



**UNAUDITED RESULTS FOR THIRD QUARTER AND NINE MONTHS
ENDED 31 DECEMBER 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 third quarter and nine months ended 31 December 2015 (in \$ million)

	GROUP			
	3rd Quarter		9 Months	
	2015-16	2014-15	2015-16	2014-15
Revenue	441.0	450.7	1,280.6	1,328.1
Expenditure				
Staff costs	(212.4)	(200.9)	(613.3)	(607.0)
Cost of raw materials	(71.3)	(90.0)	(219.9)	(265.3)
Licence fees	(18.4)	(20.4)	(51.7)	(59.2)
Depreciation and amortisation charges	(17.7)	(17.1)	(52.0)	(50.9)
Company premise and utilities expenses	(27.1)	(31.8)	(85.0)	(94.9)
Other costs	(32.3)	(39.4)	(93.7)	(117.5)
	<u>(379.2)</u>	<u>(399.6)</u>	<u>(1,115.6)</u>	<u>(1,194.8)</u>
Operating profit	61.8	51.1	165.0	133.3
Interest on borrowings	(0.3)	(0.4)	(0.9)	(1.0)
Interest income	1.0	0.5	2.6	1.0
Loss on disposal of property, plant and equipment	(0.8)	(0.6)	(0.8)	(1.2)
Share of results of associates/joint ventures, net of tax	11.6	13.8	36.3	35.0
Impairment of assets held for sale	–	(0.1)	–	(0.2)
Net gain from transfer of business to a joint venture	–	–	2.5	–
Profit before tax	73.3	64.3	204.7	166.9
Income tax expense	(12.6)	(10.6)	(36.0)	(25.2)
Profit for the period	<u>60.7</u>	<u>53.7</u>	<u>168.7</u>	<u>141.7</u>
Profit attributable to:				
Owners of the Company	60.6	53.7	169.9	144.1
Non-controlling interests	0.1	–	(1.2)	(2.4)
	<u>60.7</u>	<u>53.7</u>	<u>168.7</u>	<u>141.7</u>
Underlying net profit ⁽¹⁾	60.6	53.8	167.4	144.3

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 (NIL in 3Q and \$2.5 million in 9M FY15-16, NIL in 3Q and 9M FY14-15). (ii) Impairment loss on carrying value of Assets Held for Sale (NIL in 3Q and 9M FY15-16, \$0.1 million in 3Q and \$0.2 million in 9M FY14-15).

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

	GROUP			
	3 rd Quarter		9 Months	
	2015-16	2014-15	2015-16	2014-15
Foreign exchange gain, net	–	0.9	0.8	1.4
Allowance of doubtful debts, net	(0.2)	–	(0.4)	(0.1)
Write-off for stock obsolescence, net	(0.1)	(0.2)	(0.1)	(0.5)
Over/(under) provision of taxation in respect of prior years	–	0.1	(0.4)	2.1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the third quarter and nine months ended 31 December 2015 (in \$ million)

	GROUP			
	3 rd Quarter		9 Months	
	2015-16	2014-15	2015-16	2014-15
Profit for the period	60.7	53.7	168.7	141.7
Other comprehensive income				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Net fair value changes on available-for-sale assets	(0.3)	–	(0.3)	–
Foreign currency translation	5.6	(0.4)	(2.3)	(8.1)
Reclassification of foreign currency translation to profit or loss	–	(0.7)	–	0.2
	5.3	(1.1)	(2.6)	(7.9)
Other comprehensive income/(loss) for the period, net of tax	5.3	(1.1)	(2.6)	(7.9)
Total comprehensive income for the period	66.0	52.6	166.1	133.8
Total comprehensive income attributable to:				
Owners of the Company	66.5	57.3	166.2	143.1
Non-controlling interests	(0.5)	(4.7)	(0.1)	(9.3)
Total comprehensive income for the period	66.0	52.6	166.1	133.8

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 2015 (in \$ million)**

	GROUP		COMPANY	
	31.12.2015	31.3.2015	31.12.2015	31.3.2015
Equity attributable to owners of the Company				
Share capital	367.9	367.9	367.9	367.9
Treasury shares	(37.8)	(56.4)	(37.8)	(56.4)
Share-based compensation reserve	10.5	14.3	10.5	14.3
Statutory reserve	8.1	7.8	–	–
Foreign currency translation reserve	(113.3)	(109.9)	–	–
Revenue reserve	1,232.1	1,218.0	948.6	1,061.4
Other reserves*	(2.6)	(0.6)	(7.3)	(5.3)
	<u>1,464.9</u>	<u>1,441.1</u>	<u>1,281.9</u>	<u>1,381.9</u>
Non-controlling interests	76.7	76.5	–	–
Total equity	<u>1,541.6</u>	<u>1,517.6</u>	<u>1,281.9</u>	<u>1,381.9</u>
Non-current assets				
Property, plant and equipment	528.9	551.7	9.3	7.9
Investment properties	5.7	7.0	267.9	283.9
Intangible assets	162.1	165.5	5.8	7.6
Investment in subsidiaries	–	–	541.0	541.0
Investment in associates	436.2	437.9	264.1	264.1
Investment in joint ventures	65.9	26.9	12.0	12.0
Long-term investments	8.4	8.4	7.9	7.9
Loan to subsidiaries	–	–	237.0	234.3
Deferred tax assets	19.4	18.9	–	–
Defined benefit plan	4.4	1.9	–	–
Other non-current assets	11.7	8.8	–	–
	<u>1,242.7</u>	<u>1,227.0</u>	<u>1,345.0</u>	<u>1,358.7</u>
Current assets				
Trade and other receivables	300.4	282.6	58.8	32.6
Prepayments and deposits	22.4	17.1	6.0	3.6
Amounts due from associates/joint ventures	27.0	2.2	1.8	2.2
Loan to subsidiaries	–	–	6.8	6.8
Inventories	24.8	18.7	0.3	0.3
Cash and short-term deposits	416.8	410.9	289.3	289.8
Assets of disposal groups classified as held for sale	5.7	61.2	–	–
	<u>797.1</u>	<u>792.7</u>	<u>363.0</u>	<u>335.3</u>
Current liabilities				
Trade and other payables	276.1	287.3	295.5	185.4
Income tax payable	49.8	42.9	11.9	9.8
Term loans	15.7	15.4	–	–
Finance leases	0.4	0.2	–	–
	<u>342.0</u>	<u>345.8</u>	<u>307.4</u>	<u>195.2</u>
Net current assets	455.1	446.9	55.6	140.1
Non-current liabilities				
Deferred tax liabilities	57.5	58.8	27.1	27.7
Term loans	91.6	89.6	91.6	89.2
Finance leases	1.0	0.1	–	–
Other long-term liabilities	6.1	7.8	–	–
	<u>156.2</u>	<u>156.3</u>	<u>118.7</u>	<u>116.9</u>
Net assets	<u>1,541.6</u>	<u>1,517.6</u>	<u>1,281.9</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 31.12.2015</u>		<u>As at 31.03.2015</u>	
<u>Secured</u> *	<u>Unsecured</u>	<u>Secured</u> *	<u>Unsecured</u>
1.6	14.5	12.0	3.6

Amount repayable after one year

<u>As at 31.12.2015</u>		<u>As at 31.03.2015</u>	
<u>Secured</u> *	<u>Unsecured</u>	<u>Secured</u> *	<u>Unsecured</u>
0.1	92.5	0.4	89.3

Details of any collateral

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the third quarter and nine months ended 31 December 2015 (in \$ million)

	GROUP			
	3 rd Quarter		9 Months	
	2015-16	2014-15	2015-16	2014-15
<u>Cash flows from operating activities</u>				
Profit before tax	73.3	64.3	204.7	166.9
Adjustments for:				
Interest and investment income, net	(0.7)	(0.1)	(1.7)	–
Depreciation and amortisation charges	17.7	17.1	52.0	50.9
Unrealised foreign exchange gain	–	(0.9)	(0.8)	(1.4)
Loss on disposal of property, plant and equipment	0.8	0.6	0.8	1.2
Share of results of associates/joint ventures, net of tax	(11.6)	(13.8)	(36.3)	(35.0)
Share-based payment expense	2.6	2.1	5.1	4.6
Impairment of assets held for sale	–	0.1	–	0.2
Net gain from transfer of business to a joint venture	–	–	(2.5)	–
Other non-cash items	0.3	0.1	0.5	0.5
Operating cash flows before working capital changes	82.4	69.5	221.8	187.9
Changes in working capital:				
(Increase)/decrease in receivables	(21.7)	0.4	(23.4)	(3.2)
Decrease/(increase) in prepayments and deposits	2.7	(1.0)	(5.9)	(4.0)
(Increase)/decrease in inventories	(3.2)	(2.3)	3.1	(4.1)
Increase/(decrease) in payables	15.2	2.7	(12.9)	(18.3)
Decrease/(increase) in amount due from associates/ joint ventures	5.4	0.2	(24.7)	0.8
Cash generated from operations	80.8	69.5	158.0	159.1
Interest paid to third parties	(0.3)	(0.3)	(0.9)	(0.9)
Income taxes paid	(10.6)	(11.2)	(30.8)	(29.6)
Net cash from operating activities	69.9	58.0	126.3	128.6
<u>Cash flows from investing activities</u>				
Capital expenditure	(12.3)	(11.5)	(28.3)	(41.0)
Dividends from associates/joint venture	7.5	43.9	33.6	88.7
Dividends from long-term investment, gross	–	–	0.7	–
Net cash flow from the investment in a joint venture	–	–	(2.4)	–
Proceeds from disposal of interest in a subsidiary	–	–	–	2.7
Proceeds from disposal of interest in associates	–	23.3	–	24.5
Proceeds from disposal of property, plant and equipment	–	–	0.6	0.4
Interest received from deposits	1.0	0.5	2.6	1.0
Net cash (used in)/from investing activities	(3.8)	56.2	6.8	76.3
<u>Cash flows from financing activities</u>				
Repayment of term loans	(0.1)	(0.2)	(0.4)	(0.8)
Repayment of finance leases and related charges	(0.1)	(0.1)	(0.3)	(0.4)
Drawdown of term loans	1.4	–	1.4	1.2
Proceeds from exercise of share options	1.7	0.5	10.6	3.9
Dividends paid	(55.6)	(55.8)	(155.5)	(145.6)
Purchase of treasury shares	–	(29.9)	(2.6)	(35.4)
Repurchase of shares by a subsidiary	–	(5.5)	–	(5.5)
Capital contributions from non-controlling interests	0.5	0.5	0.5	2.0
Dividends paid to non-controlling interests	–	–	(0.2)	(0.3)
Net cash used in financing activities	(52.2)	(90.5)	(146.5)	(180.9)
Net increase/(decrease) in cash and cash equivalents	13.9	23.7	(13.4)	24.0
Effect of exchange rate changes	–	(3.8)	0.5	(5.3)
Cash and cash equivalents at beginning of financial period	402.9	338.4	429.7	339.6
Cash and cash equivalents at end of financial period	416.8	358.3	416.8	358.3

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 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 October 2015	367.9	(40.5)	8.9	8.1	(119.5)	1,227.3	4.6	(7.2)	0.1	1,449.7	76.7	1,526.4
Profit for the period	–	–	–	–	–	60.6	–	–	–	60.6	0.1	60.7
Other comprehensive income for the period	–	–	–	–	6.2	(0.3)	–	–	–	5.9	(0.6)	5.3
Total comprehensive income for the period	–	–	–	–	6.2	60.3	–	–	–	66.5	(0.5)	66.0
Contributions by and distributions to owners												
Share-based payment	–	–	2.1	–	–	0.5	–	–	–	2.6	–	2.6
Share options lapsed	–	–	(0.1)	–	–	0.1	–	–	–	–	–	–
Treasury shares reissued pursuant to equity compensation plans	–	2.7	(0.4)	–	–	(0.5)	–	(0.1)	–	1.7	–	1.7
Dividends, net	–	–	–	–	–	(55.6)	–	–	–	(55.6)	–	(55.6)
Total contributions by and distributions to owners	–	2.7	1.6	–	–	(55.5)	–	(0.1)	–	(51.3)	–	(51.3)
Others												
Capital contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	–	0.5	0.5
Balance at 31 December 2015	367.9	(37.8)	10.5	8.1	(113.3)	1,232.1	4.6	(7.3)	0.1	1,464.9	76.7	1,541.6

* Certain countries in which some of the associates are incorporated legally require statutory reserves to be set aside. The laws of the countries restrict the distribution and use of these statutory reserves.

STATEMENTS OF CHANGES IN EQUITY (cont'd)
For the third quarter ended 31 December 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 October 2014	367.9	(10.3)	11.2	8.1	(124.1)	1,165.1	–	(4.8)	0.1	1,413.2	90.6	1,503.8
Profit for the period	–	–	–	–	–	53.7	–	–	–	53.7	–	53.7
Other comprehensive income for the period	–	–	–	–	3.6	–	–	–	–	3.6	(4.7)	(1.1)
Total comprehensive income for the period	–	–	–	–	3.6	53.7	–	–	–	57.3	(4.7)	52.6
Contributions by and distributions to owners												
Share-based payment	–	–	2.1	–	–	–	–	–	–	2.1	–	2.1
Treasury shares reissued pursuant to equity compensation plans	–	0.7	(0.2)	–	–	0.1	–	(0.1)	–	0.5	–	0.5
Purchase of treasury shares	–	(29.9)	–	–	–	–	–	–	–	(29.9)	–	(29.9)
Dividends, net	–	–	–	–	–	(55.8)	–	–	–	(55.8)	–	(55.8)
Total contributions by and distributions to owners	–	(29.2)	1.9	–	–	(55.7)	–	(0.1)	–	(83.1)	–	(83.1)
Others												
Repurchase of shares by a subsidiary	–	–	–	–	–	–	4.6	–	–	4.6	(10.1)	(5.5)
Capital contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	–	0.5	0.5
Disposal of an associate	–	–	–	(0.3)	–	0.3	–	–	–	–	–	–
Balance 31 December 2014	367.9	(39.5)	13.1	7.8	(120.5)	1,163.4	4.6	(4.9)	0.1	1,392.0	76.3	1,468.3

* 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 third quarter ended 31 December 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 October 2015	367.9	(40.5)	8.9	988.0	(7.2)	1,317.1
Profit for the period	–	–	–	16.1	–	16.1
Total comprehensive income for the period	–	–	–	16.1	–	16.1
<u>Contributions by and distributions to owners</u>						
Share-based payment	–	–	2.1	0.5	–	2.6
Share options lapsed	–	–	(0.1)	0.1	–	–
Treasury shares reissued pursuant to equity compensation plans	–	2.7	(0.4)	(0.5)	(0.1)	1.7
Dividends, net	–	–	–	(55.6)	–	(55.6)
Total contributions by and distributions to owners	–	2.7	1.6	(55.5)	(0.1)	(51.3)
Balance at 31 December 2015	367.9	(37.8)	10.5	948.6	(7.3)	1,281.9
Balance at 1 October 2014	367.9	(10.3)	11.2	911.6	(4.8)	1,275.6
Profit for the period	–	–	–	43.5	–	43.5
Total comprehensive income for the period	–	–	–	43.5	–	43.5
<u>Contributions by and distributions to owners</u>						
Share-based payment	–	–	2.1	–	–	2.1
Treasury shares reissued pursuant to equity compensation plans	–	0.7	(0.2)	0.1	(0.1)	0.5
Purchase of treasury shares	–	(29.9)	–	–	–	(29.9)
Dividends, net	–	–	–	(55.8)	–	(55.8)
Total contributions by and distributions to owners	–	(29.2)	1.9	(55.7)	(0.1)	(83.1)
Balance at 31 December 2014	367.9	(39.5)	13.1	899.4	(4.9)	1,236.0

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 October to December 2015, 712,000 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 2015, the number of outstanding share options was 6,552,785 (31 December 2014: 12,760,335).

The movement of share options of the Company during the period October to December 2015 was as follows:

Date of grant	Balance at 1.10.2015	Forfeited/ Lapsed	Exercised	Balance at 31.12.2015	Exercise price	Expired date
3.7.2006	1,201,885	(5,200)	(257,600)	939,085	\$1.80	02.7.2016
2.7.2007	4,424,500	(33,000)	(392,800)	3,998,700	\$2.76	01.7.2017
1.7.2008	1,684,400	(7,800)	(61,600)	1,615,000	\$1.92	30.6.2018
	<u>7,310,785</u>	<u>(46,000)</u>	<u>(712,000)</u>	<u>6,552,785</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 employees are entitled to two share-based incentive plans, the RSP and PSP, which were approved by the shareholders of the Company on 19 July 2005. Both share plans which expired on July 2015 were subsequently approved during the 41st Annual General Meeting held on 23 July 2014 for further extension of 10 years to July 2025.

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. 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.

For grants in FY2013-14

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 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 16 July 2013 was not subject to any performance conditions and had vested equally over a two-year period.

For grants in FY2014-15 to FY2015-16

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 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 17 November 2015 was subject to no performance condition. As part of SG50 celebrations, 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 197,900 shares was awarded to the eligible employees on 17 November 2015.

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

As at 31 December 2015, the number of shares outstanding under the Company's RSP and PSP were 3,324,542 and 3,918,300 (31 December 2014: 3,537,916 and 3,240,299) respectively.

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

RSP

Date of grant	Balance at 1.10.2015 / Date of grant	Number of Restricted Shares			Balance at 31.12.2015
		Vested	Forfeited	Adjustments	
01.08.2012	174,247	–	(2,500)	–	171,747
11.10.2012	11,495	–	–	–	11,495
16.07.2013	–	–	–	–	–
15.11.2013	431,500	–	(5,400)	–	426,100
03.12.2013	54,700	–	–	–	54,700
06.08.2014	1,176,100	–	(14,100)	–	1,162,000
03.08.2015	1,560,500	–	(62,000)	–	1,498,500
17.11.2015	197,900	(197,900)	–	–	–
	<u>3,606,442</u>	<u>(197,900)</u>	<u>(84,000)</u>	<u>–</u>	<u>3,324,542</u>

PSP

Date of grant	Balance at 1.10.2015 / Date of grant	Number of Performance Shares			Balance at 31.12.2015
		Vested	Forfeited	Adjustments	
15.11.2013	726,300	–	(51,000)	–	675,300
03.12.2013	326,000	–	–	–	326,000
20.10.2014	1,276,000	–	(69,000)	–	1,207,000
02.11.2015	1,810,000	–	(100,000)	–	1,710,000
	<u>4,138,300</u>	<u>–</u>	<u>(220,000)</u>	<u>–</u>	<u>3,918,300</u>

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 2015	As at 31 March 2015
1,111,420,942	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 October	13,545,233	3,411,999	40.5	10.3
Purchases during the period	–	10,127,000	–	29.9
Issuance of treasury shares pursuant to equity compensation plans	(909,900)	(248,800)	(2.7)	(0.7)
Balance at 31 December	12,635,333	13,290,199	37.8	39.5

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 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			
	3rd Quarter		9 Months	
	2015-16	2014-15	2015-16	2014-15
Earnings per share based on net profit attributable to owners of the Company (cents):				
(i) Basic *	5.5	4.8	15.3	12.9
(ii) Diluted **	5.4	4.8	15.2	12.8

* 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
	31.12.2015	31.3.2015	31.12.2015	31.3.2015
Net asset value per ordinary share (cents)	131.8	130.4	115.3	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

Third Quarter FY2015-16

Group net profit attributable to owners of the Company for the third quarter was \$60.6 million, \$6.9 million or 12.8% higher than the corresponding quarter last year.

Compared to the same quarter last year, Group revenue fell \$9.7 million or 2.2% to \$441 million. The revenue from Food Solutions dropped \$19.2 million or 7.1% to \$251 million, due primarily to the transfer of food distribution business to the joint venture company SATS BRF Food Pte. Ltd. ("SBRF") in June 2015 and the weakening of the Japanese Yen compared to last year. Excluding the loss of revenue from the transfer of the food distribution business to SBRF, the Group's revenue would have increased by \$29.2 million or 6.5% while the Food Solutions' revenue increase would have been \$19.7 million or 7.3%. Gateway Services' revenue had also increased by \$9.5 million or 5.3% to \$188.9 million.

Group expenditure dropped \$20.4 million or 5.1% to \$379.2 million, contributed by reductions in most expense categories except for staff costs and depreciation and

amortisation charges. Manpower costs increased by \$11.5 million mainly due to higher accrual of staff expenses and contract services while depreciation increase was in line with additional capital expenditure. Cost of raw materials fell \$18.7 million in line with lower revenue mainly from the transfer of the food distribution business to SBRF. Licence fees declined \$2 million due partly to rebates received while company premise and utilities expenses were lower by \$4.7 million from decline in utility rates and usage. Other costs declines included reduction in fuel and gas costs, distribution charges, sales and marketing expenses and rental of equipment.

Operating profit for the quarter was \$61.8 million, an increase of \$10.7 million or 20.9% over the same quarter last year, with expenditure dropping faster than revenue.

Share of after-tax profits from associates/joint ventures for the third quarter was \$11.6 million, \$2.2 million or 15.9% lower than the corresponding quarter last year. Associates/joint ventures from both Gateway Services and Food Solutions have shown weaker results in the quarter.

Tax expenses increased \$2 million in line with higher profits generated in the quarter.

Revenue by business segment is summarised below:

	Revenue				
	3Q FY2015-16	%	3Q FY2014-15	%	Growth
	\$m		\$m		%
Food Solutions	251.0	57	270.2	60	(7.1)
Gateway Services	188.9	43	179.4	40	5.3
Corporate	1.1	–	1.1	–	–
	441.0	100	450.7	100	(2.2)

Nine months FY2015-16

Group net profit attributable to owners of the Company for the nine months was \$169.9 million, \$25.8 million or 17.9% higher than the corresponding period last year. The underlying net profit was \$167.4 million, \$23.1 million or 16% higher than last year.

Compared to same period last year, Group revenue fell \$47.5 million or 3.6% to \$1,280.6 million. The drop was mainly from Food Solutions which revenue declined by \$65.5 million or 8.2% to \$735.1 million due to transfer of the food distribution business, weakening of the Japanese Yen and the loss of revenue from the divestment of its Australian subsidiary, Urangan Fisheries Pty Ltd. Excluding the loss of revenue from food distribution business transfer and divestment of Urangan, the Group's revenue would have increased by \$25.4 million or 1.9% while the Food Solutions' revenue increase would have been \$7.4 million or 0.9%. Gateway Services' revenue had also grown \$18.1 million or 3.5% to \$542.1 million compared to the last corresponding period.

Group expenditure dropped \$79.2 million or 6.6% to \$1,115.6 million. Similar to the third quarter, all expense categories have recorded reductions except for staff costs and depreciation and amortisation charges. Despite pressure on labour costs, through the continuous productivity and automation initiatives, staff costs increased only marginally by \$6.3 million or 1% while depreciation charges also increased in line with additional capital expenditure. Cost of raw materials fell \$45.4 million, partly due to the transfer of food distribution business and better sourcing management.

Licence fees and company premise and utilities expenses declined \$7.5 million and \$9.9 million respectively, due to similar reasons explained for the third quarter. Significant reductions in other costs were in fuel and gas costs, transportation and distribution charges, sales and marketing expenses, rental of equipment, maintenance expenses and professional fees.

Operating profit for the nine months was \$165 million, a significant increase of \$31.7 million or 23.8% over the same period last year. Operating expenses for the nine months had continued to drop at faster pace than revenue, yielding positive results for the Group.

Share of after-tax profits from associates/joint ventures for the nine months was \$36.3 million, \$1.3 million or 3.7% higher than the same period last year, with growth mainly in the Food Solutions' associates/joint ventures.

On 3 June 2015, the Group completed the transfer of the said food distribution business to the joint venture company, SBRF, and the sale 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 sale, the Group recorded a "net gain from transfer of business to a joint venture" of \$2.5 million, comprising the 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.

Tax expense was \$10.8 million higher than the corresponding period last year mainly in line with higher profits, tax adjustments on the transfer of assets to SBRF and lower prior year tax adjustments.

Revenue by business segment is summarised below:

	Revenue				
	9M FY2015-16	%	9M FY2014-15	%	Growth
	\$m		\$m		%
Food Solutions	735.1	58	800.6	60	(8.2)
Gateway Services	542.1	42	524.0	40	3.5
Corporate	3.4	–	3.5	–	(2.9)
	1,280.6	100	1,328.1	100	(3.6)

Statement of Financial Position Review

Total equity of the Group stood at \$1,541.6 million as at 31 December 2015, an increase of \$24 million compared to \$1,517.6 million as at 31 March 2015. The increase in equity was mainly attributed to the profit generated in the nine months and the reduction in treasury shares following issuance of shares under the equity compensation plans. This was partially offset by the dividend payment of \$155.5 million to shareholders.

The increase in non-current assets of \$15.7 million to \$1,242.7 million was mainly due to investment in the joint venture company SBRF, partly offset by the reduction in property, plant and equipment.

Current assets were \$4.4 million higher with increases from all classes of current assets except for assets of disposal groups classified as held for sale which shown a drop of \$55.5 million. The Group has reclassified one of its buildings, currently in negotiation for potential sale, to assets held for sale as at 31 December 2015 while the assets held for sale as at 31 March 2015 refers to assets identified to be

transferred to SBRF in line with the business transfer as explained above, which was completed subsequently in June 2015.

Prepayment and deposits was higher by \$5.3 million mainly due to the payment of \$5 million for the acquisition of an additional 13% equity interest in the capital of MacroAsia Catering Services, Inc. The acquisition was subsequently completed on 22 January 2016. The increase in amount due from associates/joint ventures of \$24.8 million was mainly due to sale to a joint venture.

Cash and short-term deposits increased \$5.9 million to \$416.8 million as at 31 December 2015. The increase was mainly due to cash generated from operations, dividends received from associates, proceeds from exercise of share options and the classification of cash balances of \$18.8 million to assets of disposal groups classified as held for sale as at 31 March 2015. The above increases were partly offset by dividends paid to shareholders and capital expenditure.

Total Group liabilities were \$498.2 million as at 31 December 2015, \$3.9 million lower compared to the balance as at 31 March 2015. The reduction was mainly attributed to lower trade and other payables, partially offset by higher income tax provision and term loans.

Cash Flows Review

Net cash from operating activities of \$69.9 million in 3Q FY2015-16 was an increase of \$11.9 million compared to last corresponding quarter mainly due to the higher profit during the quarter. Net cash from operating activities for nine months dropped \$2.3 million due to movement in working capital offsetting the impact of higher profit.

Net cash generated from investing activities for 3Q and nine months FY2015-16 were lower by \$60 million and \$69.5 million respectively, compared to the last corresponding periods. The reductions for both periods were attributed to lower dividends from associates and absence of last year's proceeds from disposal of interest in associated companies. The lower capital expenditure in the nine months FY2015-16 partly mitigated the drop in the nine months period.

The cash used in financing activities for 3Q and nine months FY2015-16 were lower than the last corresponding periods by \$38.3 million and \$34.4 million respectively. The decrease in outflows were due to reduction in purchase of treasury shares and higher proceeds from exercise of share options in both periods, with higher dividends paid to shareholders offsetting the impact for the nine months period.

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

Economic uncertainty and low consumer confidence across most of Asia suggest that the challenging operating environment will continue. However, our focus on raising productivity by adopting new technologies and driving economies of scale has prepared us well for these headwinds.

The long-term growth prospects for Gateway Services and Food Solutions are intact and we shall continue to expand our geographic presence in the region and build up into adjacent businesses, as demonstrated by our recent acquisition of a 49% equity stake in an airline catering company in Malaysia and our joint ventures in the travel retail business in Singapore and food supply business in China.

11 Dividends

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date Payable

Not applicable.

(d) CLOSURE OF BOOKS

Not applicable.

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

No dividend has been declared / recommended for the quarter ended 31 December 2015.

13 Interested Person Transactions

13.1 The interested person transactions entered into during the third quarter ended 31 December 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 Limited	–	8,397
SilkAir (Singapore) Private Limited	–	316
	<hr/>	<hr/>
	–	8,713
	<hr/>	<hr/>

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
12 February 2016
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 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, 12 February 2016