



A Subsidiary of **SINGAPORE AIRLINES** 

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SATS POSTS S\$50.4M PROFIT FOR THIRD QUARTER OF FY2006-07

HIGHLIGHTS OF THE SATS GROUP'S RESULTS

(in S\$m)	3 rd Quarter FY2006-07 (Oct - Dec 06)	Year- on-Year change (%)	Year-to-Date 9-Months FY2006-07 (Apr - Dec 06)	Year- on-Year change (%)
• Operating revenue	241.6	+ 3.4	712.0	+ 0.6
• Operating profit	46.1	- 4.0	143.3	- 8.4
• Share of profits of associated companies	15.3	- 9.5	44.1	- 6.0
• Profit attributable to equity holders	50.4	- 1.6	151.0	- 4.4
• Earnings per share (cents) - basic	4.8	- 2.0	14.4	- 5.3

Note: The SATS Group's unaudited results for the third quarter ended 31 December 2006 were announced on 9 February 2007. A summary of the financial statistics is shown in Annex A. (All monetary figures are in Singapore Dollars. The Group comprises the parent holding unit, its subsidiaries and associated companies).

GROUP EARNINGS

3Q FY2006-07 (Oct - Dec 06)

Operating revenue increased 3.4% to \$241.6 million. The improvement was due to higher business volume which was partially offset by rate discounts and the expiry of the hold baggage security screening contract at Changi Airport.

Operating expenditure increased 5.3% to \$195.5 million. This is due principally to higher staff cost including bonus provision, increased cost of raw materials and higher utilities charges.

As a result, operating profit, at \$46.1 million, was \$1.9 million or 4.0% lower.

Profit contribution from our associated companies decreased 9.5% to \$15.3 million, partly due to the strengthening of the Singapore dollar. Associated companies contributed 23.1% of our Group's profit before tax, down 2.2% point.

Profit before tax, at \$66.1 million, was 1.2% lower.

Profit attributable to equity holders decreased 1.6% to \$50.4 million.

Year-to-Date FY2006-07 (Apr - Dec 06)

Operating revenue for the nine months period (year-to-date) increased marginally by 0.6% to \$712.0 million due to higher business volumes.

Operating expenditure increased 3.1% to \$568.7 million mainly because of higher staff cost including bonus provision, increased cost of raw materials and higher utilities charges.

Operating profit declined 8.4% to \$143.3 million.

Profit contribution from our associated companies decreased 6.0% to \$44.1 million. Associated companies contributed 22.3% of our Group's profit before tax, a decline of 0.4% point over the same period last year.

The Group achieved a net profit attributable to equity holders of \$151.0 million, a decline of \$7.0 million or 4.4%.

GROUP FINANCIAL POSITION (as at 31 December 2006)

Total equity of the Group stood at \$1,271.0 million as at 31 December 2006, an increase of 5.4% from that as at 31 March 2006. The increase came from profits for the first nine months of FY2006-07.

The annualized return on equity was 16.0% or 0.7% point lower than the 16.7% for FY2005-06.

Net asset value per share for the Group was \$1.21, an increase of \$0.06 or 5.2% compared to 31 March 2006.

The Group's total assets increased 4.2% or \$72.4 million to \$1,793.7 million.

The debt equity ratio was 0.19 as at 31 December 2006 compared to 0.21 as at 31 March 2006.

GROUP OPERATING PERFORMANCE

Business volumes improved for all operating measures.

	<u>3Q FY2006-07</u> (Oct – Dec 06)	<u>3Q FY2005-06</u> (Oct - Dec 05)	<u>% change</u>	
Passengers handled ('M)	7.84	7.16	+	9.5
Meals produced ('M)	6.47	6.18	+	4.6
Flights handled ('000)	21.79	21.29	+	2.3
Cargo/mail processed ('000 tonnes)	407.57	397.17	+	2.6

	<u>Nine Months</u> <u>FY2006-07</u> (Apr – Dec 06)	<u>Nine Months</u> <u>FY2005-06</u> (Apr - Dec 05)	<u>% change</u>	
Passengers handled ('M)	22.03	20.47	+	7.6
Meals produced ('M)	18.56	18.20	+	2.0
Flights handled ('000)	63.45	63.11	+	0.5
Cargo/mail processed ('000 tonnes)	1,179.32	1,120.57	+	5.2

OUTLOOK

Business volume for the last quarter is expected to increase moderately. However, rates will remain under pressure. Ongoing focus on productivity and service quality improvements will hone our cost competitiveness.

Profit contribution from our existing overseas ventures is expected to moderate in the remaining quarter.

We will continue to actively seek overseas opportunities as part of our long-term strategy to broaden our income. The recent investments in India and China are in line with this strategy.

About Singapore Airport Terminal Services Limited (SATS)

The Singapore Airport Terminal Services (SATS) Group is the leading provider of integrated ground handling and airline catering services at Singapore Changi Airport. SATS' network of ground handling and airline catering operations spans 15 overseas investments covering more than 20 airports in the Asia Pacific region. SATS' services include airfreight handling, airline catering, passenger services, baggage handling, ramp handling, aviation security, airline linen laundry and processed food manufacturing. SATS has been listed on the Singapore Exchange since May 2000.

Announcement information:

The complete SATS Group's 3Q FY2006-07 results are available on the following websites: www.sats.com.sg and www.irasia.com/listco/sg/sats/index.htm.

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GROUP FINANCIAL STATISTICS

	3Q FY2006-07 (Oct-Dec06)	3Q FY2005-06 (Oct-Dec05)	Year-to-Date FY2006-07 (Apr-Dec06)	Year-to-Date FY2005-06 (Apr-Dec05)
Financial Results (\$ million)				
Total revenue	241.6	233.7	712.0	708.1
Total expenditure	195.5	185.7	568.7	551.6
Operating profit	46.1	48.0	143.3	156.5
Share of profits from associated companies	15.3	16.9	44.1	46.9
Profit before taxation	66.1	66.9	198.2	206.5
Profit attributable to equity holders	50.4	51.2	151.0	158.0
Return on turnover (%)	20.9	22.0	21.3	22.4
Per Share Data				
Earnings after tax (cents) - basic ^{R1}	4.8	4.9	14.4	15.2
- diluted ^{R2}	4.8	4.9	14.3	15.2
Financial Position (\$ million)				
	As at 31 Dec 2006	As at 31 Mar 2006		
Share capital	189.8	179.8		
Revenue reserve	1,085.0	1,018.2		
Foreign currency translation reserve	(26.0)	(9.5)		
Share-based compensation reserve	14.1	10.0		
Statutory reserve	4.5	4.1		
Fair value reserve	(0.2)	(0.1)		
Equity attributable to equity holders	1,267.2	1,202.5		
Total assets	1,793.7	1,721.3		
Total debt	246.1	247.5		
Total debt equity ratio (times) ^{R3}	0.19	0.21		
Net asset value per share (\$) ^{R4}	1.21	1.15		
Annualised Return on average shareholders' funds (%) ^{R5}	16.0	16.7		

^{R1} Earnings after tax per share (basic) is computed by dividing the profit attributable to equity holders by the weighted average number of ordinary shares in issue.

^{R2} Earnings after tax per share (diluted) is computed by dividing the profit attributable to equity holders by the weighted average number of ordinary shares in issue after adjusting for the dilutive effect on the exercise of all outstanding share options granted to employees.

^{R3} Total debt equity ratio is total debt divided by equity attributable to equity holders.

^{R4} Net asset value per share is computed by dividing equity attributable to equity holders by the number of ordinary shares in issue.

^{R5} Return on average shareholders' fund is the profit attributable to equity holders expressed as a percentage of the average equity attributable to equity holders.