

SATS aims to be the best handling agent in the world, providing airport ground handling, inflight catering and aviation security services of the highest quality, while giving value to customers and shareholders, and career fulfilment to staff.

## MISSION STATEMENT

## CONTENTS

1	CORPORATE INFORMATION
2	FINANCIAL CALENDAR
3	STATISTICAL HIGHLIGHTS
4	CHAIRMAN'S STATEMENT
6	REPORT BY THE BOARD OF DIRECTORS
11	AUDITORS' REPORT
12	CONSOLIDATED PROFIT AND LOSS ACCOUNT
13	BALANCE SHEETS
14	STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
16	CONSOLIDATED CASH FLOW STATEMENT
17	NOTES TO FINANCIAL STATEMENTS
19	ADDITIONAL INFORMATION REQUIRED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED
20	INFORMATION ON SHAREHOLDINGS
22	NOTICE OF ANNUAL GENERAL MEETING
25	PROXY FORM
27	REQUEST FORM

# CORPORATE INFORMATION

as at 16 May 2005

## BOARD OF DIRECTORS

**Cheng Wai Wing Edmund**  
Chairman

**Chew Choon Seng**  
Deputy Chairman

**Barry Henry Patrick Desker\***  
Director

**Richard Charles Helfer**  
Director

**Hong Hai**  
Director

**Ng Kee Choe**  
Director

**Ow Chin Hock**  
Director

**Tan Jiak Ngee Michael**  
Director

*\*Mr Barry Desker will retire from the Board at the Annual General Meeting on 19 July 2005*

**Mr Khaw Kheng Joo\*\***  
Proposed Director

*\*\*The resolution to appoint Mr Khaw as Director will be tabled at the Annual General Meeting on 19 July 2005*

## AUDIT & RISK MANAGEMENT COMMITTEE

**Ng Kee Choe**  
Chairman

**Hong Hai**  
Member

**Ow Chin Hock**  
Member

**Tan Jiak Ngee Michael**  
Member

## BOARD EXECUTIVE COMMITTEE

**Cheng Wai Wing Edmund**  
Chairman

**Chew Choon Seng**  
Member

**Ng Kee Choe**  
Member

## REMUNERATION & HUMAN RESOURCE COMMITTEE

**Cheng Wai Wing Edmund**  
Chairman

**Chew Choon Seng**  
Member

**Richard Charles Helfer**  
Member

## NOMINATING COMMITTEE

**Barry Henry Patrick Desker\*\*\***  
Chairman

**Richard Charles Helfer**  
Member

**Hong Hai\*\*\***  
Member

**Tan Jiak Ngee Michael**  
Member

*\*\*\*Dr Hong will take over from Mr Desker as Chairman of the Nominating Committee on 19 July 2005*

## COMPANY SECRETARY

**Yip Wai Ping Annabelle**

## REGISTERED OFFICE

20 Airport Boulevard  
Singapore 819659

## COMPANY REGISTRATION NO.

197201770G

## SHARE REGISTRAR

**M & C Services Private Limited**  
138 Robinson Road #17-00  
The Corporate Office  
Singapore 068906

## AUDITORS

**Ernst & Young**  
Certified Public Accountants  
10 Collyer Quay #21-01  
Ocean Building  
Singapore 049315

**Nagaraj Sivaram**  
Audit Partner-in-charge  
(From FY2000-01 to FY2004-05)

## CORPORATE MANAGEMENT

**Ng Chin Hwee**  
President and Chief Executive Officer

**Karmjit Singh**  
Chief Operating Officer

**Lim Kei Hin**  
Chief Financial Officer

**Leong Kok Hong**  
Senior Vice-President (Cargo)

**Tan Chuan Lye**  
Senior Vice-President (Catering)

**Denis Marie**  
General Manager  
SATS Security Services Pte Ltd

**Wong See Heng**  
General Manager  
Aero Laundry & Linen Services Pte Ltd

**Leong Yew Weng**  
Manager  
Aerolog Express Pte Ltd

**Tan Chiew Kuang Frankie**  
Chief Executive Officer  
Country Foods Pte Ltd

# FINANCIAL CALENDAR

---

## FINANCIAL YEAR ENDED 31 MARCH 2005

30 JULY 2004

Announcement of First Quarter results

28 OCTOBER 2004

Announcement of Second Quarter and Half Year results

29 OCTOBER 2004

Media/Analysts' briefing on Second Quarter and Half Year results

26 NOVEMBER 2004

Payment of 2004-05 Interim Dividend

26 JANUARY 2005

Announcement of Third Quarter results

11 MAY 2005

Announcement of Full Year results

12 MAY 2005

Media/Analysts' briefing on Full Year results

06 JUNE 2005

Despatch of Summary Financial Report to Shareholders

20 JUNE 2005

Despatch of Annual Report to Shareholders

19 JULY 2005

Annual General Meeting

03 AUGUST 2005

Proposed Payment of 2004-05 Final Dividend

## FINANCIAL YEAR ENDING 31 MARCH 2006

JULY 2005

Proposed Announcement of First Quarter results

OCTOBER 2005

Proposed Announcement of Second Quarter and Half Year results

JANUARY/FEBRUARY 2006

Proposed Announcement of Third Quarter results

MAY 2006

Proposed Announcement of Full Year results

# STATISTICAL HIGHLIGHTS

	2004-05	2003-04	% CHANGE
<b>FINANCIAL STATISTICS</b>			
<b>GROUP (\$ MILLION)</b>			
Total revenue	975.7	868.7	12.3
Total expenditure	775.5	677.9	14.4
Operating profit	200.2	190.8	4.9
Profit before tax	223.3	217.6	2.6
Profit after tax	174.1	189.6	– 8.2
Profit attributable to shareholders	173.8	189.8	– 8.4
Share capital	102.8	100.6	2.2
Distributable reserves	918.4	1,116.3	– 17.7
Non-distributable reserves			
Share premium	44.3	8.7	409.2
Statutory reserve	2.7	2.5	8.0
Shareholders' funds	1,068.2	1,228.1	– 13.0
Return on shareholders' funds (%)	15.1	16.4	– 1.3 points
Total assets	1,600.3	1,558.6	2.7
Total debt	249.0	49.7	401.0
Total debt equity ratio (times)	0.23	0.04	0.19 times
Net liquid assets	311.3	397.9	– 21.8
Value added	671.7	627.1	7.1
Economic value added	91.5	80.4	13.8
<b>PER SHARE DATA (CENTS)</b>			
Earnings before tax	21.9	21.6	1.4
Earnings after tax			
– basic	17.0	18.9	– 10.1
– diluted	16.9	18.9	– 10.6
Net asset value	103.9	122.1	– 14.8
<b>DIVIDENDS</b>			
Interim dividend (cents per share)	3.0	3.0	–
Proposed final dividend (cents per share)	6.0	5.0	1.0 cent
Proposed special dividend (cents per share)	–	37.0	– 37.0 cents
Dividend cover (times)	2.4	0.5	1.9 times
<b>OPERATING STATISTICS</b>			
<b>EMPLOYEE PRODUCTIVITY</b>			
Average number of employees	8,521	9,374	– 9.1
Revenue per employee (\$)	114,509	92,668	23.6
Value added per employee (\$)	78,824	66,897	17.8
<b>OPERATING DATA</b>			
Air freight throughput (in million tonnes)	1.42	1.38	3.1
Passengers served (in millions)	25.27	21.24	19.0
Inflight meals prepared (in millions)	23.53	19.73	19.3
Flights handled (in thousands)	76.09	63.13	20.5

**NOTES:**

- SATS' financial year is from 1 April to 31 March. Throughout this report, all financial figures are stated in Singapore Dollars, unless stated otherwise.
- Return on shareholders' funds is the profit after taxation and minority interests expressed as a percentage of the average shareholders' funds.
- Net liquid assets is derived by offsetting current loan liabilities against liquid assets.
- Basic earnings per share is computed by dividing the profit attributable to shareholders by the weighted average number of fully paid shares in issue.
- Diluted earnings per share is computed by dividing the profit attributable to shareholders by the weighted average number of fully paid shares in issue after adjusting for dilution of shares under the employee share option plan.
- Dividend cover is profit attributable to shareholders divided by net dividends.

# CHAIRMAN'S STATEMENT

---

Significantly, the contribution from our overseas operations rose 49.4% to \$50.5 million, vindicating our strategy to broaden SATS' earnings base by tapping into the dynamic growth of the regional aviation market through strategic investments and joint ventures.

## DEAR SHAREHOLDERS

The financial year 2004-2005 is a watershed for SATS. The competitive landscape was significantly altered when a third ground handler was established at Changi Airport in 2004 and our erstwhile competitor went through an ownership change. The changes raise the intensity of competition and put our mettle to the test.

In the last eighteen months or so, we had pro-actively taken steps to ensure that SATS remains well positioned in the new market environment. Several measures were taken to improve our cost competitiveness and product quality. They included the streamlining of our organisation structure and processes and a flexible wage structure. These measures, while achieving some positive effects were, however, insufficient to protect our market leader position in the new competitive environment. Decisive pre-emptive measures were needed to protect our market-leading position. In September 2004, a restructuring exercise had to be implemented involving staff retrenchments and outsourcing of positions. Retrenchment is always a measure of last resort but given the new competitive environment, the painful but necessary action could not be avoided. Management spent great effort to communicate the decision to staff and unions, and worked closely with the unions to minimize the pain for all affected staff. We are very appreciative of the support and cooperation of the unions. At a cost of \$28.8 million, the restructuring is expected to provide an annual savings of \$21 million, going forward.

Against this turbulent backdrop, management and staff of SATS worked hard throughout the financial year, and delivered a commendable performance. The Group's revenue for the year rose 12.3% to \$975.7 million, attributed to the strong rebound in air traffic during 2004. Whilst expenditure grew 14.4% to \$775.5 million mainly because of higher bonus provision and cost of raw materials, SATS was still able to report a 4.9% increase in operating profit of \$200.2 million. Even after accounting for the exceptional item of \$28.8 million associated with the cost of restructuring, profit before tax improved by

2.6% to \$223.3 million. Profit after tax, however, fell by 8.4% to \$173.8 million because of a one-off \$21.1 million tax writeback recorded for the financial year 2003-2004.

Significantly, the contribution from our overseas operations rose 49.4% to \$50.5 million, vindicating our strategy to broaden SATS' earnings base by tapping into the dynamic growth of the regional aviation market through strategic investments and joint ventures. Over the last 3 years, share of profits from our associated companies grew at a compounded annual growth rate of 29% and now contributes a full 20% of Group profit before tax. With growing pressure on rates and margins in our Singapore home market, SATS will continue to look afar for investment opportunities in the region. In this regard, I am pleased that following the completion of our purchase of a 49.8% stake in Jas Airport Services, a leading ground handler in Indonesia, in June 2004. We were also able to double our stake from 24.5% to 49%, in Asia Airfreight Terminal in August last year. The latter is a successful cargo handling joint venture in Hong Kong that we have been managing since its operational start-up in 1998. Air cargo traffic in Hong Kong is expected to continue on its healthy growth trend, riding on the economic boom in China, and construction for a second terminal has commenced to expand our handling capacity.

Notwithstanding the success achieved in our overseas ventures, we will continue to focus on strengthening and growing our Singapore operations. Last year, SATS welcomed a number of new airline customers during the year under review, including Air Zimbabwe, Austrian Airlines, Cardig Air, Northwest Airlines and Shandong Airlines. We also continued to grow our market share in the expanding budget carrier segment with the addition of Jetstar Asia, Tiger Airways and Valuair to our list of clients.

As at the end of the financial year, SATS had 52 airline clients to whom we provide in-flight catering, ground handling, aviation security or a combination of all three services. This represents a leading 77% market share of

Indeed, our staff has done us proud. Despite the difficulties posed by the restructuring, SATS staff stayed focused on our mission to deliver superior service and the best value to our customers.

all airlines operating out of Singapore. In terms of number of flights operating out of Singapore, our market share is higher, at 85%.

SATS also broadened our service and product capability during the year, assuming service operations at the new VIP Complex on behalf of the Ministry of Foreign Affairs at Changi Airport, handling the arrivals and departures of diplomatic guests and dignitaries. Indeed, it is a testimony to our service reputation and the quality of service delivery by our staff.

Indeed, our staff has done us proud. Despite the difficulties posed by the restructuring, SATS staff stayed focused on our mission to deliver superior service and the best value to our customers. Many of them surpassed themselves in terms of service excellence and, in 2004, a record total of 1,142 staff were recognized for exemplary service at the national Excellent Service Awards, or EXSA, surpassing our previous record of 1,003 awards garnered in 2003. SATS was by far the biggest winner at EXSA, with 131 staff receiving the "Star" award, 386 receiving the "Gold" award and 625 receiving the "Silver" award. It is the dedication and hard work of each and every member of the SATS family that makes the Group a truly world-class ground handling agent and the market leader in what we do.

It has indeed been a challenging year for SATS, as we improved our cost efficiency, further raised our level of service, widened our range of services and products, continued to diversify earnings through strategic overseas growth, while continuing to provide good earnings for our shareholders. Through it all, staff, unions and management have remained steadfast in our mission to be the best ground handling company.

The Board is pleased to announce a final dividend of 6 cents gross per share, amounting to \$49.3 million after tax. Together with the interim dividend of 3 cents gross per share, amounting to \$24.6 million after tax, paid on 26 November 2004, the ordinary dividend after tax for the

year will amount to \$73.9 million, representing a dividend payout of 42.5% or 37.6% if we exclude the \$28.8 million exceptional charge. This is an increase of one cent gross per share, or 12.5%, compared to the previous year, and is the third consecutive year that we have increased the dividend payment. Based on the average share price of \$2.08 for the financial year, the dividend yield is an attractive 4.3%.

Finally, I would like to thank my fellow Board members for their invaluable inputs and contributions throughout this past financial year. On behalf of the Board, I would also like to express our sincere appreciation to Mr Barry Desker who will be retiring from the Board on 19 July 2005 at the Company's Annual General Meeting, having served unstintingly for almost 6 years with SATS. Barry has been with the Company since prior to its public listing, contributing enormously not only at Board meetings but also on the Nominating Committee which he chaired.

I would also like to thank our airline clients, business partners and associates, and all of our shareholders for their continued and valued support. Most importantly, I would like to extend my sincere thanks to the SATS Management team, unions and to all staff for their continued loyalty, hard work and commitment. As a result of their combined efforts, SATS is now well-positioned to meet the challenges that lie ahead, and to further meet and surpass the expectations of our customers.

**Edmund Cheng Wai Wing**  
Chairman

27 May 2005

## REPORT BY THE BOARD OF DIRECTORS

### IMPORTANT NOTE

The summary financial report as set out on pages 6 to 19 does not contain sufficient information to allow for a full understanding of the results and state of affairs of the Company or of the Group. For further information, the full annual financial statements, the auditors' report on those financial statements, and the directors' report should be consulted. Shareholders may request a copy of the full annual report at no cost from the Company Secretary. Please use the request form at the end of this summary financial report.

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the year ended 31 March 2005.

### 1. DIRECTORS OF THE COMPANY

The names of the directors in office at the date of this report are:

Edmund Cheng Wai Wing - Chairman  
 Chew Choon Seng - Deputy Chairman  
 Michael Tan Jiak Ngee  
 Barry Desker  
 Richard Charles Helfer  
 Hong Hai  
 Ng Kee Choe  
 Ow Chin Hock

### 2. DIRECTORS' INTERESTS IN ORDINARY SHARES, SHARE OPTIONS AND DEBENTURES

The following directors who held office at the end of the financial year have, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act, Cap. 50, an interest in the ordinary shares, share options and debentures of the Company, the Company's immediate holding company and subsidiary companies of the Company's immediate and ultimate holding company other than wholly-owned subsidiary companies, as stated below:

Name Of Director	Direct Interest		Deemed Interest	
	1.4.2004	31.3.2005	1.4.2004	31.3.2005
<b>INTEREST IN SINGAPORE AIRLINES LIMITED</b>				
<b><u>Ordinary shares of \$0.50 each</u></b>				
Chew Choon Seng	214,000	214,000	-	-
Michael Tan Jiak Ngee	79,600	79,600	-	-
Barry Desker	2,000	2,000	4,000	4,000
Hong Hai	20,000	20,000	-	-
<b><u>Options to subscribe for ordinary shares of \$0.50 each</u></b>				
Chew Choon Seng	606,000	834,000	-	-
Michael Tan Jiak Ngee	606,000	606,000	-	-
<b>INTEREST IN SINGAPORE AIRPORT TERMINAL SERVICES LIMITED</b>				
<b><u>Ordinary shares of \$0.10 each</u></b>				
Chew Choon Seng	10,000	10,000	-	-
Michael Tan Jiak Ngee	16,000	16,000	-	-
Barry Desker	11,000	11,000	-	-
Richard Charles Helfer	11,000	11,000	-	-
Ng Kee Choe	11,000	11,000	-	-

## REPORT BY THE BOARD OF DIRECTORS

### 2. DIRECTORS' INTERESTS IN ORDINARY SHARES, SHARE OPTIONS AND DEBENTURES (CONT'D)

Name Of Director	Direct Interest		Deemed Interest	
	1.4.2004	31.3.2005	1.4.2004	31.3.2005
<b>INTEREST IN SIA ENGINEERING COMPANY LIMITED</b>				
<b><u>Ordinary shares of \$0.10 each</u></b>				
Chew Choon Seng	20,000	20,000	-	-
Michael Tan Jiak Ngee	41,000	41,000	-	-
Barry Desker	-	-	5,000	5,000
<b>INTEREST IN SINGAPORE TELECOMMUNICATIONS LIMITED</b>				
<b><u>Ordinary shares of \$0.15 each</u></b>				
Chew Choon Seng	11,880	11,040	-	-
Michael Tan Jiak Ngee	6,740	6,260	-	-
Barry Desker	1,540	1,430	7,740	7,190
Hong Hai	1,540	51,430	1,540	1,430
Ng Kee Choe	1,740	1,620	1,740	1,620
Ow Chin Hock	13,440	12,520	-	-
<b>INTEREST IN SINGAPORE TECHNOLOGIES ENGINEERING LIMITED</b>				
<b><u>Ordinary shares of \$0.10 each</u></b>				
Barry Desker	-	-	10,000	10,000
<b>INTEREST IN SNP CORPORATION LIMITED</b>				
<b><u>Ordinary shares of \$0.50 each</u></b>				
Edmund Cheng Wai Wing	35,000	35,000	-	-
Barry Desker	-	-	3,000	3,000
<b><u>Options to subscribe for ordinary shares of \$0.50 each</u></b>				
Edmund Cheng Wai Wing	30,000	80,000	-	-
<b>INTEREST IN RAFFLES HOLDINGS LIMITED</b>				
<b><u>Ordinary shares of \$0.50 each</u></b>				
Chew Choon Seng	12,000	12,000	-	-
Michael Tan Jiak Ngee	16,000	16,000	-	-
Barry Desker	-	-	60,000	60,000
Hong Hai	20,000	20,000	-	-
Ng Kee Choe	10,000	10,000	-	-
Richard Charles Helfer	250,000	100,000	-	-
<b>INTEREST IN SMRT CORPORATION LIMITED</b>				
<b><u>Ordinary shares of \$0.10 each</u></b>				
Chew Choon Seng	50,000	50,000	-	-
<b>INTEREST IN CAPITALAND LIMITED</b>				
<b><u>Ordinary shares of \$1 each</u></b>				
Ng Kee Choe	13,000	13,000	-	-
<b>INTEREST IN ST ASSEMBLY TEST SERVICES LIMITED</b>				
<b><u>Ordinary shares of \$0.25 each</u></b>				
Hong Hai	10,000	10,000	-	-
Barry Desker	-	-	20,000	20,000



## REPORT BY THE BOARD OF DIRECTORS

### 2. DIRECTORS' INTERESTS IN ORDINARY SHARES, SHARE OPTIONS AND DEBENTURES (CONT'D)

Name Of Director	Direct Interest		Deemed Interest	
	1.4.2004	31.3.2005	1.4.2004	31.3.2005
<b>INTEREST IN CHARTERED SEMICONDUCTOR MANUFACTURING LIMITED</b>				
<b><u>Ordinary shares of \$0.26 each</u></b>				
Hong Hai	4,000	4,000	-	-
Barry Desker	-	-	5,000	5,000
<b>INTEREST IN SEMBCORP LOGISTICS LIMITED</b>				
<b><u>Ordinary shares of \$0.25 each</u></b>				
Barry Desker	-	-	10,000	10,000
<b>INTEREST IN SEMBCORP INDUSTRIES LIMITED</b>				
<b><u>Ordinary shares of \$0.25 each</u></b>				
Edmund Cheng Wai Wing	-	-	-	5,000
<b>INTEREST IN CAPITAMALL TRUST MANAGEMENT LIMITED</b>				
<b><u>Unit holdings in CapitaMall Trust</u></b>				
Barry Desker	-	-	55,000	60,500
Ng Kee Choe	-	150,000	-	20,000
<b>INTEREST IN VERTEX TECHNOLOGY FUND (II) LIMITED</b>				
<b><u>Ordinary shares of US\$1 each</u></b>				
Ng Kee Choe	50	50	-	-
<b><u>Redeemable preference shares of US\$0.01 each</u></b>				
Ng Kee Choe	-	50	-	-

There was no change in any of the above-mentioned interests between the end of the financial year and 21 April 2005.

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangements to which the Company is a party, whereby directors might acquire benefits by means of the acquisition of shares and share options in, or debentures of, the Company or any other body corporate, other than pursuant to the Employee Share Option Plan of its immediate holding company, and the subsidiary companies of the Company's ultimate holding company.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

### 3. DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company which the director has a substantial financial interest.

## REPORT BY THE BOARD OF DIRECTORS

### 4. OPTIONS ON SHARES IN THE COMPANY

The SATS Employee Share Option Plan (the "Plan"), which comprises the Senior Executive Share Option Scheme for senior executives and the Employee Share Option Scheme for all other employees, was adopted in connection with the initial public offering undertaken by the Company in 2000 and a summary of which was set out in the Prospectus issued by the Company dated 4 May 2000. The Plan was modified at an extraordinary general meeting held on 7 July 2001 and was subsequently modified by the Company (as announced on 4 June 2003) and at extraordinary general meetings held on 19 July 2003 and 20 July 2004.

Under the Plan, all options to be issued will have a term no longer than 10 years from the date of grant. The exercise price of the option will be the average of the closing prices of the Company's ordinary shares on the SGX-ST for the five market days immediately preceding the date of grant.

Under the Employee Share Option Scheme, options will vest two years after the date of grant. Under the Senior Executive Share Option Scheme, options will vest:

- a) one year after the date of grant for 25% of the ordinary shares subject to the options;
- b) two years after the date of grant for an additional 25% of the ordinary shares subject to the options;
- c) three years after the date of grant for an additional 25% of the ordinary shares subject to the options; and
- d) four years after the date of grant for the remaining 25% of the ordinary shares subject to the options.

At the date of this report, the Committee administering the Plan comprises the following directors:

Edmund Cheng Wai Wing	-	Chairman
Chew Choon Seng	-	Member
Richard Charles Helfer	-	Member

No options have been granted to Directors of the Company, controlling shareholders of the Company or their associates, or parent group employees.

No employee has received 5% or more of the total number of options available under the Plan and no option was granted at a discount.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any right to participate in any share issue of any other company.

During the financial year, in consideration of the payment of \$1 for each offer accepted, offers of options were granted pursuant to the Plan in respect of 17,658,100 unissued ordinary shares of \$0.10 each in the Company at an exercise price of \$2.09\* per share.

## REPORT BY THE BOARD OF DIRECTORS

### 4. OPTIONS ON SHARES IN THE COMPANY (CONT'D)

At the end of the financial year, options to take up 62,756,850 unissued ordinary shares of \$0.10 each in the Company were outstanding:

Date Of Grant	Balance At 01.04.2004/ **Date Of Grant	Lapsed	Exercised	Not Accepted	Balance At 31.03.2005	Exercise Price*	Exercisable Period
28.3.2000	17,487,100	(198,800)	-	-	17,288,300	S\$2.20	28.3.2001 - 27.3.2010
3.7.2000	13,500,050	(49,500)	(5,754,100)	-	7,696,450	S\$1.80	3.7.2001 - 2.7.2010
2.7.2001	9,039,850	(54,000)	(6,623,900)	-	2,361,950	S\$1.24	2.7.2002 - 1.7.2011
1.7.2002	14,818,700	(76,900)	(9,185,750)	-	5,556,050	S\$1.60	1.7.2003 - 30.6.2012
1.7.2003	14,065,600	(132,200)	(271,600)	-	13,661,800	S\$1.47	1.7.2004 - 30.6.2013
1.7.2004	17,658,100	(137,300)	-	(1,328,500)	16,192,300	S\$2.09	1.7.2005 - 30.6.2014
	86,569,400	(648,700)	(21,835,350)	(1,328,500)	62,756,850		

\* At the extraordinary general meeting of the Company held on 20 July 2004, the Company's shareholders approved an amendment to the Plan allowing for adjustment to the exercise prices of existing options by the Committee administering the Plan, in the event of the declaration of a special dividend. At the same meeting, the Company's shareholders approved the declaration of a special dividend. The said Committee then approved a S\$0.30 reduction of the exercise prices of the outstanding share options. Ernst & Young, the auditors of the Company, have confirmed such adjustments to be, in their opinion, fair and reasonable. The exercise prices reflected here are the exercise prices after such adjustment.

\*\* Balance at date of grant for the most recent grant

### 5. AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee performed the functions specified in the Companies Act. The functions performed are detailed in the Report on Corporate Governance.

### 6. AUDITORS

The auditors, Ernst & Young, Certified Public Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board,

**EDMUND CHENG WAI WING**

Chairman

**CHEW CHOON SENG**

Deputy Chairman

Dated this 6th day of May 2005

## AUDITORS' REPORT

TO THE MEMBERS OF SINGAPORE AIRPORT TERMINAL SERVICES LIMITED

We have examined the accompanying summary financial statement set out on pages 12 to 18.

In our opinion, the summary financial statement is consistent, in all material respects, with the financial statements and the directors' report of Singapore Airport Terminal Services Limited and its subsidiary companies for the financial year ended 31 March 2005 from which they were derived, and complies with the requirements of S203A of the Companies (Amendment) Act 1995, and regulations made thereunder.

In our auditor's report dated 6 May 2005, which is reproduced below, we expressed an unqualified opinion on the financial statements of Singapore Airport Terminal Services Limited and its subsidiary companies:

"We have audited the accompanying financial statements of Singapore Airport Terminal Services Limited (the "Company") and its subsidiaries (the "Group") set out on pages # to # for the year ended 31 March 2005. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2005, and changes in equity of the Group and of the Company, the results and cash flows of the Group for the financial year ended on that date; and
- b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act."

For a better understanding of the financial position of the Company and the Group and the results of the operations of the Group for the year and of the scope of our audit, the summary financial statement should be read in conjunction with the full financial statements from which the summarised financial statement was derived and our audit report thereon.

### ERNST & YOUNG

Certified Public Accountants

**Dated this 6th day of May 2005**

#### Note:

# The page numbers are stated in the Auditors' report dated 6 May 2005 included in the SATS Annual Report for the financial year ended 31 March 2005.

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2005 (IN \$ THOUSANDS)

	Group	
	2004-05	2003-04
<b>REVENUE</b>	<b>975,733</b>	868,668
<b>EXPENDITURE</b>		
Staff costs	(426,965)	(366,057)
Cost of raw materials	(89,464)	(66,059)
Licensing fees	(64,154)	(60,661)
Depreciation charges	(63,198)	(61,500)
Company accommodation and utilities	(58,341)	(55,773)
Other costs	(73,450)	(67,799)
	<b>(775,572)</b>	(677,849)
<b>OPERATING PROFIT</b>	<b>200,161</b>	190,819
Interest on borrowings	(3,852)	(6,108)
Interest income	3,278	5,071
Dividend from long-term investment, gross	579	678
Share of profits of associated companies	50,489	33,774
Gain/(loss) on disposal of fixed assets	152	(97)
Amortisation of goodwill	(78)	(77)
Amortisation of deferred income	1,381	1,576
<b>PROFIT BEFORE EXCEPTIONAL ITEMS</b>	<b>252,110</b>	225,636
Exceptional items	(28,824)	(8,008)
<b>PROFIT BEFORE TAXATION</b>	<b>223,286</b>	217,628
Taxation	(49,184)	(27,976)
<b>PROFIT AFTER TAXATION</b>	<b>174,102</b>	189,652
Minority interests	(336)	217
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	<b>173,766</b>	189,869
<b>DIVIDENDS PAID</b>		
Final dividend of 5 cents (2004: 4 cents) per ordinary share of \$0.10 each less 20% (2004: 22%) tax in respect of previous financial year	40,786	31,228
Special dividend of 37 cents (2004: NIL) per ordinary share of \$0.10 each less 20% (2004: NIL) tax in respect of previous financial year	301,808	-
Interim dividend of 3 cents (2004: 3 cents) per ordinary share of \$0.10 each less 20% (2004: 22%) tax in respect of current financial year	24,624	23,521
	<b>367,218</b>	54,749
Basic earnings per share (cents)	<b>17.0</b>	18.9
Diluted earnings per share (cents)	<b>16.9</b>	18.9

## BALANCE SHEETS

AT 31 MARCH 2005 (IN \$ THOUSANDS)

	Group		Company	
	31.3.2005	31.3.2004	31.3.2005	31.3.2004
<b>SHARE CAPITAL</b>				
Authorised	<b>200,000</b>	200,000	<b>200,000</b>	200,000
Issued and fully paid	<b>102,784</b>	100,601	<b>102,784</b>	100,601
<b>RESERVES</b>				
Distributable				
Revenue reserve	<b>919,418</b>	1,113,068	<b>590,125</b>	689,723
Foreign currency translation reserve	<b>(1,107)</b>	3,171	-	-
Non-distributable				
Share premium	<b>44,295</b>	8,726	<b>44,295</b>	8,726
Statutory reserve	<b>2,726</b>	2,528	-	-
	<b>965,332</b>	1,127,493	<b>634,420</b>	698,449
<b>SHARE CAPITAL AND RESERVES</b>	<b>1,068,116</b>	1,228,094	<b>737,204</b>	799,050
<b>MINORITY INTERESTS</b>	<b>2,845</b>	2,509	-	-
<b>DEFERRED TAXATION</b>	<b>76,443</b>	81,309	<b>40,408</b>	41,305
<b>NOTES PAYABLE</b>	<b>200,000</b>	-	<b>200,000</b>	-
<b>LOAN FROM IMMEDIATE HOLDING COMPANY</b>	<b>43,024</b>	43,649	<b>43,024</b>	43,649
<b>TERM LOANS</b>	<b>4,270</b>	2,990	-	-
<b>DEFERRED INCOME</b>	<b>28,086</b>	29,816	<b>27,996</b>	29,816
	<b>1,422,784</b>	1,388,367	<b>1,048,632</b>	913,820
Represented by:				
<b>FIXED ASSETS</b>				
Leasehold land and buildings	<b>548,383</b>	578,182	<b>531,968</b>	561,666
Progress payments	<b>12,310</b>	25,219	<b>259</b>	205
Others	<b>174,546</b>	185,678	<b>1,959</b>	2,814
	<b>735,239</b>	789,079	<b>534,186</b>	564,685
<b>SUBSIDIARY COMPANIES</b>	-	-	<b>43,275</b>	43,275
<b>LONG-TERM INVESTMENT</b>	<b>7,886</b>	7,886	<b>7,886</b>	7,886
<b>ASSOCIATED COMPANIES</b>	<b>331,684</b>	141,001	<b>272,424</b>	95,231
<b>GOODWILL ON CONSOLIDATION</b>	<b>1,363</b>	1,441	-	-
<b>LOAN TO THIRD PARTY</b>	<b>43,024</b>	43,649	<b>43,024</b>	43,649
<b>CURRENT ASSETS</b>				
Trade debtors	<b>53,780</b>	59,986	<b>1,139</b>	1,052
Other debtors	<b>16,512</b>	9,297	<b>12,725</b>	5,436
Related companies	<b>204,522</b>	215,023	<b>152,900</b>	145,071
Associated companies	<b>1,072</b>	641	<b>1,072</b>	641
Stocks	<b>10,938</b>	8,954	<b>261</b>	343
Short-term non-equity investments	<b>37,750</b>	94,830	<b>37,750</b>	94,830
Bank fixed deposits	<b>139,341</b>	177,052	<b>138,841</b>	176,052
Cash and bank balances	<b>17,218</b>	9,812	<b>9,089</b>	3,897
	<b>481,133</b>	575,595	<b>353,777</b>	427,322
Less:				
<b>CURRENT LIABILITIES</b>				
Term loans	<b>893</b>	770	-	-
Bank overdraft - secured	<b>841</b>	2,297	-	-
Trade creditors	<b>110,605</b>	97,121	<b>16,140</b>	15,208
Other creditors	<b>8,945</b>	14,148	<b>4,509</b>	8,119
Related companies	-	-	<b>170,577</b>	232,556
Provision for taxation	<b>56,261</b>	55,948	<b>14,714</b>	12,345
	<b>177,545</b>	170,284	<b>205,940</b>	268,228
<b>NET CURRENT ASSETS</b>	<b>303,588</b>	405,311	<b>147,837</b>	159,094
	<b>1,422,784</b>	1,388,367	<b>1,048,632</b>	913,820

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 MARCH 2005 (IN \$ THOUSANDS)

	Share Capital	Share Premium	Revenue Reserve	Statutory Reserve*	Foreign Currency Translation Reserve	Total Equity
<b>GROUP</b>						
Balance at 1 April 2003	100,000	-	978,875	1,601	6,357	1,086,833
Share options exercised	601	8,726	-	-	-	9,327
Transfer to statutory reserve	-	-	(927)	927	-	-
Foreign currency translation adjustment	-	-	-	-	(3,186)	(3,186)
Net gain/(loss) not recognised in the profit and loss account	-	-	(927)	927	(3,186)	(3,186)
Profit attributable to shareholders for the financial year	-	-	189,869	-	-	189,869
Dividends, net	-	-	(54,749)	-	-	(54,749)
Balance at 31 March 2004	100,601	8,726	1,113,068	2,528	3,171	1,228,094
Share options exercised	2,183	35,569	-	-	-	37,752
Transfer to statutory reserve	-	-	(198)	198	-	-
Foreign currency translation adjustment	-	-	-	-	(4,278)	(4,278)
Net gain/(loss) not recognised in the profit and loss account	-	-	(198)	198	(4,278)	(4,278)
Profit attributable to shareholders for the financial year	-	-	173,766	-	-	173,766
Dividends, net	-	-	(367,218)	-	-	(367,218)
Balance at 31 March 2005	102,784	44,295	919,418	2,726	(1,107)	1,068,116

\* Certain countries in which some of the Group's associated companies 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 SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 MARCH 2005 (IN \$ THOUSANDS)

	Share Capital	Share Premium	Revenue Reserve	Total Equity
<b>COMPANY</b>				
Balance at 1 April 2003	100,000	-	619,797	719,797
Share options exercised	601	8,726	-	9,327
Profit attributable to shareholders for the financial year	-	-	124,675	124,675
Dividends, net	-	-	(54,749)	(54,749)
Balance at 31 March 2004	100,601	8,726	689,723	799,050
Share options exercised	2,183	35,569	-	37,752
Profit attributable to shareholders for the financial year	-	-	267,620	267,620
Dividends, net	-	-	(367,218)	(367,218)
Balance at 31 March 2005	102,784	44,295	590,125	737,204



## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2005 (IN \$ THOUSANDS)

	2004-05	2003-04
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	<b>223,286</b>	217,628
Adjustments for:		
Interest income	<b>(3,278)</b>	(5,071)
Interest on borrowings	<b>3,852</b>	6,108
Dividend from long-term investment	<b>(579)</b>	(678)
Depreciation of fixed assets	<b>63,198</b>	61,500
Effects of exchange rate changes	<b>493</b>	3,223
(Gain)/loss on disposal of fixed assets	<b>(152)</b>	97
Share of results of associated companies	<b>(50,489)</b>	(33,774)
Amortisation of goodwill	<b>78</b>	77
Amortisation of deferred income	<b>(1,381)</b>	(1,576)
Operating profit before working capital changes	<b>235,028</b>	247,534
(Increase)/decrease in debtors	<b>(1,557)</b>	8,759
(Increase)/decrease in stocks	<b>(1,984)</b>	1,154
Decrease/(increase) in amounts owing by related companies	<b>9,097</b>	(10,574)
Increase/(decrease) in creditors	<b>8,094</b>	(29,224)
Decrease in amounts due from associated companies	<b>685</b>	57
Cash generated from operations	<b>249,363</b>	217,706
Interest paid to third parties	<b>(3,376)</b>	(6,158)
Tax paid	<b>(41,246)</b>	(35,349)
<b>Net cash provided by operating activities</b>	<b>204,741</b>	176,199
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<b>(11,962)</b>	(28,201)
Investment in associated companies	<b>(175,104)</b>	-
Repayment of loan from associated companies	<b>254</b>	405
Dividends from associated companies	<b>20,235</b>	22,940
Proceeds from disposal of fixed assets	<b>376</b>	329
Interest received from deposits	<b>3,552</b>	4,906
Dividend received from long-term investment	<b>579</b>	678
Sale of short-term non-equity investments	<b>57,080</b>	22,955
<b>Net cash (used in)/provided by investing activities</b>	<b>(104,990)</b>	24,012
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank charges on sale and lease back arrangement	<b>(493)</b>	(499)
Repayment of term loan and notes payable	-	(200,620)
Proceeds from borrowings	<b>201,401</b>	2,898
Proceeds from exercise of share options	<b>37,752</b>	9,327
Dividends paid	<b>(367,218)</b>	(54,749)
Deferred income	<b>144</b>	-
<b>Net cash used in financing activities</b>	<b>(128,414)</b>	(243,643)
Net decrease in cash and cash equivalents	<b>(28,663)</b>	(43,432)
Effect of exchange rate changes	<b>(493)</b>	(3,223)
Cash and cash equivalents at beginning of financial year	<b>303,575</b>	350,230
Cash and cash equivalents at end of financial year	<b>274,419</b>	303,575

## NOTES TO FINANCIAL STATEMENTS

31 MARCH 2005

### 1. GENERAL

Singapore Airport Terminal Services Limited ("the Company") is a limited liability company incorporated in the Republic of Singapore. The Company is a subsidiary of Singapore Airlines Limited and its ultimate holding company is Temasek Holdings (Private) Limited, both incorporated in the Republic of Singapore. Related companies in these financial statements refer to members of the group of companies owned or controlled by Singapore Airlines Limited.

The registered office of the Company is at 20 Airport Boulevard, Singapore 819659.

The Company is principally an investment holding company. Its other activities include rental of premises.

The principal activities of the Group are to provide the following services at Singapore Changi Airport to its airline customers:

- Ground handling services including airfreight handling services, passenger services, baggage handling services and apron services;
- Inflight catering services including aircraft interior cleaning and cabin handling services;
- Aviation security services;
- Airline laundry services; and
- Airport cargo delivery management services.

The Group is also engaged in the activity of manufacturing of chilled and frozen meat, seafood products, soups, sauces, convenient meals, processed fruits and vegetables. During the year, the Group acquired 34% interest in Ready Fresh Pte Ltd. There have been no significant changes in the nature of the activities during the financial year.

The consolidated financial statements for the financial year ended 31 March 2005 were authorised for issue in accordance with a resolution of the Directors on 6 May 2005.

### 2. SIGNIFICANT RELATED PARTY TRANSACTIONS (In \$ Thousands)

The following transactions are entered into by the Group with related parties at market rates:

	Group	
	2004-05	2003-04
Services rendered by:		
Immediate holding company	<b>15,602</b>	15,250
Related companies	<b>38</b>	346
	<b>15,640</b>	15,596
Sales to:		
Immediate holding company	<b>422,762</b>	361,272
Related companies	<b>155,751</b>	151,899
Associated companies	<b>1,505</b>	1,284
	<b>580,018</b>	514,455
Interest income from:		
Immediate holding company	<b>953</b>	1,080
Associated companies	<b>7</b>	24
	<b>960</b>	1,104

## NOTES TO FINANCIAL STATEMENTS

31 MARCH 2005

## 2. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D) (In \$ Thousands)

**Directors' and key executives' remuneration of the Company:**

	Company	
	2004-05	2003-04
<b>KEY EXECUTIVES (EXCLUDING EXECUTIVE DIRECTORS)</b>		
Salary, bonuses and other costs	<b>1,819</b>	2,225
CPF and other defined contributions	<b>42</b>	86
	<b>1,861</b>	2,311
<b>DIRECTORS</b>		
Directors fees	<b>533 *</b>	412

\* Proposed

Share options granted to and exercised by key executives of the Company are as follows:

Name Of Participant	Options Granted During Financial Year Under Review	Exercise Price For Options Granted During Financial Year Under Review	Aggregate Options Granted Since Commencement Of Scheme To End Of Financial Year Under Review	Aggregate Options Exercised Since Commencement Of Scheme To End Of Financial Year Under Review	Aggregate Options Outstanding At End Of Financial Year Under Review
Ng Chin Hwee	326,000	\$2.09	326,000	-	326,000
Karmjit Singh	94,000	\$2.09	1,134,000	(387,750)	746,250
Leong Kok Hong	70,000	\$2.09	501,500	(78,000)	423,500
Tan Chuan Lye	81,500	\$2.09	513,000	(78,000)	435,000

## ADDITIONAL INFORMATION

REQUIRED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

### 1 INTERESTED PERSON TRANSACTIONS (In \$ Thousands)

Interested person transactions under the shareholders' mandate for the year are as follows:

Name Of Interested Person	Aggregate Value Of All Interested Person Transactions Entered Into During The Financial Years Below (Excluding Transactions Of Value Less Than \$100,000 And Transactions Conducted Under The Shareholders' Mandate Pursuant To Rule 920)		Aggregate Value Of All Interested Person Transactions Entered Into During The Financial Years Below Under The Shareholders' Mandate Pursuant To Rule 920 (Excluding Transactions Of Value Less Than \$100,000)	
	2004-05	2003-04	2004-05	2003-04
Singapore Airlines Limited	-	-	98,100	9,732
Singapore Airlines Cargo Pte Ltd	-	-	40,000	144
SembCorp Environmental Management Pte Ltd	-	-	5,009	-
SES Systems Pte Ltd	-	-	891 #	-
Republic Advertising Consultants (a division of SNP Corporation Limited)	-	-	675	-
Changi International Airport Services Pte Ltd	76,500	-	-	-
Premas International Ltd	-	-	-	2,180
Invo-Tech Engineering Pte Ltd	-	-	-	4,384
Keppel Electric Pte Ltd	-	-	-	1,680
NCS Communications Engineering Pte Ltd	-	-	-	2,728
SembCorp Power Pte Ltd	-	-	-	1,463
SIA Engineering Company Limited	-	-	-	308
CET Technologies Pte Ltd	-	-	-	974
SIA Properties Pte Ltd	-	-	-	276
SilkAir Pte Ltd	-	-	-	241
Eagle Services Asia Pte Ltd	-	-	-	154
Singapore Food Industries Ltd	-	-	-	117
SembCorp Logistics Ltd	-	260 *	-	-
<b>Total</b>	<b>76,500</b>	<b>260</b>	<b>144,675</b>	<b>24,381</b>

\* This was previously reflected as \$255,000 in our Annual Report 2003-04 and our quarterly financial statements for 2<sup>nd</sup> quarter 2003-04. It has since come to our attention that the amount should be correctly reflected as \$260,000.

# Includes amounts invoiced and paid in FY2003-04

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

## INFORMATION ON SHAREHOLDINGS

AS AT 16 MAY 2005

Authorised share capital : 2,000,000,000 ordinary shares of S\$0.10 each  
 Issued and fully paid : 1,028,054,425 ordinary shares of S\$0.10 each  
 Voting Rights : One Vote Per Share

### ANALYSIS OF SHAREHOLDINGS

Range Of Shareholdings	No. Of Shareholders		Amount Of Shareholdings	
		%		%
1 – 999	165	0.74	70,918	0.01
1,000 – 10,000	21,623	96.57	40,319,527	3.92
10,001 – 1,000,000	596	2.66	23,180,466	2.25
1,000,001 and above	8	0.03	964,483,514	93.82
<b>Total</b>	<b>22,392</b>	<b>100.00</b>	<b>1,028,054,425</b>	<b>100.00</b>

### MAJOR SHAREHOLDERS

No.	Name	No. Of Shares Held	%
1	SINGAPORE AIRLINES LIMITED	870,000,000	84.63
2	UNITED OVERSEAS BANK NOMINEES PTE LTD	24,759,600	2.41
3	CITIBANK NOMINEES SINGAPORE PTE LTD	24,112,153	2.34
4	DBS NOMINEES PTE LTD	19,746,261	1.92
5	RAFFLES NOMINEES PTE LTD	16,341,300	1.59
6	HSBC (SINGAPORE) NOMINEES PTE LTD	6,143,700	0.60
7	MERRILL LYNCH (S'PORE) PTE LTD	2,027,000	0.20
8	OCBC NOMINEES SINGAPORE PTE LTD	1,353,500	0.13
9	CAPITAL INTELLIGENCE LIMITED	830,000	0.08
10	REALTY & INVESTMENT HOLDINGS PTE LTD	600,000	0.06
11	UOB KAY HIAN PTE LTD	565,000	0.05
12	OCBC SECURITIES PRIVATE LTD	522,500	0.05
13	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	419,000	0.04
14	PHILLIP SECURITIES PTE LTD	371,600	0.04
15	BNP PARIBAS PEREGRINE SEC PTE LTD	347,000	0.03
16	ROYAL BANK OF CANADA (ASIA) LTD	332,000	0.03
17	LIM THIAM YEW	329,000	0.03
18	DBS VICKERS SECURITIES (S) PTE LTD	300,000	0.03
19	YAP SIEAN SIN	300,000	0.03
20	W. GAN SDN. BHD.	286,000	0.03
		<b>969,685,614</b>	<b>94.32</b>

## INFORMATION ON SHAREHOLDINGS

AS AT 16 MAY 2005

### SUBSTANTIAL SHAREHOLDERS

As at 16 May 2005, the substantial shareholders of the Company and their direct and deemed interests, as shown in the Company's Register of Substantial Shareholders, were as follows:

Name Of Substantial Shareholder	No. Of Shares In Which The Substantial Shareholder Has A Direct Interest (Representing Percentage Of Total Shareholding**)	No. Of Shares In Which The Substantial Shareholder Has A Deemed Interest (Representing Percentage Of Total Shareholding**)	Total No. Of Shares In Which The Substantial Shareholder Is Interested (Representing Percentage Of Total Shareholding**)
Temasek Holdings (Private) Limited	-	*870,010,000 (approximately **84.63%)	870,010,000 (approximately **84.63%)
Singapore Airlines Limited	870,000,000 (approximately **84.63%)	-	870,000,000 (approximately **84.63%)

\* Derived mainly through the direct interest of Singapore Airlines Limited

\*\* The shareholding percentages have been calculated based on a total issued share capital of 1,028,054,425 shares as at 16 May 2005.

### SHAREHOLDING HELD BY THE PUBLIC

As at 16 May 2005, the percentage of shareholding of the Company held in the hands of the public (as defined in the SGX-ST Listing Manual) was approximately 15.33%, and accordingly the Company confirms that Rule 723 of the SGX-ST Listing Manual has been complied with.

## **SINGAPORE AIRPORT TERMINAL SERVICES LIMITED**

(Incorporated in the Republic of Singapore)  
Company Registration No. 197201770G

### **NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** the 32nd Annual General Meeting of the Company will be held at the Mandarin Ballroom, Level 6, South Tower, Meritus Mandarin Singapore, 333 Orchard Road, Singapore 238867, on Tuesday 19 July 2005 at 10.00 am to transact the following business:

#### **ORDINARY BUSINESS**

1. To receive and adopt the Directors' Report and Audited Accounts for the year ended 31 March 2005 and the Auditors' Report thereon.
2. To declare a final dividend of 60% or 6 cents per share less income tax of 20% for the year ended 31 March 2005.
3. To re-elect Dr Ow Chin Hock, who will retire by rotation in accordance with Article 83 of the Company's Articles of Association and who, being eligible, will offer himself for re-election as Director.
4. To re-elect Mr Ng Kee Choe, who will retire by rotation in accordance with Article 83 of the Company's Articles of Association and who, being eligible, will offer himself for re-election as Director.
5. To appoint Mr Khaw Kheng Joo as Director pursuant to Article 89 of the Company's Articles of Association.
6. To re-appoint Messrs Ernst & Young as Auditors of the Company to hold office until the next Annual General Meeting and to authorise the Directors to fix their remuneration.
7. To approve payment of Directors' Fees of \$532,879.46 (FY2003/04: \$411,600.00) for the year ended 31 March 2005.

#### **SPECIAL BUSINESS**

##### **ORDINARY RESOLUTION**

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:  

"That the Board of Directors of the Company be and is hereby authorised to offer and grant Options (as defined in the SATS Employee Share Option Plan (the "Plan")) in accordance with the rules of the Plan and to allot and issue from time to time such number of ordinary shares of \$0.10 each in the capital of the Company as may be required to be issued pursuant to the exercise of the Options under the Plan, Provided Always that the aggregate number of such ordinary shares to be issued pursuant to the Plan shall not exceed 15 per cent of the total issued ordinary share capital of the Company from time to time."
9. To transact any other business which may arise and can be transacted at an annual general meeting.

**NOTICE IS HEREBY GIVEN THAT**, subject to approval being obtained at the 32nd Annual General Meeting of the Company for the declaration of the final dividend to be paid on 3 August 2005, the Transfer Books and Register of Members of the Company will be closed on 26 July 2005 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 Registrars, M & C Services Private Limited, at 138 Robinson Road, #17-00, The Corporate Office, Singapore 068906, up to 5.00 pm on 25 July 2005 will be registered to determine shareholders' entitlements to the proposed final 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 pm on 25 July 2005 will be entitled to the proposed final dividend.

By order of the Board

**YIP WAI PING ANNABELLE**

Company Secretary

**Dated this 6th day of June 2005**  
**Singapore**

**SINGAPORE AIRPORT TERMINAL SERVICES LIMITED**

(Incorporated in the Republic of Singapore)  
Company Registration No. 197201770G

**NOTICE OF ANNUAL GENERAL MEETING****EXPLANATORY NOTES**

- i. Mr Barry Desker will retire from office at the Annual General Meeting pursuant to Article 83 of the Company's Articles of Association, and will not be standing for re-election. The Board thanks Mr Desker for his contributions and service to the Company during his tenure as a Director.
- ii. In relation to Ordinary Resolution Nos. 3 and 4, Dr Ow Chin Hock and Mr Ng Kee Choe will also be retiring from office at the Annual General Meeting pursuant to Article 83 of the Company's Articles of Association, and will be standing for re-election at the Annual General Meeting. Dr Ow will upon re-election continue to serve as a member of the Audit and Risk Management Committee. Mr Ng will upon re-election continue to serve as Chairman of the Audit and Risk Management Committee and as a member of the Board Executive Committee. The Nominating Committee and the Board consider Dr Ow and Mr Ng as independent Directors. Please refer to the sections on Board of Directors and Corporate Governance in the SATS Annual Report for FY2004-05 for more information relating to Dr Ow and Mr Ng.
- iii. In relation to Ordinary Resolution No. 5, please refer to the section on Proposed Director in the SATS Annual Report for FY2004-05 for more information relating to Mr Khaw Kheng Joo. The Board considers Mr Khaw to be an independent Director.
- iv. Ordinary Resolution No. 7 is to approve the payment of Directors' Fees of \$532,879.46 (FY2003/04: \$411,600.00) for the year ended 31 March 2005, for services rendered by Directors on the Board as well as various Board Committees. The formula for computation of the said Directors' Fees is set out in the Corporate Governance section in the SATS Annual Report for FY2004-05. In it, the basic retainer fee for Directors and the allowances for the Deputy Chairman and for Chairmen and members of the various Board Committees have been increased, in line with market practice and commensurate with their duties and responsibilities, and to address the need for the Company to pay competitive and equitable remuneration in order to attract and retain Directors with the necessary capabilities and desired attributes to serve on the Board and add value to the Company and its shareholders. Prior to this proposed increase, the basic retainer fee for Directors had been kept at \$28,000 since FY2000-01 (and indeed had been reduced for FY2001-02 due to the general economic downturn and the events of 11 September 2001 which occurred in that year).
- v. Ordinary Resolution No. 8 is to authorise the Directors to offer and grant options and to allot and issue shares upon the exercise of such options in accordance with the provisions of the SATS Employee Share Option Plan (the "Plan"), provided that the aggregate number of shares to be issued pursuant to the Plan does not exceed 15 per cent of the total issued share capital of the Company from time to time. The modified and restated Plan was approved at the Extraordinary General Meeting of the Company held on 7 July 2001, and amended by the Company to comply with the provisions of the revised Listing Manual of the SGX-ST as announced on 4 June 2003, and further amended at the Extraordinary General Meetings of the Company held on 19 July 2003 and 20 July 2004 respectively.

**NOTES**

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy must be deposited at Robinson Road Post Office, P O Box 2114, Singapore 904114 not less than 48 hours before the time appointed for the Meeting.



This page is intentionally left blank.

**SINGAPORE AIRPORT TERMINAL SERVICES LIMITED**

(Incorporated in the Republic of Singapore)  
Company Registration No. 197201770G

**IMPORTANT**

1. For investors who have used their CPF monies to buy the Company's shares, this Report is forwarded to them at the request of their CPF approved nominees and is sent solely FOR THEIR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

**PROXY FORM**

\*I/We \_\_\_\_\_ (NRIC/Passport No.: \_\_\_\_\_) of

being a \*member/members of Singapore Airport Terminal Services Limited, hereby appoint

Name	Address	NRIC/Passport Number	Proportion Of Shareholdings (No. Of Shares)

and/or (delete as appropriate)

--	--	--	--

or failing \*him/her, the Chairman of the Annual General Meeting ("AGM") of the Company, as \*my/our \*proxy/proxies to attend and to vote for \*me/us and on \*my/our behalf and, if necessary, to demand a poll, at the AGM of the Company to be held on 19 July 2005 and at any adjournment thereof.

\*I/We direct \*my/our \*proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the \*proxy/proxies will vote or abstain from voting at \*his/their discretion, as \*he/they will on any other matter arising at the AGM and at any adjournment thereof. If no person is named in the above boxes, the Chairman of the AGM shall be \*my/our proxy to vote, for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder, for \*me/us and on \*my/our behalf at the AGM and at any adjournment thereof.

No.	Resolution	**For	**Against
	<b>Ordinary Business</b>		
1	Adoption of the Directors' Report, Audited Accounts and the Auditors' Report		
2	Declaration of final dividend		
3	Re-election of Dr Ow Chin Hock retiring by rotation in accordance with Article 83		
4	Re-election of Mr Ng Kee Choe retiring by rotation in accordance with Article 83		
5	Appointment of Mr Khaw Kheng Joo as Director pursuant to Article 89		
6	Re-appointment and remuneration of Auditors		
7	Approval of Directors' Fees		
	<b>Special Business</b>		
8	Authority for Directors to offer and grant options and issue shares in accordance with the provisions of the SATS Employee Share Option Plan		

\* Please delete accordingly

\*\* Please indicate your vote "For" or "Against" with a "√" within the box provided

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2005

\_\_\_\_\_  
Signature(s) of Member(s) or Common Seal

No. Of Shares Held

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**NOTES:**

1. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member appoints two proxies, he must specify the proportion of his shareholding to be represented by each proxy, failing which the appointments will be deemed to have been made in the alternative.
3. The instrument appointing a proxy or representative must be signed by the appointor or his duly authorised attorney or if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.
4. A corporation which is a member may also appoint by resolution of its directors or other governing body an authorised representative or representatives in accordance with its Articles of Association and Section 179 of the Companies Act (Cap. 50) of Singapore, to attend and vote on its behalf.
5. The instrument appointing a proxy or proxies (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) must be deposited at Robinson Road Post Office, P.O. Box 2114 Singapore 904114, at least 48 hours before the time appointed for the AGM.
6. On a show of hands, the Chairman of the AGM, who may be appointed as proxy by one or more members and who may also be a member in his own name, may vote as he deems fit, subject to applicable law.
7. A member should insert the total number of Shares held. If the member has Shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act (Cap. 50) of Singapore), he should insert that number of Shares. If the member has Shares registered in his name in the Register of Members, he should insert that number of Shares. If the member has Shares entered against his name in the Depository Register as well as Shares registered in his name in the Register of Members, he should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by the member.
8. The Company shall be entitled to reject this instrument of proxy if it is incomplete, or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of a member whose Shares are entered in the Depository Register, the Company shall be entitled to reject this instrument of proxy which has been lodged if such member is not shown to have Shares entered against his name in the Depository Register at least 48 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

FOLD ALONG THIS LINE (1)



Please  
Affix  
Postage  
Stamp

**THE COMPANY SECRETARY  
SINGAPORE AIRPORT TERMINAL SERVICES LIMITED**

Robinson Road Post Office  
P O Box 2114  
Singapore 904114

FOLD ALONG THIS LINE (2)



FOLD ALONG THIS LINE (1)



**BUSINESS REPLY SERVICE  
PERMIT NO. 06426**



**THE COMPANY SECRETARY  
SINGAPORE AIRPORT TERMINAL SERVICES LIMITED**

Robinson Road Post Office  
P O Box 2114  
Singapore 904114

**POSTAGE WILL BE PAID  
BY LICENSEE.  
FOR POSTING IN  
SINGAPORE ONLY.**

FOLD ALONG THIS LINE (2)

DESIGN AND PRODUCTION  
BY Q-PLUS DESIGN

**REGISTERED OFFICE**

Singapore Airport Terminal Services Limited (SATS)  
20 Airport Boulevard  
SATS Inflight Catering Centre 1  
Singapore 819659

**COMPANY REGISTRATION NO.**

197201770G

**CORPORATE WEBSITE**

[www.sats.com.sg](http://www.sats.com.sg)

**INVESTOR RELATIONS CONTACT**

T (65) 6541 8153

F (65) 6541 8154