



**UNAUDITED RESULTS FOR SECOND QUARTER AND HALF YEAR
ENDED 30 SEPTEMBER 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 second quarter and half year ended 30 September 2015 (in \$ million)

	GROUP			
	2 nd Quarter		1 st Half	
	2015-16	2014-15	2015-16	2014-15
Revenue	422.7	442.2	839.6	877.4
Expenditure				
Staff costs	(200.8)	(202.2)	(400.9)	(406.1)
Cost of raw materials	(72.7)	(90.0)	(148.6)	(175.3)
Licence fees	(16.3)	(19.4)	(33.3)	(38.8)
Depreciation and amortisation charges	(17.0)	(16.9)	(34.3)	(33.8)
Company premise and utilities expenses	(28.5)	(32.2)	(57.9)	(63.1)
Other costs	(28.2)	(39.0)	(61.4)	(78.1)
	<u>(363.5)</u>	<u>(399.7)</u>	<u>(736.4)</u>	<u>(795.2)</u>
Operating profit	59.2	42.5	103.2	82.2
Interest on borrowings	(0.4)	(0.2)	(0.6)	(0.6)
Interest income	0.8	0.3	1.6	0.5
Gain/(loss) on disposal of property, plant and equipment	–	0.2	–	(0.6)
Share of results of associates/joint ventures, net of tax	11.9	10.8	24.7	21.2
Impairment of assets held for sale	–	–	–	(0.1)
Net gain from transfer of business to a joint venture	–	–	2.5	–
Profit before tax	71.5	53.6	131.4	102.6
Income tax expense	(12.1)	(7.9)	(23.4)	(14.6)
Profit for the period	<u>59.4</u>	<u>45.7</u>	<u>108.0</u>	<u>88.0</u>
Profit attributable to:				
Owners of the Company	59.7	47.1	109.3	90.4
Non-controlling interests	(0.3)	(1.4)	(1.3)	(2.4)
	<u>59.4</u>	<u>45.7</u>	<u>108.0</u>	<u>88.0</u>
Underlying net profit ⁽¹⁾	59.7	47.1	106.8	90.5

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 2Q and \$2.5 million in 1H FY15-16, NIL in 2Q and 1H FY14-15). (ii) Impairment loss on carrying value of Assets Held for Sale (NIL in 2Q and 1H FY15-16, NIL in 2Q and \$0.1 million in 1H FY14-15).

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

	GROUP			
	2 nd Quarter		1 st Half	
	2015-16	2014-15	2015-16	2014-15
Foreign exchange gain, net	1.7	0.4	0.8	0.5
Allowance of doubtful debts, net	(0.2)	(0.1)	(0.2)	(0.1)
Write-off for stock obsolescence, net	-	(0.1)	-	(0.3)
(Under)/over provision of taxation in respect of prior years	(0.4)	0.2	(0.4)	2.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the second quarter and half year ended 30 September 2015 (in \$ million)

	GROUP			
	2 nd Quarter		1 st Half	
	2015-16	2014-15	2015-16	2014-15
Profit for the period	59.4	45.7	108.0	88.0
Other comprehensive income				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Foreign currency translation	8.3	2.9	(7.9)	(7.7)
Reclassification of foreign currency translation to profit or loss	-	(0.1)	-	0.9
	8.3	2.8	(7.9)	(6.8)
Other comprehensive gain/(loss) for the period, net of tax	8.3	2.8	(7.9)	(6.8)
Total comprehensive income for the period	67.7	48.5	100.1	81.2
Total comprehensive income attributable to:				
Owners of the Company	64.2	52.6	99.7	85.8
Non-controlling interests	3.5	(4.1)	0.4	(4.6)
Total comprehensive income for the period	67.7	48.5	100.1	81.2

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 2015 (in \$ million)**

	GROUP		COMPANY	
	30.9.2015	31.3.2015	30.9.2015	31.3.2015
Equity attributable to owners of the Company				
Share capital	367.9	367.9	367.9	367.9
Treasury shares	(40.5)	(56.4)	(40.5)	(56.4)
Share-based compensation reserve	8.9	14.3	8.9	14.3
Statutory reserve	8.1	7.8	–	–
Foreign currency translation reserve	(119.5)	(109.9)	–	–
Revenue reserve	1,227.3	1,218.0	988.0	1,061.4
Other reserves*	(2.5)	(0.6)	(7.2)	(5.3)
	<u>1,449.7</u>	<u>1,441.1</u>	<u>1,317.1</u>	<u>1,381.9</u>
Non-controlling interests	<u>76.7</u>	<u>76.5</u>	<u>–</u>	<u>–</u>
Total equity	<u><u>1,526.4</u></u>	<u><u>1,517.6</u></u>	<u><u>1,317.1</u></u>	<u><u>1,381.9</u></u>
Non-current assets				
Property, plant and equipment	541.0	551.7	7.8	7.9
Investment properties	5.9	7.0	274.4	283.9
Intangible assets	163.3	165.5	6.1	7.6
Investment in subsidiaries	–	–	541.0	541.0
Investment in associates	425.6	437.9	264.1	264.1
Investment in joint ventures	66.5	26.9	12.0	12.0
Long-term investments	8.4	8.4	7.9	7.9
Loan to subsidiaries	–	–	237.5	234.3
Deferred tax assets	20.2	18.9	–	–
Defined benefit plan	2.0	1.9	–	–
Other non-current assets	14.9	8.8	–	–
	<u>1,247.8</u>	<u>1,227.0</u>	<u>1,350.8</u>	<u>1,358.7</u>
Current assets				
Trade and other receivables	277.9	282.6	55.8	32.6
Prepayments and deposits	25.2	17.1	6.7	3.6
Amounts due from associates/joint ventures	32.3	2.2	1.6	2.2
Loan to subsidiaries	–	–	6.8	6.8
Inventories	21.7	18.7	0.2	0.3
Cash and short-term deposits	402.9	410.9	277.9	289.8
Assets of disposal groups classified as held for sale	–	61.2	–	–
	<u>760.0</u>	<u>792.7</u>	<u>349.0</u>	<u>335.3</u>
Current liabilities				
Trade and other payables	261.1	287.3	252.1	185.4
Income tax payable	47.6	42.9	11.0	9.8
Term loans	15.9	15.4	–	–
Finance leases	–	0.2	–	–
	<u>324.6</u>	<u>345.8</u>	<u>263.1</u>	<u>195.2</u>
Net current assets	<u>435.4</u>	<u>446.9</u>	<u>85.9</u>	<u>140.1</u>
Non-current liabilities				
Deferred tax liabilities	58.0	58.8	27.1	27.7
Term loans	92.7	89.6	92.5	89.2
Finance leases	0.1	0.1	–	–
Other long-term liabilities	6.0	7.8	–	–
	<u>156.8</u>	<u>156.3</u>	<u>119.6</u>	<u>116.9</u>
Net assets	<u><u>1,526.4</u></u>	<u><u>1,517.6</u></u>	<u><u>1,317.1</u></u>	<u><u>1,381.9</u></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 30.09.2015</u>		<u>As at 31.03.2015</u>	
<u>Secured</u> *	<u>Unsecured</u>	<u>Secured</u> *	<u>Unsecured</u>
1.7	14.2	12.0	3.6

Amount repayable after one year

<u>As at 30.09.2015</u>		<u>As at 31.03.2015</u>	
<u>Secured</u> *	<u>Unsecured</u>	<u>Secured</u> *	<u>Unsecured</u>
0.2	92.6	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 second quarter and half year ended 30 September 2015 (in \$ million)

	GROUP			
	2 nd Quarter		1 st Half	
	2015-16	2014-15	2015-16	2014-15
<u>Cash flows from operating activities</u>				
Profit before tax	71.5	53.6	131.4	102.6
Adjustments for:				
Interest and investment (income)/expense, net	(0.4)	(0.1)	(1.0)	0.1
Depreciation and amortisation charges	17.0	16.9	34.3	33.8
Unrealised foreign exchange gain	(1.7)	(0.4)	(0.8)	(0.5)
(Gain)/loss on disposal of property, plant and equipment	–	(0.2)	–	0.6
Share of results of associates/joint ventures, net of tax	(11.9)	(10.8)	(24.7)	(21.2)
Share-based payment expense	1.4	1.6	2.5	2.7
Impairment of assets held for sale	–	–	–	0.1
Net gain from transfer of business to a joint venture	–	–	(2.5)	–
Other non-cash items	0.2	0.2	0.2	0.4
Operating cash flows before working capital changes	76.1	60.8	139.4	118.6
Changes in working capital:				
Decrease/(increase) in receivables	28.5	(1.3)	(1.7)	(3.7)
(Increase)/decrease in prepayments and deposits	(2.6)	4.0	(8.6)	(3.0)
Decrease/(increase) in inventories	2.8	(0.3)	6.3	(1.8)
Decrease in payables	(31.3)	(24.3)	(28.1)	(21.0)
(Increase)/decrease in amount due from associates/ joint ventures	(30.5)	0.2	(30.1)	0.6
Cash generated from operations	43.0	39.1	77.2	89.7
Interest paid to third parties	(0.3)	(0.2)	(0.6)	(0.6)
Income taxes paid	(13.2)	(13.5)	(20.2)	(18.4)
Net cash from operating activities	29.5	25.4	56.4	70.7
<u>Cash flows from investing activities</u>				
Capital expenditure	(10.1)	(15.3)	(16.0)	(29.5)
Dividends from associates/joint venture	8.5	26.7	26.1	44.8
Dividends from long-term investment, gross	0.7	–	0.7	–
Net cash flow from the investment in a joint venture	–	–	(2.4)	–
Proceeds from disposal of interest in a subsidiary	–	2.7	–	2.7
Proceeds from disposal of interest in an associated company	–	–	–	1.2
Proceeds from disposal of property, plant and equipment	0.3	0.2	0.6	0.4
Interest received from deposits	0.8	0.3	1.6	0.5
Net cash from investing activities	0.2	14.6	10.6	20.1
<u>Cash flows from financing activities</u>				
Repayment of term loans	(0.1)	(0.3)	(0.3)	(0.6)
Repayment of finance leases and related charges	(0.1)	(0.1)	(0.2)	(0.3)
Drawdown of term loans	–	–	–	1.2
Proceeds from exercise of share options	3.9	1.0	8.9	3.3
Dividends paid	(99.9)	(89.8)	(99.9)	(89.8)
Purchase of treasury shares	–	(5.5)	(2.6)	(5.5)
Capital contributions from non-controlling interests	–	–	–	1.5
Dividends paid to non-controlling interests	–	–	(0.2)	(0.3)
Net cash used in financing activities	(96.2)	(94.7)	(94.3)	(90.5)
Net (decrease)/increase in cash and cash equivalents	(66.5)	(54.7)	(27.3)	0.3
Effect of exchange rate changes	1.8	(2.0)	0.5	(1.5)
Cash and cash equivalents at beginning of financial period	467.6	395.1	429.7	339.6
Cash and cash equivalents at end of financial period	402.9	338.4	402.9	338.4

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 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 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
Contributions by and distributions to owners												
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)
Others												
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 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 July 2014	367.9	(12.0)	13.9	8.0	(129.6)	1,207.9	–	(2.9)	0.1	1,453.3	98.3	1,551.6
Profit for the period	–	–	–	–	–	47.1	–	–	–	47.1	(1.4)	45.7
Other comprehensive income for the period	–	–	–	–	5.5	–	–	–	–	5.5	(2.7)	2.8
Total comprehensive income for the period	–	–	–	–	5.5	47.1	–	–	–	52.6	(4.1)	48.5
Contributions by and distributions to owners												
Share-based payment	–	–	1.6	–	–	–	–	–	–	1.6	–	1.6
Treasury shares reissued pursuant to equity compensation plans	–	7.2	(4.3)	–	–	–	–	(1.9)	–	1.0	–	1.0
Purchase of treasury shares	–	(5.5)	–	–	–	–	–	–	–	(5.5)	–	(5.5)
Dividends, net	–	–	–	–	–	(89.8)	–	–	–	(89.8)	–	(89.8)
Total contributions by and distributions to owners	–	1.7	(2.7)	–	–	(89.8)	–	(1.9)	–	(92.7)	–	(92.7)
Others												
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	(3.6)	(3.6)
Transfer to statutory reserve	–	–	–	0.1	–	(0.1)	–	–	–	–	–	–
Balance 30 September 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

* 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 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 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
<u>Contributions by and distributions to owners</u>						
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	367.9	(40.5)	8.9	988.0	(7.2)	1,317.1
Balance at 1 July 2014	367.9	(12.0)	13.9	973.9	(2.9)	1,340.8
Profit for the period	–	–	–	27.5	–	27.5
Total comprehensive income for the period	–	–	–	27.5	–	27.5
<u>Contributions by and distributions to owners</u>						
Share-based payment	–	–	1.6	–	–	1.6
Treasury shares reissued pursuant to equity compensation plans	–	7.2	(4.3)	–	(1.9)	1.0
Purchase of treasury shares	–	(5.5)	–	–	–	(5.5)
Dividends, net	–	–	–	(89.8)	–	(89.8)
Total contributions by and distributions to owners	–	1.7	(2.7)	(89.8)	(1.9)	(92.7)
Balance at 30 September 2014	367.9	(10.3)	11.2	911.6	(4.8)	1,275.6

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 July to September 2015, 1,623,200 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 2015, the number of outstanding share options was 7,310,785 (30 September 2014: 13,102,935).

The movement of share options of the Company during the period July to September 2015 was as follows:

Date of grant	Balance at 1.7.2015	Forfeited/ Lapsed	Exercised	Balance at 30.9.2015	Exercise price	Expired date
1.7.2005	702,000	(366,500)	(335,500)	–	\$1.97	30.6.2015
3.7.2006	1,337,385	(7,800)	(127,700)	1,201,885	\$1.80	02.7.2016
2.7.2007	5,410,000	(28,600)	(956,900)	4,424,500	\$2.76	01.7.2017
1.7.2008	1,903,100	(15,600)	(203,100)	1,684,400	\$1.92	30.6.2018
	<u>9,352,485</u>	<u>(418,500)</u>	<u>(1,623,200)</u>	<u>7,310,785</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 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. Both share plans which were due to expire 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 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 performance period with an equal vesting over a three-year period for RSP and a three-year performance 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 was not subject to any performance conditions and has vested equally over a two-year period.

For grants in FY2014-15

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 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.

For grants in 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 final number of restricted shares awarded could range between 0% to 120% of the initial grant of the restricted shares.

As at 30 September 2015, the number of shares outstanding under the Company's RSP and PSP were 3,408,542 and 2,328,300 (30 September 2014: 3,573,850 and 1,867,299) 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 1.7.2015 / Date of grant	Number of Restricted Shares			Balance at 30.9.2015
		Vested	Forfeited	Adjustments [#]	
01.08.2011	49,166	(49,166)	–	–	–
03.08.2011	202,892	(202,892)	–	–	–
01.08.2012	389,969	(215,722)	–	–	174,247
11.10.2012	23,095	(11,600)	–	–	11,495
16.07.2013	103,536	(103,536)	–	–	–
15.11.2013	955,600	(497,700)	(26,400)	–	431,500
03.12.2013	109,500	(54,800)	–	–	54,700
06.08.2014	1,593,500	(598,800)	(55,000)	236,400	1,176,100
03.08.2015	1,560,500	–	–	–	1,560,500
	4,987,758	(1,734,216)	(81,400)	236,400	3,408,542

PSP

Date of grant	Balance at 1.7.2015 / Date of grant	Number of Performance Shares			Balance at 30.9.2015
		Vested	Forfeited	Adjustments [#]	
11.03.2013	651,543	(608,000)	–	(43,543)	–
15.11.2013	836,300	–	(110,000)	–	726,300
03.12.2013	326,000	–	–	–	326,000
20.10.2014	1,373,000	–	(97,000)	–	1,276,000
	3,186,843	(608,000)	(207,000)	(43,543)	2,328,300

[#] Adjustment due to the performance factor at the end of the performance period upon meeting stated performance target.

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 2015	As at 31 March 2015
1,110,511,042	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 July	17,510,649	3,907,851	52.3	12.0
Purchases during the period	–	1,840,000	–	5.5
Issuance of treasury shares pursuant to equity compensation plans	(3,965,416)	(2,335,852)	(11.8)	(7.2)
Balance at 30 September	13,545,233	3,411,999	40.5	10.3

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			
	2nd Quarter		1st Half	
	2015-16	2014-15	2015-16	2014-15
Earnings per share based on net profit attributable to owners of the Company (cents):				
(i) Basic *	5.4	4.2	9.9	8.1
(ii) Diluted **	5.3	4.2	9.8	8.0

* 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 30.9.2015	As at 31.3.2015	As at 30.9.2015	As at 31.3.2015
Net asset value per ordinary share (cents)	130.5	130.4	118.6	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

Second Quarter FY2015-16

Group net profit attributable to owners of the Company for the second quarter was \$59.7 million, \$12.6 million or 26.8% higher than the corresponding quarter last year.

Against the same quarter last year, Group revenue fell \$19.5 million or 4.4% to \$422.7 million. The revenue from Food Solutions dropped \$24.7 million or 9.2% to \$243 million, due to the transfer of food distribution business to the new joint venture company SATS BRF Food Pte. Ltd. ("SBRF") in June 2015, loss of revenue from the divestment of its Australian subsidiary, Urangan Fisheries Pty Ltd and the weakening of the Japanese Yen. This drop was mitigated by the increase in Gateway Services' revenue of \$5.1 million or 2.9% to \$178.5 million.

Group expenditure dropped \$36.2 million or 9.1% to \$363.5 million across all expense categories except for depreciation and amortisation charges. The Group managed to contain its staff costs at a level below last corresponding quarter through a programme of automation and productivity initiatives. Cost of raw materials fell

\$17.3 million in line with lower revenue and the transfer of the food distribution business. Licence fees decline of \$3.1 million was attributed to lower revenue and rebates while company premise and utilities expenses were lower by \$3.7 million mainly due to drop in the utility rates and usage. Other costs declines included reduction in fuel and gas costs, transportation and distribution charges, sales and marketing expenses as well as higher foreign exchange gains.

Operating profit for the quarter was \$59.2 million, an increase of \$16.7 million or 39.3% over the same quarter last year attributed mainly to lower expenditure incurred as a result of the continuous efforts to control costs.

Share of after-tax profits from associates/joint ventures for the second quarter was \$11.9 million, \$1.1 million or 10.2% higher than the corresponding quarter last year, with growth in both Gateway and Food associates/joint ventures.

Tax expenses increased \$4.2 million due to higher profits generated in the quarter and some prior years' tax adjustments.

Revenue by business segment is summarised below:

	Revenue				
	2Q FY2015-16	%	2Q FY2014-15	%	Growth
	\$m		\$m		%
Food Solutions	243.0	58	267.7	61	(9.2)
Gateway Services	178.5	42	173.4	39	2.9
Corporate	1.2	-	1.1	-	9.1
	422.7	100	442.2	100	(4.4)

First Half FY2015-16

Group net profit attributable to owners of the Company for the first half was \$109.3 million, \$18.9 million or 20.9% higher than the corresponding period last year. The underlying net profit was \$106.8 million, \$16.3 million or 18% higher than last year.

Against the same period last year, Group revenue fell \$37.8 million or 4.3% to \$839.6 million. The revenue from Food Solutions dropped \$46.3 million or 8.7% to \$484.1 million, due to similar reasons as explained for the second quarter above. The drop was mitigated by the increase in Gateway Services' revenue of \$8.6 million or 2.5% to \$353.2 million, with growth from both its Singapore and Hong Kong businesses.

Group expenditure dropped \$58.8 million or 7.4% to \$736.4 million across all expense categories except for depreciation and amortisation charges. Notwithstanding the continuing labour cost pressures in Singapore, the Group managed to reduce staff costs by \$5.2 million through its automation and productivity initiatives. Cost of raw materials fell \$26.7 million, due partly to the transfer of food distribution business and better management in sourcing. Licence fees and company premise and utilities expenses declined \$5.5 million and \$5.2 million respectively, due to similar reasons as explained for the quarter. Significant reductions in other costs were in fuel and gas costs, transportation and distribution charges, sales and marketing expenses, rental of ground support equipment, maintenance expenses and professional fees, attributed to more stringent cost controls and management.

Operating profit for the half year was \$103.2 million, an increase of \$21 million or 25.5% over the same period last year, attributed mainly to the significant reduction in

operating expenses from continuous cost control and productivity improvement measures taken.

Share of after-tax profits from associates/joint ventures for the first half year was \$24.7 million, \$3.5 million or 16.5% higher than the same period last year, with growth in both Gateway and Food associates/joint ventures.

On 16 April 2015, the Group entered into a joint venture agreement with BRF GmbH, to set up a company for food distribution business in Singapore. On 3 June 2015, the Group completed the transfer of the said food distribution business to the new joint venture company, SBRF, and the sale of a 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 \$8.8 million higher than the corresponding period last year mainly due to higher profits generated in the period and some tax adjustments on the transfer of assets to SBRF. In addition, the tax expense in the corresponding period last year was also lower due to the reduction for prior year tax adjustments.

Revenue by business segment is summarised below:

	Revenue				
	1H FY2015-16	%	1H FY2014-15	%	Growth
	\$m		\$m		%
Food Solutions	484.1	58	530.4	61	(8.7)
Gateway Services	353.2	42	344.6	39	2.5
Corporate	2.3	-	2.4	-	(4.2)
	839.6	100	877.4	100	(4.3)

Statement of Financial Position Review

Total equity of the Group stood at \$1,526.4 million as at 30 September 2015, an increase of \$8.8 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 half year, and the reduction in treasury shares following issuance of shares under the equity compensation plans. This was partially offset by the FY2014-15 final dividend of \$99.9 million paid to shareholders in August 2015 and the increase in foreign currency translation losses arising from a stronger SGD against other Asian currencies.

The increase in non-current assets of \$20.8 million was mainly due to investment of \$37.8 million in the joint venture company SBRF. The above increase was partially offset by the reduction of \$12.3 million in investment in associates from dividends received from associates, as well as the reduction of \$10.7 million in property, plant and equipment.

Current assets were \$32.7 million lower mainly due to the reduction in assets of disposal groups classified as held for sale, trade and other receivables as well as cash and short-term deposits, partly offset by higher prepayments and deposits, amounts due from associates/joint ventures and inventories.

Assets of disposal groups classified as held for sale of \$61.2 million are assets identified as at 31 March 2015 to be transferred to SBRF in line with the business transfer as explained above, which had been completed in June 2015. Thus, the classification to this category of current assets was removed accordingly.

Cash and short-term deposits dropped \$8 million to \$402.9 million as at 30 September 2015. The decrease was mainly due to dividends paid to shareholders and capital expenditure, partly offset by cash generated from operations, dividends received from associates and proceeds from exercise of share options.

Prepayment and deposits was higher by \$8.1 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., which is in progress of obtaining the relevant regulatory approvals.

Total Group liabilities were \$481.4 million as at 30 September 2015, \$20.7 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 the higher term loans and income tax provision.

Cash Flows Review

In 2Q FY2015-16, net cash from operating activities of \$29.5 million improved by \$4.1 million compared to last corresponding period mainly due to the higher profit during the quarter, partially offset by movement in working capital. The net cash from operating activities for 1H FY FY2015-16 dropped \$14.3 million, with changes in working capital offsetting the impact of higher profit.

Net cash generated from investing activities for 2Q FY2015-16 and 1H FY2015-16 were lower by \$14.4 million and \$9.5 million respectively, compared to the last corresponding periods. The reductions for both periods were attributed mainly to investment in joint venture and lower dividends from associates, partly offset by the lower capital expenditure.

The cash used in financing activities was higher than the corresponding periods last financial year by \$1.5 million for 2Q FY2015-16 and \$3.8 million for 1H FY2015-16. The increases in outflows were mainly due to the higher dividends paid to shareholders, partly offset by reduction in purchase of treasury shares and higher proceeds from exercise of share options in both periods.

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 for SATS continues to be challenging with slower regional economic growth, competitive pressures in aviation and increasing manpower costs.

However, we remain confident in the long-term growth prospects for aviation and food solutions in Asia.

We are successfully raising productivity by adopting new technologies and driving economies of scale. We are also growing into adjacent businesses and geographies, as demonstrated by our offer to buy a 49% equity stake in Brahim's Airline Catering Holdings.

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	5 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 4 December 2015.

(d) CLOSURE OF BOOKS

NOTICE is hereby given that, the Transfer Books and Register of Members of the Company will be closed on 23 November 2015 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 20 November 2015 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 20 November 2015 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 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	—	1,330
	—	1,330

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 November 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 half year ended 30 September 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, 4 November 2015