.9</u>
Non-current assets				
Property, plant and equipment	538.7	551.7	7.4	7.9
Investment properties	6.7	7.0	279.3	283.9
Intangible assets	162.8	165.5	6.8	7.6
Investment in subsidiaries	–	–	541.0	541.0
Investment in associates	419.5	437.9	264.1	264.1
Investment in joint ventures	64.8	26.9	12.0	12.0
Long-term investments	8.4	8.4	7.9	7.9
Loan to subsidiaries	–	–	230.4	234.3
Deferred tax assets	18.4	18.9	–	–
Defined benefit plan	1.9	1.9	–	–
Other non-current assets	11.1	8.8	–	–
	<u>1,232.3</u>	<u>1,227.0</u>	<u>1,348.9</u>	<u>1,358.7</u>
Current assets				
Trade and other receivables	309.6	282.6	71.6	32.6
Prepayments	22.5	17.1	2.4	3.6
Amounts due from associates	1.9	2.2	1.8	2.2
Loan to subsidiaries	–	–	6.8	6.8
Inventories	24.5	18.7	0.3	0.3
Cash and short-term deposits	467.6	410.9	333.1	289.8
Assets of disposal groups classified as held for sale	–	61.2	–	–
	<u>826.1</u>	<u>792.7</u>	<u>416.0</u>	<u>335.3</u>
Current liabilities				
Trade and other payables	290.9	287.3	236.9	185.4
Income tax payable	47.3	42.9	10.2	9.8
Term loans	14.8	15.4	–	–
Finance leases	0.1	0.2	–	–
	<u>353.1</u>	<u>345.8</u>	<u>247.1</u>	<u>195.2</u>
Net current assets	473.0	446.9	168.9	140.1
Non-current liabilities				
Deferred tax liabilities	58.5	58.8	27.7	27.7
Term loans	86.0	89.6	85.8	89.2
Finance leases	0.1	0.1	–	–
Other long-term liabilities	7.4	7.8	–	–
	<u>152.0</u>	<u>156.3</u>	<u>113.5</u>	<u>116.9</u>
Net assets	<u>1,553.3</u>	<u>1,517.6</u>	<u>1,404.3</u>	<u>1,381.9</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 30.06.2015</u>		<u>As at 31.03.2015</u>	
<u>Secured</u> *	<u>Unsecured</u>	<u>Secured</u> *	<u>Unsecured</u>
11.5	3.4	12.0	3.6

Amount repayable after one year

<u>As at 30.06.2015</u>		<u>As at 31.03.2015</u>	
<u>Secured</u> *	<u>Unsecured</u>	<u>Secured</u> *	<u>Unsecured</u>
0.2	85.9	0.4	89.3

Details of any collateral

* Secured by property, plant and equipment and other assets belonging to certain subsidiaries 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 2015 (in \$ million)**

	GROUP	
	1st Quarter	
	2015-16	2014-15
<u>Cash flows from operating activities</u>		
Profit before tax	59.9	49.0
Adjustments for:		
Interest and investment (income)/expense, net	(0.6)	0.2
Depreciation and amortisation charges	17.3	16.9
Unrealised foreign exchange loss/(gain)	0.9	(0.1)
Loss on disposal of property, plant and equipment	–	0.8
Share of results of associates/joint ventures, net of tax	(12.8)	(10.4)
Share-based payment expense	1.1	1.1
Impairment of assets held for sale	–	0.1
Net gain from transfer of business to a joint venture	(2.5)	–
Other non-cash items	–	0.2
Operating cash flows before working capital changes	<u>63.3</u>	<u>57.8</u>
Changes in working capital:		
Increase in receivables	(30.2)	(2.4)
Increase in prepayments	(6.0)	(7.0)
Decrease/(increase) in inventories	3.5	(1.5)
Increase in payables	3.2	3.3
Decrease in amount due from associates	0.4	0.4
Cash generated from operations	<u>34.2</u>	<u>50.6</u>
Interest paid to third parties	(0.3)	(0.4)
Income taxes paid	(7.0)	(4.9)
Net cash from operating activities	<u>26.9</u>	<u>45.3</u>
<u>Cash flows from investing activities</u>		
Capital expenditure	(5.9)	(14.2)
Dividends from associates	17.6	18.1
Net cashflow from the investment in a joint venture	(2.4)	–
Proceeds from disposal of interest in an associated company	–	1.2
Proceeds from disposal of property, plant and equipment	0.3	0.2
Interest received from deposits	0.8	0.2
Net cash from investing activities	<u>10.4</u>	<u>5.5</u>
<u>Cash flows from financing activities</u>		
Repayment of term loans	(0.2)	(0.3)
Repayment of finance leases and related charges	(0.1)	(0.2)
Drawdown of term loans	–	1.2
Proceeds from exercise of share options	5.0	2.3
Purchase of treasury shares	(2.6)	–
Capital contributions from non-controlling interests	–	1.5
Dividends paid to non-controlling interests	(0.2)	(0.3)
Net cash from financing activities	<u>1.9</u>	<u>4.2</u>
Net increase in cash and cash equivalents	39.2	55.0
Effect of exchange rate changes	(1.3)	0.5
Cash and cash equivalents at beginning of financial period	429.7	339.6
Cash and cash equivalents at end of financial period	<u><u>467.6</u></u>	<u><u>395.1</u></u>

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 2015 (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 2015 (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 2014	367.9	(15.7)	13.6	7.9	(119.5)	1,164.6	–	(2.1)	0.1	1,416.8	97.6	1,514.4
Profit for the period	–	–	–	–	–	43.3	–	–	–	43.3	(1.0)	42.3
Other comprehensive income for the period	–	–	–	–	(10.1)	–	–	–	–	(10.1)	0.5	(9.6)
Total comprehensive income for the period	–	–	–	–	(10.1)	43.3	–	–	–	33.2	(0.5)	32.7
Contributions by and distributions to owners												
Share-based payment	–	–	1.1	–	–	–	–	–	–	1.1	–	1.1
Share options lapsed	–	–	(0.2)	–	–	0.2	–	–	–	–	–	–
Treasury shares reissued pursuant to equity compensation plans	–	3.7	(0.6)	–	–	–	–	(0.8)	–	2.3	–	2.3
Total contributions by and distributions to owners	–	3.7	0.3	–	–	0.2	–	(0.8)	–	3.4	–	3.4
Others												
Disposal of interest in an associated company	–	–	–	(0.1)	–	–	–	–	–	(0.1)	–	(0.1)
Capital contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	–	1.5	1.5
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(0.3)	(0.3)
Transfer to statutory reserve	–	–	–	0.2	–	(0.2)	–	–	–	–	–	–
Balance 30 June 2014	367.9	(12.0)	13.9	8.0	(129.6)	1,207.9	–	(2.9)	0.1	1,453.3	98.3	1,551.6

* 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 first quarter ended 30 June 2015 (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 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	367.9	(52.3)	14.2	1,080.4	(5.9)	1,404.3
Balance at 1 April 2014	367.9	(15.7)	13.6	953.2	(2.1)	1,316.9
Profit for the period	–	–	–	20.5	–	20.5
Total comprehensive income for the period	–	–	–	20.5	–	20.5
<u>Contributions by and distributions to owners</u>						
Share-based payment	–	–	1.1	–	–	1.1
Share options lapsed	–	–	(0.2)	0.2	–	–
Treasury shares reissued pursuant to equity compensation plans	–	3.7	(0.6)	–	(0.8)	2.3
Total contributions by and distributions to owners	–	3.7	0.3	0.2	(0.8)	3.4
Balance at 30 June 2014	367.9	(12.0)	13.9	973.9	(2.9)	1,340.8

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State 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 April to June 2015, 2,239,200 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 2015, the number of outstanding share options was 9,352,485 (30 June 2014: 13,762,335).

The movement of share options of the Company during the period April to June 2015 was as follows:

Date of grant	Balance at 1.4.2015	Forfeited/ Lapsed	Exercised	Balance at 30.6.2015	Exercise price	Expired date
1.7.2005	1,719,000	(7,800)	(1,009,200)	702,000	\$1.97	30.6.2015
3.7.2006	1,569,585	(23,000)	(209,200)	1,337,385	\$1.80	02.7.2016
2.7.2007	6,225,600	(43,800)	(771,800)	5,410,000	\$2.76	01.7.2017
1.7.2008	2,182,900	(30,800)	(249,000)	1,903,100	\$1.92	30.6.2018
	<u>11,697,085</u>	<u>(105,400)</u>	<u>(2,239,200)</u>	<u>9,352,485</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 staff 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 are due to expire on July 2015 were approved during the 41st Annual General Meeting held on 23 July 2014 for further extension of 10 years to July 2025.

For grants from FY 2010-11 to FY 2012-13

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 and the final number of performance shares awarded could range from 0% to 200% of the initial grant of the performance shares.

For grants in FY2013-14

Depending on the achievement of the pre-determined targets over a one-year performance period with an equal vesting over a three-year period for RSP and a three-year performance period for PSP, the final number of restricted shares and performance shares awarded could range between 0% to 120% of the initial grant of the restricted shares and between 0% to 150% of the initial grant of the performance shares.

The RSP award dated 16 July 2013 is not subject to any performance conditions and will vest equally over a two-year period.

For grants in FY2014-15

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

As at 30 June 2015, the number of shares outstanding under the Company's RSP and PSP were 3,427,258 and 3,186,843 (30 June 2014: 3,322,557 and 2,389,148) respectively.

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

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

RSP

Date of grant	Balance at 1.4.2015 / Date of grant	Number of Restricted Shares			Balance at 30.6.2015
		Vested	Forfeited	Adjustments	
01.08.2011	49,166	–	–	–	49,166
03.08.2011	204,244	–	(1,352)	–	202,892
01.08.2012	394,253	–	(4,284)	–	389,969
11.10.2012	23,095	–	–	–	23,095
16.07.2013	103,536	–	–	–	103,536
15.11.2013	969,900	–	(14,300)	–	955,600
03.12.2013	109,500	–	–	–	109,500
06.08.2014	1,626,000	–	(32,500)	–	1,593,500
	3,479,694	–	(52,436)	–	3,427,258

PSP

Date of grant	Balance at 1.4.2015 / Date of grant	Number of Performance Shares			Balance at 30.6.2015
		Vested	Forfeited	Adjustments	
11.03.2013	659,155	–	(7,612)	–	651,543
15.11.2013	874,000	–	(37,700)	–	836,300
03.12.2013	326,000	–	–	–	326,000
20.10.2014	1,373,000	–	–	–	1,373,000
	3,232,155	–	(45,312)	–	3,186,843

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 2015	As at 31 March 2015
1,106,545,626	1,105,161,426

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	
	2015-16	2014-15	2015-16	2014-15
Balance at 1 April	18,894,849	5,120,201	56.4	15.7
Purchases during the period	855,000	–	2.6	–
Issuance of treasury shares pursuant to equity compensation plans	(2,239,200)	(1,212,350)	(6.7)	(3.7)
Balance at 30 June	17,510,649	3,907,851	52.3	12.0

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 2015 except for the adoption of the Financial Reporting Standards (FRS) that are mandatory for financial years beginning on or after 1 April 2015. The adoption of these FRS has no significant impact on the financial statements.

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	
	2015-16	2014-15
Earnings per share based on net profit attributable to owners of the Company (cents):		
(i) Basic *	4.5	3.9
(ii) Diluted **	4.5	3.8

* 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	As at	As at	As at
	30.6.2015	31.3.2015	30.6.2015	31.3.2015
Net asset value per ordinary share (cents)	133.8	130.4	126.9	125.0

- 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 FY2015-16

Group net profit attributable to owners of the Company for the first quarter was \$49.6 million, \$6.3 million or 14.5% higher than the corresponding quarter last year. The underlying net profit was \$47.1 million, \$3.7 million or 8.5% higher than last year.

Against the same quarter last year, Group revenue fell by \$18.3 million or 4.2% to \$416.9 million. The revenue from Food Solutions dropped by \$21.6 million or 8.2% to \$241.1 million, largely attributed to the poorer result from its Japan subsidiary, TFK Corporation ("TFK"), weaker Japanese Yen and the divestment of an Australian subsidiary, Urangan Fisheries Pty Ltd ("Urangan"), in July 2014. The drop was also contributed by the loss of revenue with the transfer of the food distribution business to the new joint venture company, SATS BRF Food Pte. Ltd. ("SBRF") in June 2015, as explained below. The revenue decline was partly mitigated by the increase in Gateway Services revenue of \$3.5 million or 2% to \$174.7 million.

Group expenditure dropped by \$22.6 million or 5.7% to \$372.9 million across all expense categories except for depreciation and amortisation charges. With the implementation of various measures to improve the productivity, the Group managed to reduce its staff costs by \$3.8 million. Cost of raw materials also dropped by \$9.4 million, due to better management in sourcing and lower revenue. Licence fees declined by \$2.4 million, in line with the lower revenue and rebates. Other costs declines include reduction in fuel costs, professional fees, transportation charges and rental of ground support equipment. Depreciation and amortisation charges for the first quarter was \$17.3 million, a slight increase of \$0.4 million or 2.4% over the corresponding period last year.

Operating profit for the quarter was \$44 million, an increase of \$4.3 million or 10.8% over the same quarter last year attributed mainly to lower expenditure incurred as a result of the various productivity improvement and cost control initiatives.

Share of after-tax profits from associates/joint ventures for the first quarter was \$12.8 million, \$2.4 million or 23.1% higher than the same quarter last year, with growth in both Gateway and Foods associates/joint ventures.

On 16 April 2015, the Group entered into a joint venture agreement with BRF GmbH, to set up a company for food distribution business in Singapore. On 3 June 2015, the Group completed the transfer of the said food distribution business to the new joint venture company SBRF and the sales of 49% stake in SBRF to BRF GmbH. SBRF has since been accounted for as a Joint Venture Company. In line with the above transfer and sales, the Group recorded a "net gain from transfer of business to a joint venture" of \$2.5 million which comprised of fair value gain of \$13.3 million on re-measurement of the retained interest in SBRF and the loss on disposal of interest in SBRF of \$10.8 million.

Revenue by business segment is summarised below:

	Revenue				
	1Q FY2015-16	%	1Q FY2014-15	%	Growth
	\$m		\$m		%
Food Solutions	241.1	58	262.7	61	(8.2)
Gateway Services	174.7	42	171.2	39	2.0
Corporate	1.1	-	1.3	-	(15.4)
	416.9	100	435.2	100	(4.2)

Statement of Financial Position Review

Total equity of the Group stood at \$1,553.3 million as at 30 June 2015, an increase of \$35.7 million compared to \$1,517.6 million as at 31 March 2015. The increase in equity was mainly due to profit generated during the quarter, partially offset by the foreign currency translation difference.

Investment in associates dropped by \$18.4 million during the quarter mainly due to the dividend payments of \$17.6 million received. Investment in joint ventures increased by \$37.9 million mainly due to investment in the new joint venture, SBRF, as mentioned above.

Current assets was \$33.4 million higher than 31 March 2015 mainly due to higher cash and short-term deposits as well as higher trade and other receivables, partly

offset by the reduction in assets of disposal groups classified as held for sale. Assets of disposal groups classified as held for sales of \$61.2 million are assets identified as at 31 March 2015 to be transferred to SBFR in line with the business transfer explained above, which had been completed in June 2015. Thus the classification to this category of current assets was removed accordingly.

Cash and short-term deposits increased by \$56.7 million to \$467.6 million as at 30 June 2015. The increase was mainly contributed by net cashflow from operating activities, dividends received from associates and proceeds from exercise of share options. These inflows were partially offset by capital expenditure, net investment in the new joint venture and purchase of treasury shares.

Total Group liabilities increased marginally by \$3 million to \$505.1 million as at 30 June 2015. The increase was mainly attributed to higher trade and other payables and income tax provision, partially offset by the lower term loans.

Cash Flows Review

In 1Q FY2015-16, net cash from operating activities of \$26.9 million was lower than 1Q FY2014-15 by \$18.4 million mainly due to the movement in working capital, partly mitigated by higher profit before tax.

Net cash generated from investing activities was \$10.4 million, an increase of \$4.9 million compared to the \$5.5 million from investing activities in the corresponding quarter last financial year. The increase was attributed mainly to lower capital expenditure, partly offset by the lower dividends from associates and net cashflow from the investment in new joint venture, SBRF.

The cash from financing activities was lower than the corresponding quarter last financial year by \$2.3 million mainly due to the purchase of treasury shares, partly offset by the higher proceeds from exercise of share options.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

OUTLOOK

Competition between airlines in Asia continues to be intense amid relatively low growth in air traffic in the near term.

Despite slower economic growth and rising manpower costs, the structural growth prospects of Asia remain strong with rapid urbanisation and growth of the middle class.

The Group is well-positioned to capture these opportunities. We are progressing well with our strategy of driving productivity through scale and connectivity, and launching new ventures that will support our future growth.

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 2015.

13 Interested Person Transactions

13.1 The interested person transactions entered into during the first quarter ended 30 June 2015 are as follows:

	<u>FY2015-16</u>	
	Aggregate value of all interested person transactions entered into during the financial year below (excluding transactions of value less than S\$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all interested person transactions entered into during the financial year below under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions of value less than S\$100,000)
	\$'000	\$'000
Transactions for the Sale of Goods and Services		
Singapore Airlines Cargo Pte Ltd	—	6,834 *
	—	6,834
Transactions for the Purchase of Goods and Services		
Singapore Technologies Engineering Limited	—	138
	—	138

* This includes the value of the original contract entered into in 2012 between SATS Security Services Private Limited and Singapore Airlines Cargo Pte Ltd for the period 1 January 2012 to 31 December 2014.

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.

BY ORDER OF THE BOARD

Prema d/o K Subramaniam
Company Secretary
23 July 2015
Singapore

Singapore Company Registration No: 197201770G

CONFIRMATION BY THE BOARD

We, Edmund Cheng Wai Wing 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 2015 financial results to be false or misleading in any material respect.

On behalf of the Board of Directors,

EDMUND CHENG WAI WING
Chairman

ALEXANDER CHARLES HUNGATE
Executive Director / President and
Chief Executive Officer

Singapore, 23 July 2015