



**UNAUDITED RESULTS FOR THIRD QUARTER AND NINE MONTHS  
ENDED 31 DECEMBER 2013**

- 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 2013 (in \$ million)**

	GROUP			
	3 <sup>rd</sup> Quarter		9 Months	
	2013-14	2012-13	2013-14	2012-13
<b>REVENUE</b>	465.5	470.6	1,352.1	1,370.0
<b>EXPENDITURE</b>				
Staff costs	(204.1)	(197.0)	(599.6)	(586.2)
Cost of raw materials	(103.6)	(104.7)	(287.8)	(295.5)
Licensing fees	(19.6)	(19.7)	(58.2)	(57.8)
Depreciation and amortisation charges	(19.2)	(24.0)	(58.1)	(69.4)
Company premise and utilities expenses	(32.4)	(33.7)	(94.0)	(99.2)
Other costs	(44.6)	(44.7)	(125.1)	(123.7)
	<u>(423.5)</u>	<u>(423.8)</u>	<u>(1,222.8)</u>	<u>(1,231.8)</u>
<b>OPERATING PROFIT</b>	42.0	46.8	129.3	138.2
Interest on borrowings	(0.6)	(0.7)	(1.9)	(2.0)
Interest income	0.4	0.2	1.0	0.9
Dividend from long-term investment, gross	-	-	0.6	1.2
Gain/(Loss) on disposal of property, plant and equipment	0.1	(0.2)	(0.1)	(1.6)
Share of results of associates/joint ventures, net of tax	13.0	12.1	37.3	34.2
Loss on disposal of a subsidiary	-	-	-	(0.4)
Impairment of assets held for sale	-	-	(1.7)	-
Other non-operating expenses	(0.2)	(1.0)	-	(1.6)
	<u>54.7</u>	<u>57.2</u>	<u>164.5</u>	<u>168.9</u>
<b>PROFIT BEFORE TAX</b>				
Income tax expense	(10.6)	(10.0)	(25.6)	(30.7)
<b>Profit for the period</b>	<u>44.1</u>	<u>47.2</u>	<u>138.9</u>	<u>138.2</u>
<b>Profit attributable to:</b>				
Owners of the Company	42.9	47.0	137.8	138.6
Non-controlling interests	1.2	0.2	1.1	(0.4)
	<u>44.1</u>	<u>47.2</u>	<u>138.9</u>	<u>138.2</u>
<b>Underlying net profit <sup>(1)</sup></b>	<b>42.9</b>	<b>47.0</b>	<b>139.5</b>	<b>139.0</b>
Foreign exchange gain/(loss), net	0.2	0.2	0.4	(0.4)
(Allowance)/write-back for doubtful debts and bad debts written off, net	-	(0.3)	0.4	(0.2)
(Write-off)/Write-back for stock obsolescence, net	(0.2)	0.3	(0.5)	(0.2)
Overprovision of taxation in respect of prior years	-	0.1	4.0	0.1

1. Underlying net profit refers to profit attributable to owners of the Company excluding the following one-off items: (i) Impairment loss on carrying value of Assets Held for Sale (\$1.7 million in 9M FY13-14, nil in 9M FY12-13) (ii) loss on disposal of a subsidiary which was divested on 28 September 2012 (nil in 9M FY13-14, \$0.4 million in 9M FY12-13).

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the third quarter and nine months ended 31 December 2013 (in \$ million)**

	<b>GROUP</b>			
	<b>3<sup>rd</sup> Quarter</b>		<b>9 Months</b>	
	<b>2013-14</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2012-13</b>
<b>Profit for the period</b>	44.1	47.2	138.9	138.2
<b>Other comprehensive income:</b>				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Foreign currency translation	(2.4)	(9.2)	(20.2)	(22.6)
Reclassification of foreign currency translation to profit or loss	-	-	-	(0.2)
<b>Total comprehensive income for the period</b>	<u>41.7</u>	<u>38.0</u>	<u>118.7</u>	<u>115.4</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	42.7	45.7	121.4	122.5
Non-controlling interests	(1.0)	(7.7)	(2.7)	(7.1)
<b>Total comprehensive income for the period</b>	<u>41.7</u>	<u>38.0</u>	<u>118.7</u>	<u>115.4</u>

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

**STATEMENTS OF FINANCIAL POSITION**  
As at 31 December 2013 (in \$ million)

	GROUP			COMPANY	
	31.12.2013	31.3.2013 (Restated)*	31.3.2012 (Restated)*	31.12.2013	31.3.2013
<b>Equity attributable to owners of the Company:</b>					
Share capital	367.1	338.4	326.2	367.1	338.4
Treasury shares	(7.4)	(2.1)	(0.8)	(7.4)	(2.1)
Share-based compensation reserve	12.1	17.7	18.9	12.1	17.7
Statutory reserve	7.9	7.6	7.0	-	-
Fair value reserve	0.1	0.1	(0.1)	-	-
Foreign currency translation reserve	(127.4)	(111.0)	(96.8)	-	-
Revenue reserve	1,120.8	1,152.7	1,253.9	844.1	982.2
	<u>1,373.2</u>	<u>1,403.4</u>	<u>1,508.3</u>	<u>1,215.9</u>	<u>1,336.2</u>
<b>Non-controlling interests</b>	94.1	96.8	105.8	-	-
<b>Total equity</b>	<u>1,467.3</u>	<u>1,500.2</u>	<u>1,614.1</u>	<u>1,215.9</u>	<u>1,336.2</u>
<b>Non-current assets</b>					
Property, plant and equipment	573.4	592.2	653.9	10.6	5.5
Investment properties	9.4	11.3	13.5	300.5	319.3
Intangible assets	183.7	192.9	213.0	10.2	12.1
Investment in subsidiaries	-	-	-	541.0	541.0
Investment in associates	339.1	369.7	351.1	269.8	270.8
Investment in joint ventures	20.0	20.5	17.2	12.0	12.0
Long-term investment	8.4	8.3	8.4	7.9	7.9
Loan to subsidiaries	-	-	-	142.1	148.9
Deferred tax assets	20.6	21.8	27.9	-	-
Other non-current assets	5.8	6.3	7.4	-	-
	<u>1,160.4</u>	<u>1,223.0</u>	<u>1,292.4</u>	<u>1,294.1</u>	<u>1,317.5</u>
<b>Current assets</b>					
Trade and other receivables	324.1	300.7	293.7	53.4	51.2
Prepayments	18.1	14.2	14.4	0.9	2.4
Amount due from associates	5.6	7.0	7.8	5.5	7.0
Inventories	51.3	52.9	43.7	0.3	0.3
Assets held for sale	24.5	-	-	1.0	-
Cash and short-term deposits	354.7	405.5	471.6	251.4	290.6
	<u>778.3</u>	<u>780.3</u>	<u>831.2</u>	<u>312.5</u>	<u>351.5</u>
<b>Less: Current liabilities</b>					
Bank overdraft - secured	1.2	1.3	1.5	-	-
Trade and other payables	235.1	236.9	203.2	256.8	190.2
Income tax payables	41.1	50.5	42.4	10.6	8.9
Term loans	16.3	19.5	22.0	-	-
Finance leases	0.9	1.9	3.2	-	-
	<u>294.6</u>	<u>310.1</u>	<u>272.3</u>	<u>267.4</u>	<u>199.1</u>
<b>Net current assets</b>	483.7	470.2	558.9	45.1	152.4
<b>Less: Non-current liabilities</b>					
Deferred tax liabilities	60.0	60.1	62.2	29.4	30.9
Term loans	95.6	105.7	126.1	93.9	102.8
Finance leases	2.5	3.0	5.2	-	-
Defined benefit plan	5.7	7.1	18.9	-	-
Other long-term liabilities	13.0	17.1	24.8	-	-
	<u>176.8</u>	<u>193.0</u>	<u>237.2</u>	<u>123.3</u>	<u>133.7</u>
<b>Net assets</b>	<u>1,467.3</u>	<u>1,500.2</u>	<u>1,614.1</u>	<u>1,215.9</u>	<u>1,336.2</u>

\* Restatement is due to the adoption of Revised FRS 19 Employee Benefits.

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

(In \$ million)

Amount repayable in one year or less, or on demand

<b>As at 31.12.2013</b>		<b>As at 31.03.2013</b>	
<u>Secured</u> *	<u>Unsecured</u>	<u>Secured</u> *	<u>Unsecured</u>
13.6	4.8	16.4	6.3

Amount repayable after one year

<b>As at 31.12.2013</b>		<b>As at 31.03.2013</b>	
<u>Secured</u> *	<u>Unsecured</u>	<u>Secured</u> *	<u>Unsecured</u>
1.7	96.4	5.3	103.4

### 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 third quarter and nine months ended 31 December 2013 (in \$ million)**

	GROUP			
	3 <sup>rd</sup> Quarter		9 Months	
	2013-14	2012-13	2013-14	2012-13
<b><u>Cash flows from operating activities</u></b>				
Profit before tax, total	54.7	57.2	164.5	168.9
Adjustments for:				
Interest and investment expense/(income), net	0.2	0.5	0.3	(0.1)
Depreciation and amortisation charges	19.2	24.0	58.1	69.4
Unrealised foreign exchange (gain)/loss	(0.2)	(0.2)	(0.4)	0.4
(Gain)/loss on disposal of property, plant and equipment	(0.1)	0.2	0.1	1.6
Loss on disposal of a subsidiary	-	-	-	0.4
Share of results of associates/joint ventures, net of tax	(13.0)	(12.1)	(37.3)	(34.2)
Share-based payment expense	1.2	0.8	2.4	1.9
Impairment of assets held for sale	-	-	1.7	-
Other non-operating expenses	-	1.0	-	1.6
Other non-cash items	(0.1)	-	0.2	0.4
Operating profit before working capital changes	61.9	71.4	189.6	210.3
Changes in working capital:				
(Increase)/decrease in receivables	(35.6)	(47.0)	(22.2)	(91.8)
Decrease/(increase) in prepayments	2.4	0.6	(3.8)	(2.0)
Decrease/(increase) in inventories	3.2	(9.3)	1.0	(8.8)
Increase/(decrease) in payables	15.8	(0.9)	(8.6)	24.3
Decrease/(increase) in amount due from associates	0.6	(0.8)	1.4	(0.9)
<b>Cash generated from operations</b>	48.3	14.0	157.4	131.1
Interest paid to third parties	(0.6)	(0.7)	(1.9)	(2.0)
Income taxes paid	(13.1)	(9.6)	(33.5)	(25.7)
<b>Net cash from operating activities</b>	34.6	3.7	122.0	103.4
<b><u>Cash flows from investing activities</u></b>				
Capital expenditure	(15.8)	(6.8)	(43.1)	(28.4)
Dividends from associates/joint ventures	4.3	9.6	27.2	24.6
Dividends from long-term investment, gross	-	-	0.6	1.2
Proceeds from disposal of property, plant and equipment	0.1	-	0.5	0.2
Interest received from deposits	0.4	0.2	1.0	0.9
Investment in associates/joint ventures	-	-	-	(6.0)
Net proceeds from disposal of a subsidiary	-	-	-	0.6
Capital injection by non-controlling shareholder in a subsidiary	-	-	1.1	-
Acquisition of shares in a subsidiary	-	(0.1)	-	(0.1)
<b>Net cash (used in)/from investing activities</b>	(11.0)	2.9	(12.7)	(7.0)
<b><u>Cash flows from financing activities</u></b>				
Repayment of term loans	(2.7)	(0.6)	(5.0)	(2.6)
Repayment of finance leases and related charges	(0.4)	(0.8)	(1.4)	(2.3)
Drawdown of term loans	(0.1)	-	2.4	-
Proceeds from exercise of share options	4.1	2.5	22.4	6.0
Dividends paid	(56.2)	(55.5)	(168.4)	(288.6)
Purchase of treasury shares	(8.0)	-	(8.0)	(2.6)
<b>Net cash used in financing activities</b>	(63.3)	(54.4)	(158.0)	(290.1)
Net decrease in cash and cash equivalents	(39.7)	(47.8)	(48.7)	(193.7)
Effects of exchange rate changes	(1.3)	(5.4)	(2.0)	(6.1)
Cash and cash equivalents at beginning of financial period	394.5	323.5	404.2	470.1
Cash and cash equivalents at end of financial period	353.5	270.3	353.5	270.3

**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 2013 (in \$ million)**

	Attributable to owners of the Company									
	Share Capital	Treasury Shares	Share-based Compensation Reserve	Statutory Reserve *	Fair Value Reserve	Foreign Currency Translation Reserve	Revenue Reserve	Total	Non-Controlling Interests	Total Equity
<b>GROUP</b>										
Balance at 1 October 2013	362.1	-	11.9	7.9	0.1	(127.2)	1,134.5	1,389.3	95.1	1,484.4
Profit for the period	-	-	-	-	-	-	42.9	42.9	1.2	44.1
Other comprehensive income for the period	-	-	-	-	-	(0.2)	-	(0.2)	(2.2)	(2.4)
Total comprehensive income for the period	-	-	-	-	-	(0.2)	42.9	42.7	(1.0)	41.7
<u>Contributions by and distributions to owners</u>										
Share-based payment	-	-	1.2	-	-	-	-	1.2	-	1.2
Share options exercised and lapsed	5.0	-	(0.9)	-	-	-	0.1	4.2	-	4.2
Treasury shares reissued pursuant to equity compensation plans	-	0.6	(0.1)	-	-	-	(0.5)	-	-	-
Purchase of treasury shares	-	(8.0)	-	-	-	-	-	(8.0)	-	(8.0)
Dividends, net	-	-	-	-	-	-	(56.2)	(56.2)	-	(56.2)
Total contributions by and distributions to owners	5.0	(7.4)	0.2	-	-	-	(56.6)	(58.8)	-	(58.8)
Balance at 31 December 2013	367.1	(7.4)	12.1	7.9	0.1	(127.4)	1,120.8	1,373.2	94.1	1,467.3
Balance at 1 October 2012, as restated	330.7	(2.0)	17.7	9.2	(0.1)	(111.6)	1,110.3	1,354.2	106.4	1,460.6
Profit for the period	-	-	-	-	-	-	47.0	47.0	0.2	47.2
Other comprehensive income for the period	-	-	-	-	-	(1.3)	-	(1.3)	(7.9)	(9.2)
Total comprehensive income for the period	-	-	-	-	-	(1.3)	47.0	45.7	(7.7)	38.0
<u>Contributions by and distributions to owners</u>										
Share-based payment	-	-	0.8	-	-	-	-	0.8	-	0.8
Share options exercised and lapsed	3.0	-	(0.6)	-	-	-	0.1	2.5	-	2.5
Dividends, net	-	-	-	-	-	-	(55.5)	(55.5)	-	(55.5)
Total contributions by and distributions to owners	3.0	-	0.2	-	-	-	(55.4)	(52.2)	-	(52.2)
<u>Others</u>										
Premium paid for acquisition of non-controlling interest	-	-	-	-	-	-	(0.2)	(0.2)	-	(0.2)
Balance at 31 December 2012	333.7	(2.0)	17.9	9.2	(0.1)	(112.9)	1,101.7	1,347.5	98.7	1,446.2

\* Certain countries in which some of the subsidiaries and 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 2013 (in \$ million)**

<u>COMPANY</u>	Share Capital	Treasury Shares	Share-based Compensation Reserve	Revenue Reserve	Total Equity
Balance at 1 October 2013	362.1	-	11.9	897.5	1,271.5
Profit for the period	-	-	-	3.2	3.2
Total comprehensive income for the period	-	-	-	3.2	3.2
<u>Contributions by and distribution to owners</u>					
Share-based payment	-	-	1.2	-	1.2
Share options exercised and lapsed	5.0	-	(0.9)	0.1	4.2
Treasury shares reissued pursuant to equity compensation plans	-	0.6	(0.1)	(0.5)	-
Purchase of treasury shares	-	(8.0)	-	-	(8.0)
Dividends, net	-	-	-	(56.2)	(56.2)
Total contributions by and distributions to owners	5.0	(7.4)	0.2	(56.6)	(58.8)
Balance at 31 December 2013	367.1	(7.4)	12.1	844.1	1,215.9
Balance at 1 October 2012	330.7	(2.0)	17.7	901.8	1,248.2
Profit for the period	-	-	-	9.2	9.2
Total comprehensive income for the period	-	-	-	9.2	9.2
<u>Contributions by and distribution to owners</u>					
Share-based payment	-	-	0.8	-	0.8
Share options exercised and lapsed	3.0	-	(0.6)	0.1	2.5
Dividends, net	-	-	-	(55.5)	(55.5)
Total contributions by and distributions to owners	3.0	-	0.2	(55.4)	(52.2)
Balance at 31 December 2012	333.7	(2.0)	17.9	855.6	1,205.2

**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 shared 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 October to December 2013, 1,749,300 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 2013, the number of outstanding share options was 15,857,785 (31 December 2012 : 28,198,075).

The movement of share options of the Company during the period October to December 2013 is as follows:

Date of grant	Balance at 1.10.2013	Forfeited/ Lapsed	Exercised	Balance at 31.12.2013	Exercise price #	Expired date
1.7.2004	1,219,550	(7,800)	(191,700)	1,020,050	\$1.79	30.6.2014
1.7.2005	3,020,300	(31,200)	(156,600)	2,832,500	\$1.97	30.6.2015
3.7.2006	2,312,860	(35,025)	(171,800)	2,106,035	\$1.80	02.7.2016
2.7.2007	8,188,800	(60,400)	(963,300)	7,165,100	\$2.76	01.7.2017
1.7.2008	3,033,800	(33,800)	(265,900)	2,734,100	\$1.92	30.6.2018
	<u>17,775,310</u>	<u>(168,225)</u>	<u>(1,749,300)</u>	<u>15,857,785</u>		

# Following approval by the Company's shareholders of the declaration of a special dividend of \$0.04 per share on 26 July 2013, the Committee administering the Plan has approved a \$0.04 reduction in the exercise prices of all share options outstanding on 19 August 2013. The exercise prices reflected here are the exercise prices after such adjustment (except the expired grant). The Company has accounted for the modification in accordance with FRS 102. As the incremental fair value of the share options resulted from the modification is \$Nil, no adjustment is made to the share-based payment expenses.

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.

#### 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 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 grant on FY2013-14

Depending on the achievement of the pre-determined targets over a three-year period for both RSP and 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 subject to yearly achievement of financial performance conditions and will vest equally over a two-year period.

As at 31 December 2013, the number of shares outstanding under the Company's Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") were 3,370,285 and 2,389,148 (31 December 2012: 2,438,254 and 1,078,897) respectively.

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

#### **RSP**

Date of grant	Balance at 1.10.2013 / Date of grant	<u>Number of Restricted Shares</u>			Balance at 31.12.2013
		Vested	Forfeited	Adjustments	
02.08.2010	198,069	–	(3,217)	–	194,852
01.08.2011	98,366	–	–	–	98,366
03.08.2011	465,189	–	(4,622)	–	460,567
01.08.2012	682,983	–	(16,914)	–	666,069
11.10.2012	34,695	–	–	–	34,695
16.07.2013	207,236	–	–	–	207,236
15.11.2013	1,558,500	–	(11,000)	–	1,547,500
03.12.2013	161,000	–	–	–	161,000
	3,406,038	–	(35,753)	–	3,370,285

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

### PSP

Date of grant	Balance at 1.10.2013 / Date of grant	Number of Performance Shares			Balance at 31.12.2013
		Vested	Forfeited	Adjustments	
03.08.2011	505,561	-	-	-	505,561
11.03.2013	691,731	(8,144)	-	-	683,587
15.11.2013	874,000	-	-	-	874,000
03.12.2013	326,000	-	-	-	326,000
	2,397,292	(8,144)	-	-	2,389,148

**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 2013	As at 31 March 2013
1,121,664,374	1,113,580,258

**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	
	2013-14	2012-13	2013-14	2012-13
Balance at 1 October	7,301	621,777	-	2.0
Purchase during the period	2,571,000	-	8.0	-
Issuance of treasury shares on vesting of share-based incentive plans	(186,400)	-	(0.6)	-
Balance at 31 December	2,391,901	621,777	7.4	2.0

**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 2013 except for the adoption of the Financial Reporting Standards (FRS) and INT FRS that are mandatory for financial years beginning on or after 1 April 2013. The adoption of these FRS and INT FRS has no significant impact on the financial statements in the period of initial application except for the following adoption which is relevant to the Group:

Revised FRS19 – Employee Benefits

On 1 April 2013, the Group adopted the revision to FRS 19 – Employee Benefits, that is effective for the financial year.

The revised standard removes the corridor method for defined benefit plans and no longer allows actuarial gains and losses to be recognized in profit or loss. All actuarial gains and losses are recognized in other comprehensive income and unvested past service costs previously recognized over the average vesting period are to be recognized immediately in profit and loss when incurred.

The Group previously applied the corridor method for its defined benefit plans. The change in accounting policy has been applied to the financial results for this financial year and the comparatives are restated retrospectively. The effects of adopting the revised FRS 19 in FY13-14 were as follows:

Effect on Statement of Financial Position

	<b>2012-13</b>	<b>2011-12</b>
	<b>\$m</b>	<b>\$m</b>
Decrease/(Increase) in defined benefit obligation	5.4	(3.2)
(Decrease)/Increase in deferred tax asset	(1.9)	1.1
Increase/(Decrease) in revenue reserve and non-controlling interest	3.5	(2.1)

**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>2013-14</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2012-13</b>
Earnings per share based on net profit attributable to owners of the Company (cents):				
(i) Basic *	3.8	4.2	12.3	12.5
(ii) Diluted **	3.8	4.2	12.2	12.4

\* 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 employee share option plan, restricted share plan (RSP) and performance share plan (PSP).

- 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 31.12.2013</b>	<b>As at 31.3.2013 (Restated)*</b>	<b>As at 31.12.2013</b>	<b>As at 31.3.2013</b>
Net asset value per ordinary share (cents)	122.4	126.0	108.4	120.0

\* Restatement is due to the adoption of Revised FRS 19 Employee Benefits.

- 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 FY2013-14

Group net profit attributable to owners of the Company for the third quarter was \$42.9 million, \$4.1 million or 8.7% lower than the corresponding quarter last year.

Against the same quarter last year, Group revenue dropped by \$5.1 million or 1.1% to \$465.5 million. The revenue from Gateway Services increased by \$7.1 million or 4.3% to \$173.3 million while Food Solutions revenue dropped by \$11.9 million or 3.9% to \$291.1 million, mainly due to the weakening of the Japanese Yen.

Group expenditure decreased slightly by \$0.3 million or 0.1% mainly due to lower costs across all expense classes except staff costs. The lower depreciation and amortisation charges of \$4.8 million or 20.0% was attributed mainly to some of its assets which were fully depreciated.

Operating profit for the quarter was \$42.0 million, a drop of \$4.8 million or 10.3% over same quarter last year attributed mainly to the revenue decline.

Share of after-tax profits from overseas associates/joint ventures for the third quarter was \$13.0 million, \$0.9 million or 7.4% higher than the same quarter last year.

Revenue by business segment is summarised below:

Revenue					
	3Q FY2013-14	%	3Q FY2012-13	%	Growth
	\$m		\$m		%
Gateway Services	173.3	37	166.2	35	4.3
Food Solutions	291.1	63	303.0	65	(3.9)
Corporate	1.1	-	1.4	-	(21.4)
	<b>465.5</b>	<b>100</b>	<b>470.6</b>	<b>100</b>	<b>(1.1)</b>

#### 9 Months FY2013-14

Group net profit attributable to owners of the Company for the nine months was \$137.8 million, \$0.8 million or 0.6% lower than the corresponding period last year. The underlying net profit was \$139.5 million, \$0.5 million or 0.4% above the nine months last year.

Compared to the same period last year, the Group's revenue dropped by \$17.9 million or 1.3% to \$1,352.1 million. The revenue from Gateway Services was \$511.0 million, an increase of \$27.6 million or 5.7% while revenue from Food Solutions was \$837.3 million, a drop of \$45.1 million or 5.1%, mainly due to the devaluation of the Japanese Yen.

Year-on-year, the weakening of the Japanese Yen has affected both the revenue and operating expense of the Group when compared to last year results.

Group expenditure for the nine months dropped by \$9.0 million or 0.7% mainly due to the decrease in cost of raw materials, depreciation and amortisation charges as well as company premise and utilities expenses. These reductions were partially offset by the increase in staff costs. The lower depreciation and amortisation charges of \$11.3 million or 16.3% was mainly due to assets fully depreciated.

Operating profit for the nine months was \$129.3 million, a drop of \$8.9 million or 6.4% over same period last year.

Share of after-tax profits from overseas associates/joint ventures for the nine months was \$37.3 million, \$3.1 million or 9.1% higher than the same period last year.

During the current year, the Group made an impairment provision of \$1.7 million for assets held for sale, which refers to shares held in two associates which are in negotiation for potential sales. The Group also benefitted from the write-back of tax provision for prior years of \$4.0 million during the current year.

Revenue by business segment is summarised below:

Revenue					
	9M FY2013-14	%	9M FY2012-13	%	Growth
	\$m		\$m		%
Gateway Services	511.0	38	483.4	35	5.7
Food Solutions	837.3	62	882.4	65	(5.1)
Corporate	3.8	-	4.2	-	(9.5)
<b>Total</b>	<b>1,352.1</b>	<b>100</b>	<b>1,370.0</b>	<b>100</b>	<b>(1.3)</b>

### Statement of Financial Position Review

Total equity of the Group stood at \$1,467.3 million as at 31 December 2013, a drop of \$32.9 million compared to \$1,500.2 million as at 31 March 2013. The drop was mainly due to dividend payment of \$168.4 million paid to shareholders, partially offset by the profit generated during the 9 months and increase in share capital of the Company resulting from the exercise of share options.

Cash and cash equivalents declined by \$50.7 million to \$353.5 million mainly due to dividends paid to shareholders, partially offset by cash from operating activities and proceeds received from the exercise of share options. During the financial year, the Group has reclassified \$24.5 million, which are investments in shares of two associates in negotiation for potential sales, from investment in associates to assets held for sale.

### Cash Flows Review

In 9M and 3Q FY2013-14, net cash from operating activities increased by \$18.6 million and \$30.9 million respectively compared to last year mainly due to movement in working capital, partially offset by lower operating profit.

Net cash used in investing activities increases of \$5.7 million in 9M and \$13.9 million in 3Q FY2013-14 compared to the same period last year was mainly due to higher capital expenses.

The net cash used in financing activities for 3Q FY2013-14 was higher than the same period last year by \$8.9 million mainly resulted from the purchase of treasury shares.

The 9M FY2013-14 net cash used in financing activities recorded a drop of \$132.1 million compared to same period last year was mainly due to lower dividends paid to shareholders and higher proceeds from the exercise of share options, though the Group has utilised more funds for the purchase of treasury shares.

**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 landscape for SATS remains challenging in view of the ongoing pressure on airlines' profitability and rising labour costs.

In the near-term, we expect modest growth in passenger traffic at Changi Airport and only marginal growth in air freight at best.

The Group will continue to focus on growing scale in our food business and improving connectivity in our gateway business, whilst using automation and technology to counter rising manpower costs.

- 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 2013.

### 13 Interested Person Transactions

13.1 The interested person transactions entered into during the third quarter ended 31 December 2013 are as follows:

#### Third Quarter FY2013-14

	<b>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)</b>	<b>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)</b>
	<u>\$'000</u>	<u>\$'000</u>
<b>Transactions for the Sale of Goods and Services</b>		
Scout Pte Ltd	-	2,112
	<u>-</u>	<u>2,112</u>
<b>Transactions for the Purchase of Goods and Services</b>		
Mapletree Logistics Trust Management Ltd	-	661
Singapore Technologies Kinetics Ltd	-	405
Certis CISCO Consulting Services Pte Ltd	-	322
	<u>-</u>	<u>1,388</u>

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.

BY ORDER OF THE BOARD

Prema d/o K Subramaniam  
Company Secretary  
11 February 2014  
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 nine months ended 31 December 2013 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, 11 February 2014