



**UNAUDITED RESULTS FOR SECOND QUARTER AND HALF YEAR  
ENDED 30 SEPTEMBER 2016**

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

**CONSOLIDATED INCOME STATEMENT**

For the second quarter and half year ended 30 September 2016 (in \$ million)

	GROUP			
	2 <sup>nd</sup> Quarter		1 <sup>st</sup> Half	
	2016-17	2015-16	2016-17	2015-16
<b>Revenue</b>	438.5	422.7	862.7	839.6
<b>Expenditure</b>				
Staff costs	(210.6)	(200.8)	(424.4)	(400.9)
Cost of raw materials	(69.1)	(72.7)	(131.5)	(148.6)
Licence fees	(16.5)	(16.3)	(33.8)	(33.3)
Depreciation and amortisation charges	(18.1)	(17.0)	(35.9)	(34.3)
Company premise and utilities expenses	(28.0)	(28.5)	(54.9)	(57.9)
Other costs	(32.6)	(28.2)	(64.1)	(61.4)
	<u>(374.9)</u>	<u>(363.5)</u>	<u>(744.6)</u>	<u>(736.4)</u>
<b>Operating profit</b>	63.6	59.2	118.1	103.2
Interest on borrowings	(0.3)	(0.4)	(0.6)	(0.6)
Interest income	1.0	0.8	2.1	1.6
Dividends from long-term investment, gross	0.7	–	0.7	–
Share of results of associates/joint ventures, net of tax	11.5	11.9	23.7	24.7
Gain on disposal of property, plant and equipment	–	–	0.1	–
Gain on disposal of assets held for sale	–	–	9.3	–
Net gain from transfer of business to a joint venture	–	–	–	2.5
Loss on divestment/dilution of interest in associates	–	–	(0.7)	–
<b>Profit before tax</b>	76.5	71.5	152.7	131.4
Income tax expense	(14.2)	(12.1)	(25.9)	(23.4)
<b>Profit for the period</b>	<u>62.3</u>	<u>59.4</u>	<u>126.8</u>	<u>108.0</u>
<b>Profit attributable to:</b>				
Owners of the Company	62.1	59.7	126.2	109.3
Non-controlling interests	0.2	(0.3)	0.6	(1.3)
	<u>62.3</u>	<u>59.4</u>	<u>126.8</u>	<u>108.0</u>
<b>Underlying net profit <sup>(1)</sup></b>	<b>62.1</b>	<b>59.7</b>	<b>117.6</b>	<b>106.8</b>

1. Underlying net profit refers to net profit attributable to owners of the Company excluding the following one-off items:
- (i) Gain on disposal of assets held for sale (NIL in 2Q FY16-17 and 2Q FY15-16, \$9.3 million in 1H FY16-17 and NIL in 1H FY15-16).
  - (ii) Net gain from transfer of business to a joint venture (NIL in 2Q FY16-17 and 2Q FY15-16, NIL in 1H FY16-17 and \$2.5 million in 1H FY15-16).
  - (iii) Loss on divestment/dilution of interest in associates (NIL in 2Q FY16-17 and 2Q FY15-16, \$0.7 million in 1H FY16-17 and NIL in 1H FY15-16).

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

	GROUP			
	2 <sup>nd</sup> Quarter		1 <sup>st</sup> Half	
	2016-17	2015-16	2016-17	2015-16
Foreign exchange gain/(loss), net	0.4	1.7	(0.5)	0.8
Write-back/(allowance) of doubtful debts, net	0.3	(0.2)	0.3	(0.2)
Write-off for stock obsolescence, net	–	–	(0.1)	–
Over/(under) provision of taxation in respect of prior years	0.6	(0.4)	0.3	(0.4)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
For the second quarter and half year ended 30 September 2016 (in \$ million)**

	GROUP			
	2 <sup>nd</sup> Quarter		1 <sup>st</sup> Half	
	2016-17	2015-16	2016-17	2015-16
<b>Profit for the period</b>	62.3	59.4	126.8	108.0
<b>Other comprehensive income</b>				
<u>Items that will not be reclassified to profit or loss:</u>				
Actuarial loss on defined benefit plan	(0.3)	–	(0.3)	–
<u>Items that are or may be reclassified subsequently to profit or loss:</u>				
Share of changes in equity of an associate	4.0	–	4.0	–
Foreign currency translation differences	10.8	8.3	11.5	(7.9)
	14.8	8.3	15.5	(7.9)
<b>Other comprehensive income for the period, net of tax</b>	14.5	8.3	15.2	(7.9)
<b>Total comprehensive income for the period</b>	76.8	67.7	142.0	100.1
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	75.4	64.2	135.5	99.7
Non-controlling interests	1.4	3.5	6.5	0.4
<b>Total comprehensive income for the period</b>	76.8	67.7	142.0	100.1

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

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

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>30.9.2016</b>	<b>31.3.2016</b>	<b>30.9.2016</b>	<b>31.3.2016</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	367.9	367.9	367.9	367.9
Treasury shares	(31.3)	(47.2)	(31.3)	(47.2)
Share-based compensation reserve	8.4	12.4	8.4	12.4
Statutory reserve	8.3	8.1	–	–
Foreign currency translation reserve	(121.1)	(126.6)	–	–
Revenue reserve	1,297.5	1,278.9	1,028.8	1,100.1
Other reserves*	(6.0)	(2.7)	(10.6)	(7.3)
	<u>1,523.7</u>	<u>1,490.8</u>	<u>1,363.2</u>	<u>1,425.9</u>
<b>Non-controlling interests</b>	81.1	74.3	–	–
<b>Total equity</b>	<u>1,604.8</u>	<u>1,565.1</u>	<u>1,363.2</u>	<u>1,425.9</u>
<b>Non-current assets</b>				
Property, plant and equipment	533.9	516.8	19.9	14.0
Investment properties	13.2	13.9	251.5	262.6
Intangible assets	162.6	163.7	4.0	5.4
Investment in subsidiaries	–	–	541.4	541.1
Investment in associates	502.5	480.2	273.7	272.8
Investment in joint ventures	76.7	65.9	12.0	12.0
Long-term investments	32.5	8.3	7.9	7.9
Loan to subsidiaries	–	–	329.2	306.7
Deferred tax assets	16.2	15.5	–	–
Other non-current assets	9.2	11.8	–	–
	<u>1,346.8</u>	<u>1,276.1</u>	<u>1,439.6</u>	<u>1,422.5</u>
<b>Current assets</b>				
Trade and other receivables	302.2	277.4	70.1	45.9
Prepayments and deposits	23.1	18.4	1.4	2.3
Amounts due from associates/joint ventures	6.9	10.4	2.8	1.9
Loan to subsidiaries	–	–	0.9	6.7
Inventories	22.1	22.4	0.3	0.3
Cash and short-term deposits	452.7	489.9	267.6	319.1
Assets of disposal groups classified as held for sale	–	11.1	–	–
	<u>807.0</u>	<u>829.6</u>	<u>343.1</u>	<u>376.2</u>
<b>Current liabilities</b>				
Trade and other payables	301.7	309.0	271.1	235.9
Income tax payable	53.6	51.4	13.0	13.2
Term loans	119.7	109.6	104.8	93.6
Finance leases	0.4	0.3	–	–
	<u>475.4</u>	<u>470.3</u>	<u>388.9</u>	<u>342.7</u>
<b>Net current assets/(liabilities)</b>	331.6	359.3	(45.8)	33.5
<b>Non-current liabilities</b>				
Deferred tax liabilities	57.4	55.4	26.1	26.5
Finance leases	1.1	0.8	–	–
Defined benefit plan	3.7	3.1	–	–
Other long-term liabilities	11.4	11.0	4.5	3.6
	<u>73.6</u>	<u>70.3</u>	<u>30.6</u>	<u>30.1</u>
<b>Net assets</b>	<u>1,604.8</u>	<u>1,565.1</u>	<u>1,363.2</u>	<u>1,425.9</u>

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

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

(In \$ million)

Amount repayable in one year or less, or on demand

<u>As at 30.09.2016</u>		<u>As at 31.03.2016</u>	
<u>Secured</u> *	<u>Unsecured</u>	<u>Secured</u> *	<u>Unsecured</u>
1.5	118.6	0.3	109.6

Amount repayable after one year

<u>As at 30.09.2016</u>		<u>As at 31.03.2016</u>	
<u>Secured</u> *	<u>Unsecured</u>	<u>Secured</u> *	<u>Unsecured</u>
-	1.1	-	0.8

### Details of any collateral

- \* Secured by property, plant and equipment and other assets belonging to a subsidiary in the Group.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**For the second quarter and half year ended 30 September 2016 (in \$ million)**

	GROUP			
	2 <sup>nd</sup> Quarter		1 <sup>st</sup> Half	
	2016-17	2015-16	2016-17	2015-16
<b><u>Cash flows from operating activities</u></b>				
Profit before tax	76.5	71.5	152.7	131.4
Adjustments for:				
Interest and investment income, net	(1.4)	(0.4)	(2.2)	(1.0)
Depreciation and amortisation charges	18.1	17.0	35.9	34.3
Unrealised foreign exchange (gain)/loss	(0.4)	(1.7)	0.5	(0.8)
Share of results of associates/joint ventures, net of tax	(11.5)	(11.9)	(23.7)	(24.7)
Gain on disposal of property, plant and equipment	–	–	(0.1)	–
Gain on disposal of assets held for sale	–	–	(9.3)	–
Net gain from transfer of business to a joint venture	–	–	–	(2.5)
Loss on divestment/dilution of interest in associates	–	–	0.7	–
Share-based payment expense	2.8	1.4	5.0	2.5
Other non-cash items	(0.3)	0.2	(0.2)	0.2
Operating cash flows before working capital changes	83.8	76.1	159.3	139.4
Changes in working capital:				
(Increase)/decrease in receivables	(16.1)	28.5	(21.5)	(1.7)
Decrease/(increase) in prepayments and deposits	2.9	(2.6)	(4.6)	(8.6)
Decrease in inventories	2.6	2.8	0.2	6.3
Decrease in payables	(42.2)	(31.3)	(8.9)	(28.1)
Decrease/(increase) in amounts due from associates/joint ventures	3.1	(30.5)	3.5	(30.1)
<b>Cash generated from operations</b>	34.1	43.0	128.0	77.2
Interest paid to third parties	(0.3)	(0.3)	(0.6)	(0.6)
Income taxes paid	(14.0)	(13.2)	(22.3)	(20.2)
<b>Net cash from operating activities</b>	19.8	29.5	105.1	56.4
<b><u>Cash flows from investing activities</u></b>				
Capital expenditure	(17.5)	(10.1)	(37.0)	(16.0)
Dividends from associates/joint ventures	5.2	8.5	20.7	26.1
Dividends from long-term investment, gross	0.7	0.7	0.7	0.7
Net cash flow from the investment in a joint venture	–	–	–	(2.4)
Proceeds from divestment of interest in an associate	–	–	0.2	–
Proceeds from disposal of assets held for sale	–	–	20.6	–
Proceeds from disposal of property, plant and equipment	0.5	0.3	1.3	0.6
Investment in associate/joint venture	(9.0)	–	(20.4)	–
Increase in long-term investments	–	–	(24.0)	–
Interest received from deposits	1.0	0.8	2.1	1.6
<b>Net cash (used in)/from investing activities</b>	(19.1)	0.2	(35.8)	10.6
<b><u>Cash flows from financing activities</u></b>				
Repayment of term loans	(2.8)	(0.1)	(2.9)	(0.3)
Repayment of finance leases and related charges	(0.1)	(0.1)	(0.2)	(0.2)
Proceeds from borrowings	0.3	–	0.3	–
Proceeds from exercise of share options	1.2	3.9	3.8	8.9
Dividends paid	(111.4)	(99.9)	(111.4)	(99.9)
Purchase of treasury shares	–	–	–	(2.6)
Capital contributions from non-controlling interests	–	–	0.5	–
Dividends paid to non-controlling interests	–	–	(0.2)	(0.2)
<b>Net cash used in financing activities</b>	(112.8)	(96.2)	(110.1)	(94.3)
Net decrease in cash and cash equivalents	(112.1)	(66.5)	(40.8)	(27.3)
Effect of exchange rate changes	1.0	1.8	3.6	0.5
Cash and cash equivalents at beginning of financial period	563.8	467.6	489.9	429.7
<b>Cash and cash equivalents at end of financial period</b>	<b>452.7</b>	<b>402.9</b>	<b>452.7</b>	<b>402.9</b>

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

**STATEMENTS OF CHANGES IN EQUITY**

**For the second quarter ended 30 September 2016 (in \$ million)**

<b>GROUP</b>	Attributable to owners of the Company											
	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Statutory Reserve*	Foreign Currency Translation Reserve	Revenue Reserve	Capital Reserve	Gain/(Loss) on Reissuance of Treasury Shares	Fair Value Reserve	Total	Non-controlling Interests	Total Equity
Balance at 1 July 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
Profit for the period	–	–	–	–	–	62.1	–	–	–	62.1	0.2	62.3
Other comprehensive income for the period	–	–	–	–	9.5	3.8	–	–	–	13.3	1.2	14.5
Total comprehensive income for the period	–	–	–	–	9.5	65.9	–	–	–	75.4	1.4	76.8
<b>Contributions by and distributions to owners</b>												
Share-based payment	–	–	2.8	–	–	–	–	–	–	2.8	–	2.8
Share options lapsed	–	–	(0.2)	–	–	0.2	–	–	–	–	–	–
Treasury shares reissued pursuant to equity compensation plans	–	12.2	(8.1)	–	–	–	–	(2.9)	–	1.2	–	1.2
Dividends, net	–	–	–	–	–	(111.4)	–	–	–	(111.4)	–	(111.4)
Total contributions by and distributions to owners	–	12.2	(5.5)	–	–	(111.2)	–	(2.9)	–	(107.4)	–	(107.4)
<b>Others</b>												
Transfer to statutory reserve	–	–	–	0.1	–	(0.1)	–	–	–	–	–	–
Balance at 30 September 2016	367.9	(31.3)	8.4	8.3	(121.1)	1,297.5	4.6	(10.6)	–	1,523.7	81.1	1,604.8

\* 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 second quarter ended 30 September 2016 (in \$ million)**

<b>GROUP</b>	Attributable to owners of the Company											
	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Statutory Reserve*	Foreign Currency Translation Reserve	Revenue Reserve	Capital Reserve	Gain/(Loss) on Reissuance of Treasury Shares	Fair Value Reserve	Total	Non-controlling Interests	Total Equity
Balance at 1 July 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
Profit for the period	–	–	–	–	–	59.7	–	–	–	59.7	(0.3)	59.4
Other comprehensive income for the period	–	–	–	–	4.5	–	–	–	–	4.5	3.8	8.3
Total comprehensive income for the period	–	–	–	–	4.5	59.7	–	–	–	64.2	3.5	67.7
<b>Contributions by and distributions to owners</b>												
Share-based payment	–	–	1.4	–	–	–	–	–	–	1.4	–	1.4
Share options lapsed	–	–	(0.1)	–	–	0.1	–	–	–	–	–	–
Treasury shares reissued pursuant to equity compensation plans	–	11.8	(6.6)	–	–	–	–	(1.3)	–	3.9	–	3.9
Dividends, net	–	–	–	–	–	(99.9)	–	–	–	(99.9)	–	(99.9)
Total contributions by and distributions to owners	–	11.8	(5.3)	–	–	(99.8)	–	(1.3)	–	(94.6)	–	(94.6)
<b>Others</b>												
Transfer to statutory reserve	–	–	–	0.1	–	(0.1)	–	–	–	–	–	–
Balance at 30 September 2015	367.9	(40.5)	8.9	8.1	(119.5)	1,227.3	4.6	(7.2)	0.1	1,449.7	76.7	1,526.4

\* 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 second quarter ended 30 September 2016 (in \$ million)**

<b><u>COMPANY</u></b>	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Revenue Reserve	Gain/(Loss) on Reissuance of Treasury Shares	Total Equity
Balance at 1 July 2016	367.9	(43.5)	13.9	1,115.6	(7.7)	1,446.2
Profit for the period	–	–	–	24.4	–	24.4
Total comprehensive income for the period	–	–	–	24.4	–	24.4
<b><u>Contributions by and distributions to owners</u></b>						
Share-based payment	–	–	2.8	–	–	2.8
Share options lapsed	–	–	(0.2)	0.2	–	–
Treasury shares reissued pursuant to equity compensation plans	–	12.2	(8.1)	–	(2.9)	1.2
Dividends, net	–	–	–	(111.4)	–	(111.4)
Total contributions by and distributions to owners	–	12.2	(5.5)	(111.2)	(2.9)	(107.4)
Balance at 30 September 2016	<b>367.9</b>	<b>(31.3)</b>	<b>8.4</b>	<b>1,028.8</b>	<b>(10.6)</b>	<b>1,363.2</b>
Balance at 1 July 2015	367.9	(52.3)	14.2	1,080.4	(5.9)	1,404.3
Profit for the period	–	–	–	7.4	–	7.4
Total comprehensive income for the period	–	–	–	7.4	–	7.4
<b><u>Contributions by and distributions to owners</u></b>						
Share-based payment	–	–	1.4	–	–	1.4
Share options lapsed	–	–	(0.1)	0.1	–	–
Treasury shares reissued pursuant to equity compensation plans	–	11.8	(6.6)	–	(1.3)	3.9
Dividends, net	–	–	–	(99.9)	–	(99.9)
Total contributions by and distributions to owners	–	11.8	(5.3)	(99.8)	(1.3)	(94.6)
Balance at 30 September 2015	<b>367.9</b>	<b>(40.5)</b>	<b>8.9</b>	<b>988.0</b>	<b>(7.2)</b>	<b>1,317.1</b>



**1(d)(ii) Details of any changes in the company’s share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued share excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

## **SHARE CAPITAL AND OPTIONS ON SHARES IN THE COMPANY**

### **(i) Employee Share Option Plan**

During the period from July to September 2016, 497,700 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 September 2016, the number of outstanding share options was 4,104,900 (30 September 2015: 7,310,785).

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

Date of grant	Balance at 1.7.2016	Forfeited/ Lapsed	Exercised	Balance at 30.9.2016	Exercise price	Expired date
03.07.2006	401,960	(302,260)	(99,700)	–	\$1.80	02.07.2016
02.07.2007	3,181,400	(36,000)	(296,600)	2,848,800	\$2.76	01.07.2017
01.07.2008	1,365,300	(7,800)	(101,400)	1,256,100	\$1.92	30.06.2018
	<u>4,948,660</u>	<u>(346,060)</u>	<u>(497,700)</u>	<u>4,104,900</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 41<sup>st</sup> Annual General Meeting held on 23 July 2014 for further extension of 10 years to July 2025.

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

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

#### For grants in FY2012-13

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

#### For grants in FY2013-14 to 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.

The RSP award dated 23 September 2016 was subject to no performance condition. Approval was granted by the Remuneration Human Resource Committee ("RHRC") to award 50 SATS remuneration shares to each eligible non-management employees to recognise their contributions. A total of 225,500 shares were awarded to the eligible employees on 23 September 2016.

As at 30 September 2016, the number of shares outstanding under the Company's RSP and PSP were 3,080,000 and 4,576,000 (30 September 2015: 3,408,542 and 2,328,300) respectively.

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

#### **RSP**

Date of grant	Balance at 1.7.2016 / Date of grant	<u>Number of Restricted Shares</u>			Balance at 30.9.2016
		Vested	Forfeited	Adjustments <sup>#</sup>	
01.08.2012	164,858	(164,858)	–	–	–
11.10.2012	11,495	(11,495)	–	–	–
15.11.2013	414,100	(414,100)	–	–	–
03.12.2013	54,700	(54,700)	–	–	–
06.08.2014	1,126,100	(602,000)	(1,400)	–	522,700
03.08.2015	1,415,500	(566,200)	(9,600)	283,100	1,122,800
01.08.2016	1,434,500	–	–	–	1,434,500
23.09.2016	225,500	(225,500)	–	–	–
	<u>4,846,753</u>	<u>(2,038,853)</u>	<u>(11,000)</u>	<u>283,100</u>	<u>3,080,000</u>

<sup>#</sup> Adjustments due to performance factor at the end of the performance period upon meeting the stated performance target.

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

### PSP

Date of grant	Balance at 1.7.2016 / Date of grant	Number of Performance Shares			Balance at 30.9.2016
		Vested	Forfeited	Adjustments <sup>#</sup>	
15.11.2013	578,300	(867,500)	–	289,200	–
03.12.2013	326,000	(489,000)	–	163,000	–
20.10.2014	1,143,000	–	–	–	1,143,000
02.11.2015	1,710,000	–	–	–	1,710,000
01.08.2016	1,723,000	–	–	–	1,723,000
	5,480,300	(1,356,500)	–	452,200	4,576,000

<sup>#</sup> Adjustments due to performance factor at the end of the performance period upon meeting the stated performance targets.

**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 September 2016	As at 31 March 2016
1,114,066,520	1,109,002,942

**1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Group and Company Treasury Shares	Number of Shares		\$ million	
	2016-17	2015-16	2016-17	2015-16
Balance at 1 July	13,882,808	17,510,649	43.5	52.3
Issuance of treasury shares pursuant to equity compensation plans	(3,893,053)	(3,965,416)	(12.2)	(11.8)
Balance at 30 September	9,989,755	13,545,233	31.3	40.5

**2 Whether the figures have been audited, or reviewed and in accordance with which standard.**

The figures have not been audited nor reviewed.

**3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).**

Not applicable.

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with those of the audited financial statements as at 31 March 2016.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Per indicated in Note 4 above.

**6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<b>GROUP</b>			
	<b>2<sup>nd</sup> Quarter</b>		<b>1<sup>st</sup> Half</b>	
	<b>2016-17</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2015-16</b>
Earnings per share based on net profit attributable to owners of the Company (cents):				
(i) Basic *	5.6	5.4	11.4	9.9
(ii) Diluted **	5.6	5.3	11.3	9.8

\* 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.**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>As at 30.9.2016</b>	<b>As at 31.3.2016</b>	<b>As at 30.9.2016</b>	<b>As at 31.3.2016</b>
Net asset value per ordinary share (cents)	136.8	134.4	122.4	128.6

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

## GROUP FINANCIAL PERFORMANCE

### Second Quarter FY2016-17

In second quarter FY2016-17, the Group achieved net profit attributable to owners of the Company of \$62.1 million, \$2.4 million or 4% higher than the last corresponding quarter.

Group's revenue was \$438.5 million, an increase of \$15.8 million or 3.7%. The revenue from Food Solutions grew \$9.7 million or 4% to \$252.7 million while Gateway Services' revenue rose \$6 million or 3.4% to \$184.5 million. Excluding the impact from the transfer of the food distribution business to the joint venture company, SATS BRF Food Pte. Ltd. ("SBRF") in June 2015, the Group's underlying revenue would have increased \$32.4 million or 7.7% while Food Solutions' revenue would have increased \$26.3 million or 10.8%.

Group expenditure incurred in the second quarter was \$374.9 million, an increase of \$11.4 million or 3.1% compared to last corresponding quarter. Higher expenditures were noted in most categories of expenditure except for cost of raw materials and company premise and utilities expenses. Cost of raw materials declined \$3.6 million mainly due to the transfer of food distribution business while the reduction in premise and utilities expenses was attributed to lower maintenance expenses, utilities usage and rates. Staff costs had increased \$9.8 million or 4.9%, attributed mainly to service increment, increased subcontract costs to support business and the strengthening of the Japanese Yen. Depreciation and amortisation charges increased \$1.1 million in line with higher capital expenditure. The increase in other costs of \$4.4 million was mainly in equipment maintenance costs, transportation, professional fees, cleaning materials as well as lower exchange gain.

Operating profit for the quarter was \$63.6 million, an increase of \$4.4 million or 7.4% over the same quarter last year.

Share of after-tax profits from associates/joint ventures for the quarter was \$11.5 million, a decline of \$0.4 million or 3.4% from the same quarter last year, with lower contributions from the Gateway's associates/joint ventures.

Revenue by business segment is summarised below:

	Revenue				
	2Q FY2016-17	%	2Q FY2015-16	%	Growth
	\$m		\$m		%
Food Solutions	252.7	58	243.0	58	4.0
Gateway Services	184.5	42	178.5	42	3.4
Corporate	1.3	—	1.2	—	8.3
	<b>438.5</b>	<b>100</b>	<b>422.7</b>	<b>100</b>	<b>3.7</b>

## **First Half FY2016-17**

Group net profit attributable to owners of the Company for the first half was \$126.2 million, \$16.9 million or 15.5% higher than the corresponding period last year. The underlying net profit was \$117.6 million, \$10.8 million or 10.1% higher than the last corresponding period.

Against the same period last year, Group revenue increased \$23.1 million or 2.8% to \$862.7 million. The revenue from Food Solutions increased \$8.6 million or 1.8% to \$492.7 million while Gateway Services' revenue rose \$14.2 million or 4% to \$367.4 million. Excluding the food distribution revenue transferred to SBRF, the Group's underlying revenue would have increased \$68.1 million or 8.1% while Food Solutions' revenue would have increased \$53.6 million or 11.1%.

Group expenditure increased \$8.2 million or 1.1% to \$744.6 million. The trend was identical to the second quarter with all expense categories reflecting increases except for cost of raw materials and company premise and utilities expenses. Cost of raw materials declined \$17.1 million due to the transfer of food distribution business while company premise and utilities expenses dropped \$3 million from lower maintenance expenses, utility rates and usage. Staff costs increased \$23.5 million or 5.9% primarily due to reasons similar to that of second quarter. With higher capital expenditure, depreciation and amortisation charges increased \$1.6 million. Other costs were higher by \$2.7 million mainly from increases in equipment maintenance costs, transportation, professional fees, cleaning materials as well as exchange loss, mitigated by savings in fuel consumptions and higher grants.

Operating profit for the half year was \$118.1 million, an increase of \$14.9 million or 14.4% over the same period last year.

Share of after-tax profits from associates/joint ventures for the first half was \$23.7 million, a decline of \$1 million or 4% from the same period last year, with lower contributions from both divisions' associates/joint ventures.

On 30 June 2016, the Group announced the completion of the disposal of its assets held for sale, the Senoko property. The Group has recorded a gain on disposal of \$9.3 million from this transaction during the first quarter. Conversely, the Group has recorded a loss of \$0.2 million from the divestment of its interest in an associate, International Airport Cleaning Co., Ltd and a loss of \$0.5 million on dilution of shareholdings from 40% to 28% in its associate, Beijing Airport Inflight Kitchen Limited.

Revenue by business segment is summarised below:

	Revenue				
	1H FY2016-17	%	1H FY2015-16	%	Growth
	\$m		\$m		%
Food Solutions	492.7	57	484.1	58	1.8
Gateway Services	367.4	43	353.2	42	4.0
Corporate	2.6	–	2.3	–	13.0
	<b>862.7</b>	<b>100</b>	<b>839.6</b>	<b>100</b>	2.8

## **Group Financial Position Review**

Total equity of the Group stood at \$1,604.8 million as at 30 September 2016, an increase of \$39.7 million compared to \$1,565.1 million as at 31 March 2016. The increase in equity was mainly due to profit generated and reduction in treasury shares.

The increase in non-current assets of \$70.7 million was mainly due to increase in property, plant and equipment, investment in associates and joint ventures as well as long-term investments. Investment in associates increased \$22.3 million from profit contributions during the half year and the investment of \$11.4 million for a 20% stake in an Indonesian associate, Purantara Mitra Angkasa Dua ("PMAD"), offset by dividends received during the period. The increase of investment in joint ventures included \$9 million investment in DFASS SATS Pte. Ltd. and profit contributions during the six months. The long-term investments increase was attributed to an investment in a 5-year secured loan of US\$17.8 million (S\$24.2 million) at interest rate of 6.5% per annum made in the first quarter.

Current assets were \$22.6 million lower than the balances as at 31 March 2016 mainly due to the disposal of properties under assets held for sale as well as reduction in cash and short-term deposits. The assets held for sale comprised the Senoko property and a property in Japan, both of which were disposed during the first quarter. The decline in cash and short term deposits was mainly attributed to dividends of \$111.4 million paid to shareholders during the second quarter, capital expenditure and investments in associates/joint ventures, partly offset by cash generated from operations.

Total liabilities of the Group increased \$8.4 million to \$549 million as at 30 September 2016. The increase was mainly attributed to higher Japanese Yen term loans from the translation difference in line with the strengthening of the Japanese Yen.

## **Group Cash Flows Review**

In 2Q FY2016-17, net cash from operating activities was \$19.8 million, lower than 2Q FY2015-16 by \$9.7 million mainly due to movement in working capital partially offset by higher profits generated in the quarter. The 1H FY2016-17 net cash from operating activities was \$105.1 million, \$48.7 million higher than the same period last year. The increase was attributed to higher profits generated during the six months as well as movement in working capital.

In both 2Q FY2016-17 and 1H FY2016-17, there were higher cash outflow in investing activities compared to the same corresponding periods last year. These increases in cash outflow were mainly attributed to higher capital expenditure, increase in investments and lower dividends received. The increases were partially offset by the proceeds from disposal of the Group's assets held for sale.

The cash used in financing activities in both 2Q FY2016-17 and 1H FY2016-17 were higher than the corresponding periods last year mainly due to higher dividends paid to shareholders, repayment of term loans and lower proceeds from the exercise of share options.

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

Not applicable.

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

## OUTLOOK

The operating environment is challenging, with global economic uncertainties and competitive pressures in the aviation business.

Our focus continues to be on harnessing technology to improve productivity, seeking new opportunities in the aviation business beyond Singapore and applying our capabilities to new ventures outside aviation.

SATS Inflight Catering Centre 2 is being expanded to handle larger batch sizes for the increased volume from Changi's Terminal 4 when it opens in 2017. Our cargo projects in Dammam and Oman will increase our presence in the Middle East. SATS eCommerce AirHub, scheduled to be completed early 2017, will enable us to serve our customers better.

## 11 Dividends

### (a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes.

Name of Dividend	Interim
Type of Dividend	Cash
Dividend amount per Share	6 cents
Tax rate	Tax exempt (one-tier)

### (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes.

Name of Dividend	Interim
Type of Dividend	Cash
Dividend amount per Share	5 cents
Tax rate	Tax exempt (one-tier)



**(c) Date Payable**

The interim dividend will be payable on 8 December 2016.

**(d) Closure of books**

NOTICE is hereby given that, the Transfer Books and Register of Members of the Company will be closed on 28 November 2016 for the preparation of dividend warrants.

Duly completed and stamped transfers together with all relevant documents of or evidencing title received by the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902, up to 5.00 p.m. on 25 November 2016 will be registered to determine shareholders' entitlements to the proposed interim dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 25 November 2016 will be entitled to the proposed interim dividend.

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

Not applicable.

### 13 Interested Person Transactions

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

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S\$100,000)
	\$'000	\$'000
<b>Transactions for the Sale of Goods and Services</b>		
Tiger Airways Singapore Pte. Ltd.	–	3,192
SIA Engineering Company Ltd.	–	109
	–	3,301
<b>Transactions for the Purchase of Goods and Services</b>		
Singapore Telecommunications Limited	–	31,469
S&I Systems Pte Ltd	–	748
Innosparcs Pte. Ltd.	191	–
	191	32,217

Note: All the transactions set out in the above table were based on records from the Group's Register of Interested Person Transactions for the financial period under review, and include transactions whose durations exceed the financial period under review and/or multiple transactions with the same interested person. The transactions were based on actual or estimated values of the transactions for the entire duration of the relevant transactions in the case of fixed term contracts or annual/periodic values of the transactions in the case of open-ended contracts, taking into account agreed rates.

All the above interested person transactions were done on normal commercial terms.

**14 Confirmation that the Issuer has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Prema d/o K Subramaniam  
Company Secretary  
10 November 2016  
Singapore

Singapore Company Registration No: 197201770G

## **CONFIRMATION BY THE BOARD**

We, Euleen Goh Yiu Kiang and Alexander Charles Hungate, being two of the directors of SATS Ltd. (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the half year ended 30 September 2016 financial results to be false or misleading in any material respect.

On behalf of the Board of Directors,

EULEEN GOH YIU KIANG  
Chairman

ALEXANDER CHARLES HUNGATE  
Executive Director / President and  
Chief Executive Officer

Singapore, 10 November 2016