



**UNAUDITED RESULTS FOR THIRD QUARTER AND NINE MONTHS
ENDED 31 DECEMBER 2014**

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 2014 (in \$ million)

	GROUP			
	3 rd Quarter		9 Months	
	2014-15	2013-14	2014-15	2013-14
Revenue	450.7	465.5	1,328.1	1,352.1
Expenditure				
Staff costs	(200.9)	(204.1)	(607.0)	(599.6)
Cost of raw materials	(90.0)	(103.6)	(265.3)	(287.8)
Licensing fees	(20.4)	(19.6)	(59.2)	(58.2)
Depreciation and amortisation charges	(17.1)	(19.2)	(50.9)	(58.1)
Company premise and utilities expenses	(31.8)	(32.4)	(94.9)	(94.0)
Other costs	(39.4)	(44.6)	(117.5)	(125.1)
	<u>(399.6)</u>	<u>(423.5)</u>	<u>(1,194.8)</u>	<u>(1,222.8)</u>
Operating profit	51.1	42.0	133.3	129.3
Interest on borrowings	(0.4)	(0.6)	(1.0)	(1.9)
Interest income	0.5	0.4	1.0	1.0
Dividend from long-term investment, gross	-	-	-	0.6
(Loss)/gain on disposal of property, plant and equipment	(0.6)	0.1	(1.2)	(0.1)
Share of results of associates/joint venture, net of tax	13.8	13.0	35.0	37.3
Impairment of assets held for sale	(0.1)	-	(0.2)	(1.7)
Other non-operating expenses	-	(0.2)	-	-
	<u>64.3</u>	<u>54.7</u>	<u>166.9</u>	<u>164.5</u>
Profit before tax				
Income tax expense	(10.6)	(10.6)	(25.2)	(25.6)
Profit for the period	<u>53.7</u>	<u>44.1</u>	<u>141.7</u>	<u>138.9</u>
Profit attributable to:				
Owners of the Company	53.7	42.9	144.1	137.8
Non-controlling interests	-	1.2	(2.4)	1.1
	<u>53.7</u>	<u>44.1</u>	<u>141.7</u>	<u>138.9</u>
Underlying net profit ⁽¹⁾	53.8	42.9	144.3	139.5

1. Underlying net profit refers to net profit attributable to owners of the Company excluding the following one-off items: Impairment loss on carrying value of Assets Held for Sale (\$0.1 million in 3Q and \$0.2 million in 9M FY14-15, Nil in 3Q and \$1.7 million in 9M FY13-14).

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

	GROUP			
	3 rd Quarter		9 Months	
	2014-15	2013-14	2014-15	2013-14
Foreign exchange gain, net	0.9	0.2	1.4	0.4
(Allowance)/write-back of doubtful debts, net	–	–	(0.1)	0.4
Write-off for stock obsolescence, net	(0.2)	(0.2)	(0.5)	(0.5)
Overprovision of taxation in respect of prior years	0.1	–	2.1	4.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the third quarter and nine months ended 31 December 2014 (in \$ million)

	GROUP			
	3 rd Quarter		9 Months	
	2014-15	2013-14	2014-15	2013-14
Profit for the period	53.7	44.1	141.7	138.9
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Foreign currency translation	(0.4)	(2.4)	(8.1)	(20.2)
Reclassification of foreign currency translation to profit or loss	(0.7)	–	0.2	–
Other comprehensive income for the period, net of tax	(1.1)	(2.4)	(7.9)	(20.2)
Total comprehensive income for the period	52.6	41.7	133.8	118.7
Total comprehensive income attributable to:				
Owners of the Company	57.3	42.7	143.1	121.4
Non-controlling interests	(4.7)	(1.0)	(9.3)	(2.7)
Total comprehensive income for the period	52.6	41.7	133.8	118.7

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 2014 (in \$ million)**

	GROUP		COMPANY	
	31.12.2014	31.3.2014	31.12.2014	31.3.2014
Equity attributable to owners of the Company:				
Share capital	371.9	367.9	371.9	367.9
Treasury shares	(39.5)	(15.7)	(39.5)	(15.7)
Share-based compensation reserve	13.1	13.6	13.1	13.6
Statutory reserve	7.8	7.9	–	–
Foreign currency translation reserve	(120.5)	(119.5)	–	–
Revenue reserve	1,163.4	1,164.6	899.4	953.2
Other reserves*	(4.2)	(2.0)	(8.9)	(2.1)
	<u>1,392.0</u>	<u>1,416.8</u>	<u>1,236.0</u>	<u>1,316.9</u>
Non-controlling interests	76.3	97.6	–	–
Total equity	<u>1,468.3</u>	<u>1,514.4</u>	<u>1,236.0</u>	<u>1,316.9</u>
Non-current assets				
Property, plant and equipment	555.5	567.9	11.7	9.5
Investment properties	7.8	9.2	280.7	295.3
Intangible assets	177.5	185.0	8.3	10.8
Investment in subsidiaries	–	–	541.0	541.0
Investment in associates	416.8	473.2	264.1	264.1
Investment in a joint venture	24.1	21.6	12.0	12.0
Long-term investments	8.3	8.3	7.9	7.9
Loan to subsidiaries	–	–	260.7	263.0
Deferred tax assets	19.6	21.2	–	–
Other non-current assets	8.6	8.8	–	–
	<u>1,218.2</u>	<u>1,295.2</u>	<u>1,386.4</u>	<u>1,403.6</u>
Current assets				
Trade and other receivables	292.2	287.5	21.8	55.5
Prepayments	17.8	13.8	2.9	2.7
Amount due from associates	2.7	3.6	2.7	3.6
Inventories	49.9	46.3	0.3	0.3
Assets of disposal groups classified as held for sale	–	32.6	–	1.0
Cash and short-term deposits	358.3	340.8	234.5	188.2
	<u>720.9</u>	<u>724.6</u>	<u>262.2</u>	<u>251.3</u>
Less: Current liabilities				
Bank overdraft - secured	–	1.2	–	–
Trade and other payables	259.6	267.3	289.1	204.6
Income tax payable	42.3	42.4	9.7	9.5
Term loans	14.9	15.8	–	–
Finance leases	0.3	0.6	–	–
Liabilities of disposal group classified as held for sale	–	2.2	–	–
	<u>317.1</u>	<u>329.5</u>	<u>298.8</u>	<u>214.1</u>
Net current assets	403.8	395.1	(36.6)	37.2
Less: Non-current liabilities				
Deferred tax liabilities	56.1	61.3	27.7	28.4
Term loans	86.6	96.4	86.1	95.5
Finance leases	–	0.2	–	–
Defined benefit plan	3.5	4.8	–	–
Other long-term liabilities	7.5	13.2	–	–
	<u>153.7</u>	<u>175.9</u>	<u>113.8</u>	<u>123.9</u>
Net assets	<u>1,468.3</u>	<u>1,514.4</u>	<u>1,236.0</u>	<u>1,316.9</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

As at 31.12.2014		As at 31.03.2014	
<u>Secured</u> *	<u>Unsecured</u>	<u>Secured</u> *	<u>Unsecured</u>
11.6	3.6	13.5	4.1

Amount repayable after one year

As at 31.12.2014		As at 31.03.2014	
<u>Secured</u> *	<u>Unsecured</u>	<u>Secured</u> *	<u>Unsecured</u>
0.5	86.1	0.9	95.7

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 2014 (in \$ million)**

	GROUP			
	3 rd Quarter		9 Months	
	2014-15	2013-14	2014-15	2013-14
<u>Cash flows from operating activities</u>				
Profit before tax	64.3	54.7	166.9	164.5
Adjustments for:				
Interest and investment (income)/expense, net	(0.1)	0.2	–	0.3
Depreciation and amortisation charges	17.1	19.2	50.9	58.1
Unrealised foreign exchange gain	(0.9)	(0.2)	(1.4)	(0.4)
Loss/(gain) on disposal of property, plant and equipment	0.6	(0.1)	1.2	0.1
Share of results of associates/joint venture, net of tax	(13.8)	(13.0)	(35.0)	(37.3)
Share-based payment expense	2.1	1.2	4.6	2.4
Impairment of assets held for sale	0.1	–	0.2	1.7
Other non-cash items	0.1	(0.1)	0.5	0.2
Operating cash flows before working capital changes	69.5	61.9	187.9	189.6
Changes in working capital:				
Decrease/(increase) in receivables	0.4	(35.6)	(3.2)	(22.2)
(Increase)/decrease in prepayments	(1.0)	2.4	(4.0)	(3.8)
(Increase)/decrease in inventories	(2.3)	3.2	(4.1)	1.0
Increase/(decrease) in payables	2.7	15.8	(18.3)	(8.6)
Decrease in amount due from associates	0.2	0.6	0.8	1.4
Cash generated from operations	69.5	48.3	159.1	157.4
Interest paid to third parties	(0.3)	(0.6)	(0.9)	(1.9)
Income taxes paid	(11.2)	(13.1)	(29.6)	(33.5)
Net cash from operating activities	58.0	34.6	128.6	122.0
<u>Cash flows from investing activities</u>				
Capital expenditure	(11.5)	(15.8)	(41.0)	(43.1)
Dividends from associates/joint venture	43.9	4.3	88.7	27.2
Dividends from long-term investment, gross	–	–	–	0.6
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	–	0.1	0.4	0.5
Interest received from deposits	0.5	0.4	1.0	1.0
Net cash from/(used in) investing activities	56.2	(11.0)	76.3	(13.8)
<u>Cash flows from financing activities</u>				
Repayment of term loans	(0.2)	(2.8)	(0.8)	(5.0)
Repayment of finance leases and related charges	(0.1)	(0.4)	(0.4)	(1.4)
Drawdown of term loans	–	–	1.2	2.4
Proceeds from exercise of share options	0.5	4.1	3.9	22.4
Dividends paid	(55.8)	(56.2)	(145.6)	(168.4)
Purchase of treasury shares	(29.9)	(8.0)	(35.4)	(8.0)
Repurchase of shares by a subsidiary	(5.5)	–	(5.5)	–
Capital contributions from non-controlling interests	0.5	–	2.0	1.1
Dividends paid to non-controlling interests	–	–	(0.3)	–
Net cash used in financing activities	(90.5)	(63.3)	(180.9)	(156.9)
Net increase/(decrease) in cash and cash equivalents	23.7	(39.7)	24.0	(48.7)
Effect of exchange rate changes	(3.8)	(1.3)	(5.3)	(2.0)
Cash and cash equivalents at beginning of financial period	338.4	394.5	339.6	404.2
Cash and cash equivalents at end of financial period	358.3	353.5	358.3	353.5

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 2014 (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	371.4	(10.3)	11.2	8.1	(124.1)	1,165.1	–	(8.3)	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
Share options exercised and lapsed	0.5	–	(0.1)	–	–	0.1	–	–	–	0.5	–	0.5
Purchase of treasury shares	–	(29.9)	–	–	–	–	–	–	–	(29.9)	–	(29.9)
Treasury shares reissued pursuant to equity compensation plans	–	0.7	(0.1)	–	–	–	–	(0.6)	–	–	–	–
Dividends, net	–	–	–	–	–	(55.8)	–	–	–	(55.8)	–	(55.8)
Total contributions by and distributions to owners	0.5	(29.2)	1.9	–	–	(55.7)	–	(0.6)	–	(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 at 31 December 2014	371.9	(39.5)	13.1	7.8	(120.5)	1,163.4	4.6	(8.9)	0.1	1,392.0	76.3	1,468.3

* 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 2014 (in \$ million)

GROUP	Attributable to owners of the Company										Non-controlling Interests	Total Equity
	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		
Balance at 1 October 2013	362.1	–	11.9	7.9	(127.2)	1,135.2	–	(0.7)	0.1	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
Contributions by and distributions to owners												
Share-based payment	–	–	1.2	–	–	–	–	–	–	1.2	–	1.2
Share options exercised and lapsed	5.0	–	(0.9)	–	–	0.1	–	–	–	4.2	–	4.2
Purchase of treasury shares	–	(8.0)	–	–	–	–	–	–	–	(8.0)	–	(8.0)
Treasury shares reissued pursuant to equity compensation plans	–	0.6	(0.1)	–	–	–	–	(0.5)	–	–	–	–
Dividends, net	–	–	–	–	–	(56.2)	–	–	–	(56.2)	–	(56.2)
Total contributions by and distributions to owners	5.0	(7.4)	0.2	–	–	(56.1)	–	(0.5)	–	(58.8)	–	(58.8)
Balance at 31 December 2013	367.1	(7.4)	12.1	7.9	(127.4)	1,122.0	–	(1.2)	0.1	1,373.2	94.1	1,467.3

* 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 2014 (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 2014	371.4	(10.3)	11.2	911.6	(8.3)	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
Share options exercised and lapsed	0.5	–	(0.1)	0.1	–	0.5
Purchase of treasury shares	–	(29.9)	–	–	–	(29.9)
Treasury shares reissued pursuant to equity compensation plans	–	0.7	(0.1)	–	(0.6)	–
Dividends, net	–	–	–	(55.8)	–	(55.8)
Total contributions by and distributions to owners	0.5	(29.2)	1.9	(55.7)	(0.6)	(83.1)
Balance at 31 December 2014	371.9	(39.5)	13.1	899.4	(8.9)	1,236.0
Balance at 1 October 2013	362.1	–	11.9	898.2	(0.7)	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 distributions 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	(56.1)	(0.5)	(58.8)
Balance at 31 December 2013	367.1	(7.4)	12.1	845.3	(1.2)	1,215.9

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 2014, 248,800 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 2014, the number of outstanding share options was 12,760,335 (31 December 2013: 15,857,785).

The movement of share options of the Company during the period October to December 2014 was as follows:

Date of grant	Balance at 1.10.2014	Forfeited/ Lapsed	Exercised	Balance at 31.12.2014	Exercise price #	Expired date
1.7.2005	2,226,900	(12,600)	(65,600)	2,148,700	\$1.97	30.6.2015
3.7.2006	1,828,535	(7,400)	(41,800)	1,779,335	\$1.80	02.7.2016
2.7.2007	6,624,600	(63,400)	(82,000)	6,479,200	\$2.76	01.7.2017
1.7.2008	2,422,900	(10,400)	(59,400)	2,353,100	\$1.92	30.6.2018
	<u>13,102,935</u>	<u>(93,800)</u>	<u>(248,800)</u>	<u>12,760,335</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 Share Option 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 for 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 was 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 award is subject to specified performance conditions over a three-year period and the final number of performance shares awarded could range from 0% to 200% of the initial grant of the performance shares.

For grants in FY2013-14

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

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

For grant in FY2014-15

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

As at 31 December 2014, the number of shares outstanding under the Company's RSP and PSP were 3,537,916 and 3,240,299 (31 December 2013: 3,370,285 and 2,389,148) respectively.

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

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

RSP

Date of grant	Balance at 1.10.2014 / Date of grant	Number of Restricted Shares			Balance at 31.12.2014
		Vested	Forfeited	Adjustments	
01.08.2011	49,166	–	–	–	49,166
03.08.2011	210,530	–	(2,222)	–	208,308
01.08.2012	408,123	–	(5,712)	–	402,411
11.10.2012	23,095	–	–	–	23,095
16.07.2013	103,536	–	–	–	103,536
15.11.2013	1,006,900	–	(20,000)	–	986,900
03.12.2013	109,500	–	–	–	109,500
06.08.2014	1,663,000	–	(8,000)	–	1,655,000
	3,573,850	–	(35,934)	–	3,537,916

PSP

Date of grant	Balance at 1.10.2014 / Date of grant	Number of Performance Shares		Balance at 31.12.2014
		Vested	Forfeited	
11.03.2013	667,299	–	–	667,299
15.11.2013	874,000	–	–	874,000
03.12.2013	326,000	–	–	326,000
20.10.2014	1,373,000	–	–	1,373,000
	3,240,299	–	–	3,240,299

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 2014	As at 31 March 2014
1,110,766,076	1,118,936,074

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	
	2014-15	2013-14	2014-15	2013-14
Balance at 1 October	3,411,999	7,301	10.3	–
Purchases during the period	10,127,000	2,571,000	29.9	8.0
Issuance of treasury shares pursuant to equity compensation plans	(248,800)	(186,400)	(0.7)	(0.6)
Balance at 31 December	13,290,199	2,391,901	39.5	7.4

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 2014 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 2014. The adoption of these FRS and INT FRS has no significant impact on the financial statements.

The Group reviews the estimated useful lives of property, plant and equipment annually. Judgement is required in determining the useful lives and residual value of depreciable assets, after considering the actual condition of its property, plant and equipment, industry standards, the depreciation estimates used by comparable companies and its asset replacement policy. On 1 April 2014, the Group revised the useful lives of certain plant and equipment based on the review. As a result of this change, the Group's depreciation expense was reduced by \$5.7 million for the nine months ended 31 December 2014.

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	
	2014-15	2013-14	2014-15	2013-14
Earnings per share based on net profit attributable to owners of the Company (cents):				
(i) Basic *	4.8	3.8	12.9	12.3
(ii) Diluted **	4.8	3.8	12.8	12.2

* 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
	31.12.2014	31.3.2014	31.12.2014	31.3.2014
Net asset value per ordinary share (cents)	125.3	126.6	111.3	117.7

- 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

3rd Quarter FY2014-15

Group net profit attributable to owners of the Company for the third quarter was \$53.7 million, \$10.8 million or 25.2% higher than the corresponding quarter last year.

Against the same quarter last year, Group revenue fell by \$14.8 million or 3.2% to \$450.7 million. The revenue from Food Solutions dropped by \$20.9 million or 7.2% to \$270.2 million, largely attributed to the weaker result from its Japan subsidiary, TFK Corporation ("TFK"), and the loss of contributions from its Australian subsidiary, Urangan Fisheries Pty Ltd ("Urangan"), which was divested in July 2014. The revenue decline from Food Solutions had been partly mitigated by the increase in Gateway Services revenue. Revenue from Gateway Services had increased by \$6.1 million or 3.5% to \$179.4 million.

Group expenditure dropped by \$23.9 million or 5.6% to \$399.6 million, resulting mainly from lower staff costs, cost of raw materials, depreciation charges and other costs. The lower cost of raw material of \$13.6 million was in tandem with the lower revenue in Food Solutions while the reduction in depreciation charges of \$2.1 million was largely attributed to the revision in the estimated useful lives of certain asset classes during the quarter. Other costs which had dropped in the quarter include warehousing costs, professional fee, fuel costs, transportation charges and foreign exchange differences.

Operating profit for the quarter was \$51.1 million, an increase of \$9.1 million or 21.7% over the same quarter last year attributed to the lower expenditure incurred.

Share of after-tax profits from overseas associates/joint venture for the third quarter was \$13.8 million, \$0.8 million or 6.2% higher than the same quarter last year. The Group recorded higher profit contributions from both the Food Solutions and Gateway associates.

Revenue by business segment is summarised below:

	Revenue				
	3Q FY2014-15	%	3Q FY2013-14	%	Growth
	\$m		\$m		%
Food Solutions	270.2	60	291.1	63	(7.2)
Gateway Services	179.4	40	173.3	37	3.5
Corporate	1.1	-	1.1	-	-
	450.7	100	465.5	100	(3.2)

9 months FY2014-15

Group net profit attributable to owners of the Company for the nine months was \$144.1 million, \$6.3 million or 4.6% higher than the corresponding period last year. The underlying net profit was \$144.3 million, \$4.8 million or 3.4% higher than last year.

Against the same period last year, Group revenue declined by \$24.0 million or 1.8% to \$1,328.1 million. Revenue from Food Solutions dropped by \$36.7 million or 4.4% to \$800.6 million, largely impacted by lower contributions from TFK, loss of Urangan's revenue due to divestment and weakening of the Japanese Yen. Gateway Services revenue increased by \$13.0 million or 2.5% to \$524.0 million, largely due to the growth in cargo tonnage in Singapore.

Group expenditure dropped by \$28.0 million or 2.3% to \$1,194.8 million, mainly from lower cost of raw materials, depreciation charges and other costs, partially offset by higher staff costs. Lower cost of raw materials was in tandem with the lower Food Solutions revenue while depreciation charges decline was mainly due to the revision in the useful lives of certain classes of its fixed assets. The reduction in other costs during the period were mainly in warehousing costs, professional fee, fuel costs, transportation charges and foreign exchange differences.

Operating profit for the nine months was \$133.3 million, an increase of \$4.0 million or 3.1% over the same period last year as a result of the reduction in operating expenditure.

Share of after-tax profits from overseas associates/joint venture for the nine months was \$35.0 million, \$2.3 million or 6.2% lower than last year. The Group recorded lower profit contributions from the Gateway associates, arising from drop in cargo volumes and price pressure.

The Group incurred lower interest on borrowing by \$0.9 million mainly due to the refinancing of one of the loans. Loss on disposal of property, plant and equipment were in relations to disposal upon cessation of certain contract.

Revenue by business segment is summarised below:

	Revenue				
	9M FY2014-15	%	9M FY2013-14	%	Growth
	\$m		\$m		%
Food Solutions	800.6	60	837.3	62	(4.4)
Gateway Services	524.0	40	511.0	38	2.5
Corporate	3.5	-	3.8	-	(7.9)
	1,328.1	100	1,352.1	100	(1.8)

Statement of Financial Position Review

Total equity of the Group stood at \$1,468.3 million as at 31 December 2014, a drop of \$46.1 million compared to \$1,514.4 million as at 31 March 2014. The drop in equity was mainly due to dividend payments of \$145.6 million to shareholders and purchases of treasury shares, partially offset by the profit generated during the nine months.

Investment in associates dropped by \$56.4 million during the nine months period mainly due to the dividends of \$88.7 million received from the associates offsetting the profit contributed.

The drop in assets and liabilities of disposal group classified as held for sale was attributed to the completion of its divestment of the shares in Urangan, Adel Abuljadayel Flight Catering Company Limited and Tan Son Nhat Cargo Services Company Limited.

Cash and short-term deposits increased by \$17.5 million to \$358.3 million. The increase was mainly from operating activities, dividends received from associates and joint venture and proceeds from disposal of interest in associates, partially offset by dividends paid to shareholders, capital expenditure and purchase of treasury shares.

Cash Flows Review

In 3Q FY2014-15, net cash from operating activities increased by \$23.4 million primarily due to higher profit before tax and movement in working capital. The net cash from operating activities for 9M FY2014-15 was \$6.6 million higher than the corresponding period last year mainly from the movement in working capital and lower taxes paid.

Net cash generated from investing activities improved both in 3Q and 9M FY2014-15 compared to the corresponding period. This was attributed mainly to lower capital expenditure, higher dividends received from the associates and joint venture, and proceeds from its disposal of interest in its associates and subsidiary.

In 3Q and 9M FY2014-15, cash used in financing activities reflected increase over the same period last year mainly due to higher amount of funds used in the purchase of treasury shares as well as lower proceeds from the exercise of share options, offset partially by the lower dividends paid.

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

In the near term, our operating landscape remains challenging as a result of competitive pressures in the aviation sector and continued rise in manpower costs.

We have confidence in our strategy. Our focus on managing costs and improving productivity has begun to yield results. We will continue to invest in our state-of-the-art facilities, comprehensive suite of services and new technologies to drive economies of scale and enhance connectivity for our customers. We will also remain focused on growing new businesses and customer segments.

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 2014.

13 Interested Person Transactions

13.1 The interested person transactions entered into during the third quarter ended 31 December 2014 are as follows:

	<u>FY2014-15</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	-	17,742
SilkAir (Singapore) Private Limited	-	337,680
	-	355,422

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
4 February 2015
Singapore

Singapore Company Registration No: 197201770G

CONFIRMATION BY THE BOARD

We, Edmund Cheng Wai Wing and Alexander Charles Hungate, being two of the directors of SATS Ltd. (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the nine months ended 31 December 2014 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, 4 February 2015