SHAPE OF THINGS TO COME

sats

SATS LTD. ANNUAL REPORT 2010-2011

CONTENTS

We aim to be the first choice provider of gateway services and food solutions by leveraging on our capabilities to delight users and exceed customers' expectations.

LOGO RATIONALE

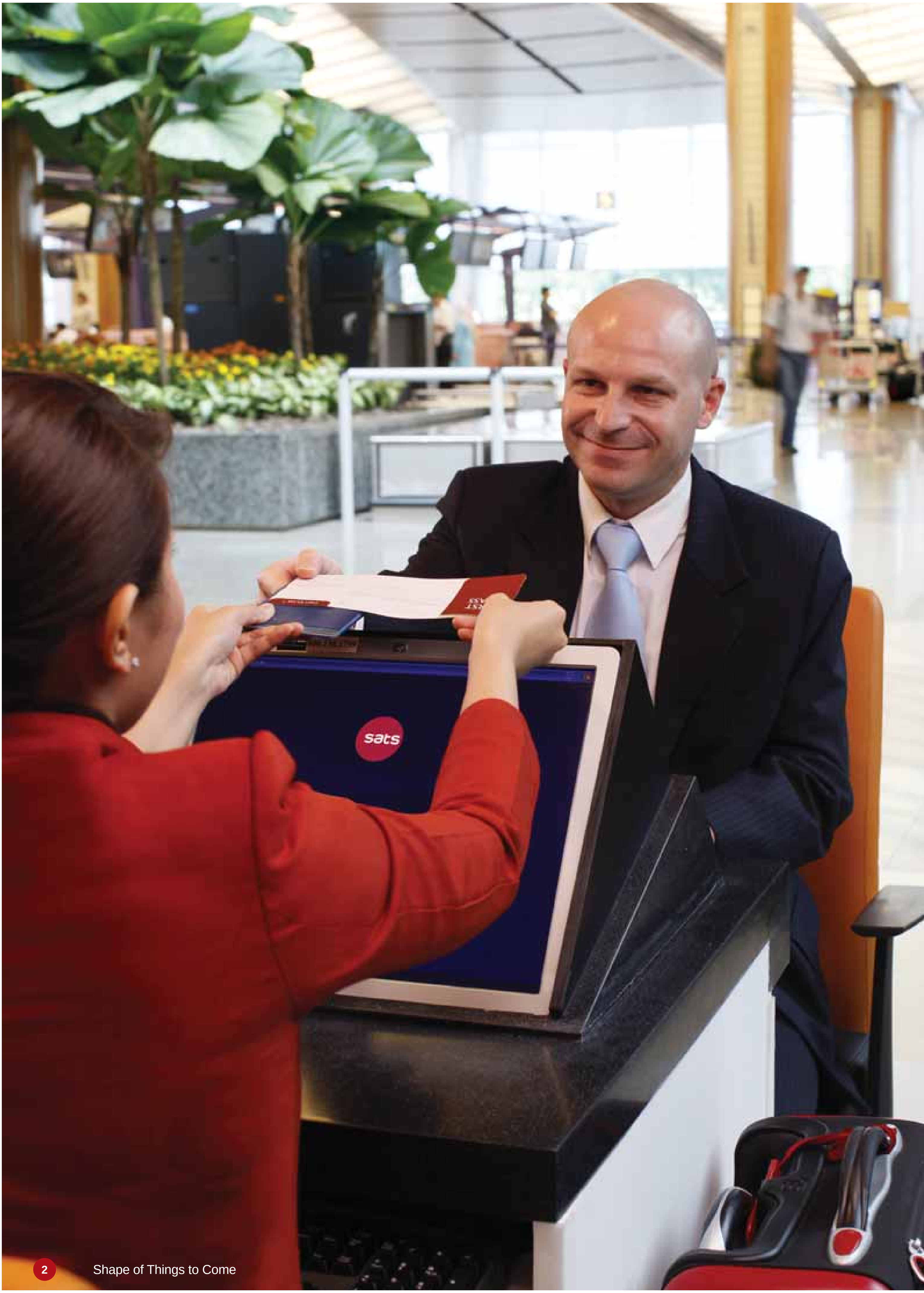
With its strong competencies in gateway services and food solutions, SATS is well poised to grow its core businesses in Singapore and globally, in both aviation and non-aviation sectors.

Our new brand identity signifies our global aspiration and commitment to continually delight our customers with value propositions. Through this identity, we aim to build a unified, consistent representation across our core businesses as we continue to grow globally. We aspire to develop a unique and strong service culture that is synonymous with the SATS brand over time and this will be propagated across our global network. This is the **shape of things to come**.

The circle is symbolic of our strength as a global service provider, one that offers seamless and reliable service. It also articulates our ability to delight customers and exceed their expectations, which gives rise to a logo that bears a seal of approval.

What sets us apart is our enduring commitment to deliver the best. We take pride in our work and aspire to build more than just partnerships with our customers – we set out to build lasting relationships that delight. This is reflected in our logotype, where the facing letters "s" and "a" denote the constant dialogue we have with our customers, anticipating and providing consistent, premium and innovative solutions for their needs. Our new brand is identified by the SATS crimson, which brings out the warmth and passion that we extend to our customers.

These elements work cohesively to form an icon that is simple yet meaningful, creating a brand identity that is synonymous with quality and excellence.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Key Figures

Revenue		**Free Cashflow**	
$1,729.1m	+12.4%	$132.2m	-30.5%
Operating Profit		**Economic Value Added**	
$184.5m	+0.1%	$68.3m	+1.6%
Share of Profits of Associates and JVs		**Dividend Per Share**	
$61.2m	+46.1%	17¢	+30.8%
Profit Attributable to Equity Holders		**Dividend Payout Ratio**	
$191.4m	+5.6%	98.4%	+19.9ppt
Underlying Net Profit		**Earnings Per Share**	
$197.4m	+20.3%	17.4¢	+4.2%
Total Assets		**Return On Equity**	
$2,308.1m	+20.9%	12.7%	+0.1ppt

DELIVERING THROUGH UNDERSTANDING

To provide a delightful service experience is to gain a deeper understanding of what our customers want. Through close collaboration, we deliver customised solutions that exceed expectations time after time.

DELIGHTING THROUGH PERFORMANCE

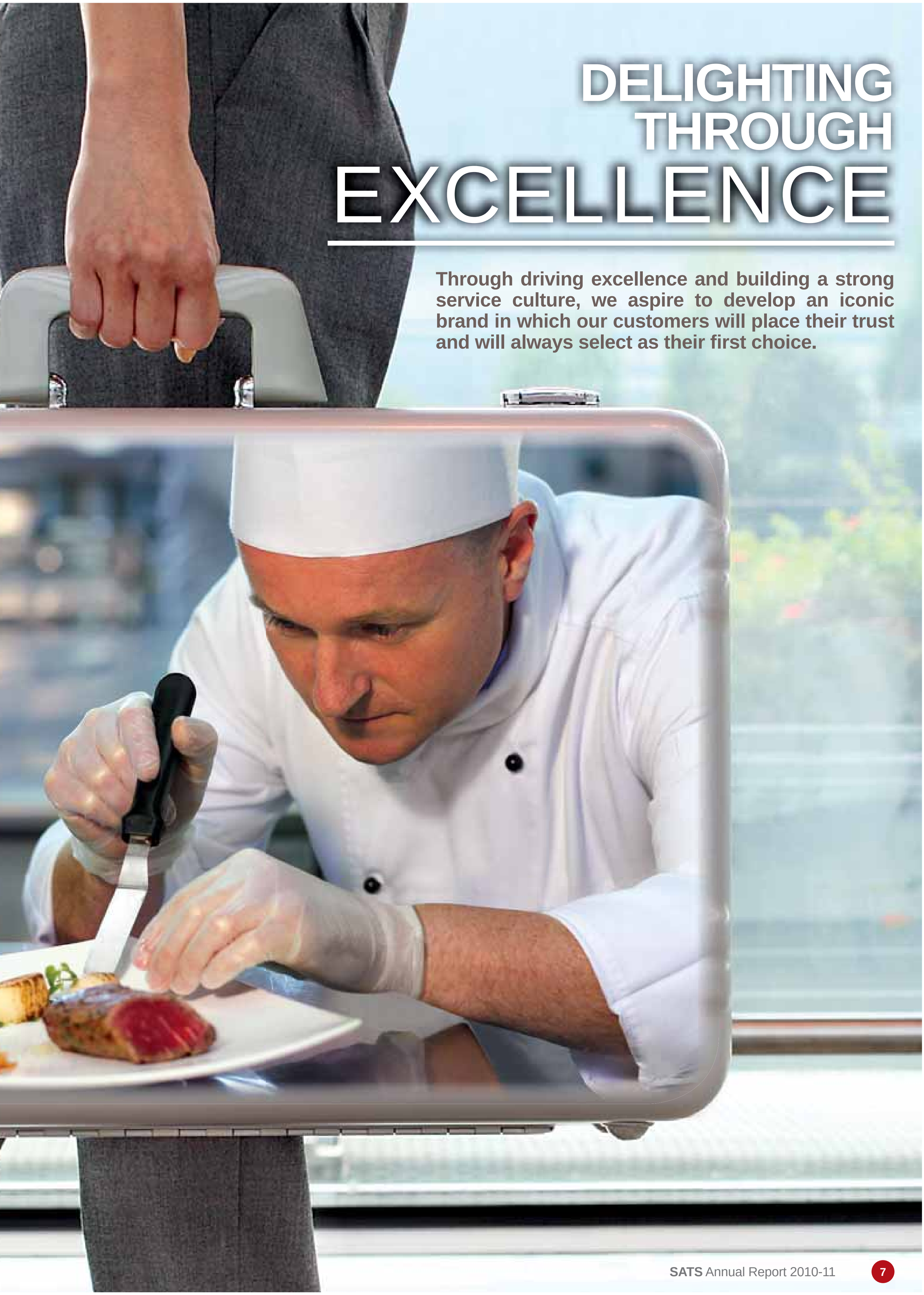
Our thoughtful attention to detail and commitment to serve with our hearts continue to delight our customers and their guests at every touch point in gateway services and food solutions. This service hallmark is taking us beyond Asia, towards our aspiration of being one of the largest services companies in the world.

DELIVERING THROUGH PASSION

Being passionate about what we do gives us immense satisfaction, be it serving our customers or developing innovative solutions that cater to their unique needs. We strive to make each encounter a delightful one, letting our customers know we are always here for them.

DELIGHTING THROUGH EXCELLENCE

Through driving excellence and building a strong service culture, we aspire to develop an iconic brand in which our customers will place their trust and will always select as their first choice.

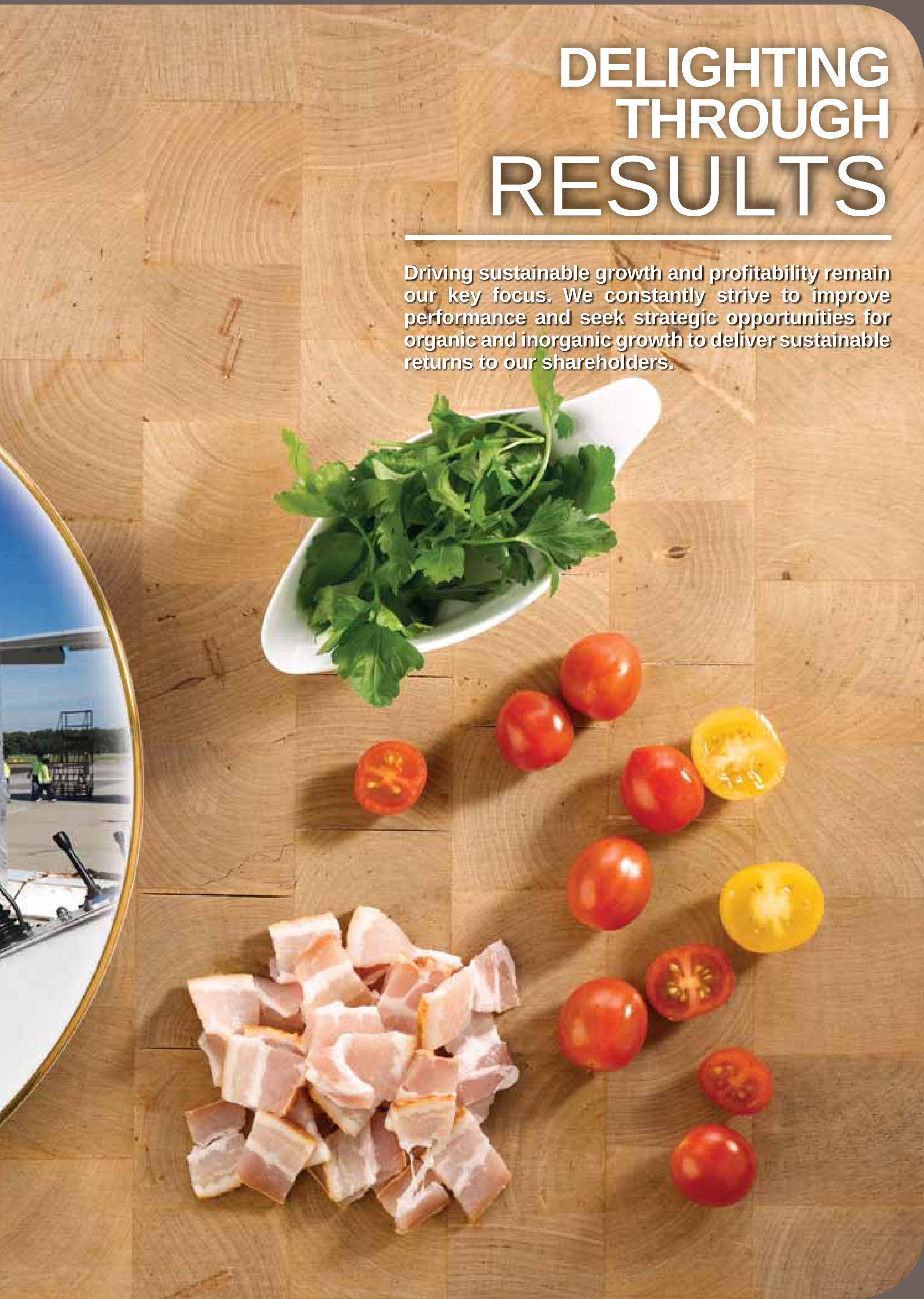


DELIVERING THROUGH STRATEGIES

We are guided by our key strategic thrusts, namely customer intimacy, operational excellence, innovation and growth. Because we enjoy what we do, we are driven to develop game-changing innovations and generate strong, value propositions for our customers.

DELIGHTING THROUGH RESULTS

Driving sustainable growth and profitability remain our key focus. We constantly strive to improve performance and seek strategic opportunities for organic and inorganic growth to deliver sustainable returns to our shareholders.



Chairman's Statement

"SATS' aviation business benefited from the worldwide rebound of the aviation industry in FY2010-11. We extended our footprint and offerings across both gateway services and food solutions, and capitalised on new sources of growth within and beyond the aviation space."

Dear Shareholders,

FY2010-11 marked another good year for SATS, as we continued our growth momentum from last year. The recovering aviation industry and global economy helped to sustain growth, with the key drivers coming from staying true to our beliefs in customer service, innovation and operational excellence.

We introduced innovation in both our products and services, most notably with the opening of Coolport@Changi, Asia's first on-airport perishables handling centre as well as the launch of Singapore's first city check-in service with baggage acceptance at Marina Bay Sands.

We extended our capabilities with the commencement of technical ramp handling services at Singapore Changi Airport and supported the initiation of the China Jilin (Singapore) Modern Agricultural Food Zone (Jilin Food Zone) with an investment in an integrated pig farm that would allow us to access China's processed food market and secure additional food sources for our food solutions business.

We also extended our geographical presence, enabling us to serve our existing customers in new locations as well as reach out to new customers. In Japan, we acquired a 50.7% equity stake in TFK Corporation (TFK), Tokyo's leading airline caterer which has a presence at both Narita and Haneda airports. In India, we incorporated a joint venture (JV) company, Air India SATS Airport Services (AISATS), to house our existing interests in Bangalore and Hyderabad as well as future interests when we enter other Indian airports.

In August 2010, the Company changed its name to SATS Ltd. to better reflect the full spectrum of its businesses. We are in the process of rebranding SATS to develop a stronger proposition for all our customer segments.

RESULTS REVIEW AND DIVIDENDS

SATS' aviation business benefited from the worldwide rebound of the aviation industry in FY2010-11. We extended our footprint and offerings across both gateway services and food solutions, and capitalised on new sources of growth within and beyond the aviation sector.

In FY2010-11, our operating revenue increased 12.4% to $1.73 billion as all business divisions reported higher revenue and TFK made its maiden revenue contribution in the fourth quarter. Our aviation revenue grew 18.1% to $1.03 billion while non-aviation revenue rose 4.8% to $694.4 million.

Operating profit was $184.5 million due to the impact of exceptional items. Excluding the one-off $6 million in M&A costs in FY2010-11 and $17.1 million in jobs credit received in FY2009-10, our underlying operating profit grew 13.9% to $190.5 million.

Contribution from our associated and JV companies grew 46.1% to $61.2 million as a result of better performance reported by our ground handling associates and the inclusion of AISATS' contribution for the first time. Consequently, our profit before tax rose 10.1% to $245.5 million and profit attributable to equity holders increased 5.6% to $191.4 million. Excluding exceptional items, our underlying net profit increased 20.3% to $197.4 million.

For the full year, we generated free cash flow of $132.2 million and our cash balance as at 31 March 2011 stood at $296.1 million. As a result of our strong financial performance and cash reserves, your Board has recommended a final dividend of 6 cents per share and a special dividend of 6 cents per share. Including the interim dividend of 5 cents per share paid on 2 December 2010, the proposed total dividends will be 17 cents per share, 4 cents higher than the total dividends paid in FY2009-10. This represents a dividend payout ratio of 98.4% of our profit attributable to equity holders. Upon shareholders' approval at the forthcoming Annual General Meeting of the Company, the final and special dividends will be paid on 17 August 2011.

BUSINESS REVIEW

Gateway Services

SATS maintained its position as the leading ground handler at Singapore Changi Airport in FY2010-11, serving 75% of the scheduled flights there. We expanded our comprehensive suite of ground handling services to include technical ramp handling services from May 2010 onwards and built on our competencies to offer this service to both narrow and wide-body aircraft. We strengthened existing customer relationships by renewing ground and cargo handling contracts with nine airlines including All Nippon Airways, British Airways, Korean Air, Malaysia Airlines and United Airlines. We also established new customer relationships by securing contracts with four carriers, namely Air Macau, China Cargo Airlines, Hainan Airlines and Hong Kong Airlines. The continued expansion of facilities and services for the fast growing low cost carrier segment is promising and delivering results.

SATS HK, our subsidiary in Hong Kong, similarly secured and renewed contracts with customers such as Delta Air Lines, Juneyao Airlines, Malaysia Airlines, Singapore Airlines and South East Asian Airlines.

We take pride in our portfolio of long-standing customers and in extending the suite of services that we are able to offer them. We are also very pleased to have secured several new customers during the year. These contracts are an affirmation of SATS' continued competitiveness and they underscore our ongoing commitment to better serve our customers through operational excellence and innovation.

We strive to deliver strategic value to a wider group of stakeholders beyond our customers. For example, the specialised cold chain logistics services at Coolport@Changi enhance the capabilities of Singapore's logistics industry to meet Asia's increasingly sophisticated demand. We are heartened by the strong positive response from the industry, by achieving a 70% utilisation rate less than a year after Coolport's opening.

September 2010 also saw the launch of Singapore's first city check-in service, in partnership with Marina Bay Sands. We are proud to be able to offer a new service to our airline customers' passengers, by allowing them to check-in at a convenient location in the city centre well ahead of their outbound flights.

Food Solutions

We continued to perform well in aviation food solutions, serving 86% of the scheduled flights at Singapore Changi Airport. We also secured and renewed contracts with Air India, Cathay Pacific Airways, Finnair, Hong Kong Airlines and Jet Airways during FY2010-11.

On the overseas aviation food solutions front, the acquisition of a 50.7% stake in TFK (with voting rights of 53.8%) for $122 million was a significant step towards strengthening our core business globally. It enables us to acquire a leadership position in the airline catering market in Tokyo, and at the same time participate in an exciting phase of long-term expansion in Japan's primary air hubs of Narita and Haneda. While we are deeply saddened by the tragic disasters which struck Japan in March this year, we believe that the resilience of the Japanese will see the country through this difficult period and TFK is doing its part to support airline customers in restoring normalcy. We are confident of the long-term opportunities in the Japanese aviation market and are committed to contributing towards its growth and expansion.

On the non-aviation food solutions side, we renewed our contract with the Singapore Armed Forces in May 2010 to deliver logistical support for its operations in Australia till 2015, with the option to extend the agreement for a further five years. We supported the inaugural Youth Olympic Games in Singapore by catering meals at the Games Village for some 7,000 athletes, officials and volunteers in August 2010. We also provided staff meals during the Singapore Grand Prix in September 2010.

The integrated pig farm project in the Jilin Food Zone in Jilin province, China, broke ground in September 2010. We are excited to contribute to this JV by way of sharing our expertise in food safety and in the production, marketing and distribution of food products. Through this JV, SATS is also taking a strategic step towards securing a safe, reliable and sustainable food supply for Singapore over the long term.

In the UK, our subsidiary, Daniels Group, maintained its innovation and growth momentum through winning new contracts for soups, desserts, ready meals, fruits and juices from major UK retailers. As a result, Daniels saw its revenue in pound sterling grow 11.6% to £178.7 million in FY2010-11.

In June 2010, Daniels celebrated the official opening of its new food production plant in Lakeside at Grimsby's Europarc Business Centre. The increased soup and ready meal capacity afforded by this new plant has enabled Daniels to support the increased level of business from its key customers.

AFFIRMING PARTNERSHIP

As a service provider, SATS is renowned for exceeding customers' expectations. We are gratified to have had our efforts recognised through the following awards, among others:

- 'Best Air Cargo Terminal in Asia' for the 13th time, as voted by the air cargo community at the Asian Freight & Supply Chain Awards organised by Cargonews Asia;
- Agri-Food and Veterinary Authority's (AVA) 'Gold Award' for attaining an "A" grade under its Food Factory Grading Scheme for 15 consecutive years and 'Food Safety Partnership Award';

- 17 Star, 19 Gold and 15 Silver Awards at SPRING Singapore's Excellent Service Awards 2010; and
- 'Airport Service Individual and Team Awards', 'Flight Delay Handling Team Award' and 'Service Process Redesign Award' at the Singapore Airlines CEO Transforming Customer Services Awards 2010.

AN EYE ON THE FUTURE

The past year saw a recovery in our business activities with the rebound of the aviation industry and the wider economy. While aviation demand has improved, the industry remains volatile especially in the wake of rising fuel prices. Nonetheless, we will continue to strengthen our core competencies and deepen our interests across other avenues to seek growth.

We are always on the lookout for innovative ways to generate further value for our customers, and the coming year will be no different. As we did in the case of TFK, we will evaluate any compelling acquisition opportunities which make sense for our business, wherever they may present themselves. On that note, I am pleased to inform you that we recently acquired a 40% equity stake in a Saudi Arabian niche inflight caterer, Adel Abuljadayel Flight Catering Company. This acquisition marks our first foray into the Middle East aviation market and allows us to potentially develop new service opportunities with our key customers, and secure new customers at more locations.

Another area of growth for us lies in leveraging our core competencies in gateway services and food solutions to grow in sectors outside our traditional areas of focus. We continue to expand our relationships in the hospitality and tourism-related industries, where we have been successful in securing new customers; and the year ahead will see us continue to reach out to new sectors.

Even as the Group grows, it is important that we look internally and continue to drive operational and cost efficiencies. With exceeding customers' expectations and ensuring our continued competitiveness at the core of everything we do, we see people development as key. Our leaders must be fully equipped to handle the extended range of capabilities we now possess. Every one of our staff must identify with our brand, our common culture, and most importantly, see SATS as a company in which they enjoy working and have a long-term future.

Additionally, with the Group's remarkable growth in recent years, it is important that our brand accurately reflects the full range of our businesses and capabilities. For this reason, we underwent an exercise earlier this year to refresh our brand and align our values to who we are today – a strategic partner and first choice provider of end-to-end solutions globally.

IN GRATITUDE

On behalf of the Board, I would like to extend my sincere thanks to every member of our staff, our union, and management. As a services company, our people are the foundation upon which our every success lies. I am grateful to them for their continued passion, loyalty and commitment.

I also wish to thank my fellow Board members for their wise counsel and support throughout the year. It is with reluctance that I bid farewell to three members, Swee Wah, Rajiv and Kheng Joo, who will be stepping down from the Board at the forthcoming Annual General Meeting. Together with the rest of the Board members, I thank them for their invaluable service and contributions to SATS over the past years.

Finally, to our customers, business partners and shareholders, my sincere thanks for your continued confidence and support.

Edmund Cheng Wai Wing
Chairman

23 May 2011

Board of Directors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1 Mr Edmund Cheng Wai Wing

CHAIRMAN

Mr Cheng is the Deputy Chairman of Wing Tai Holdings Limited and Executive Director of Wing Tai Malaysia Berhad (formerly known as DNP Holdings Berhad). Apart from his experience as a property developer, Mr Cheng is also actively involved in both the public and private sectors. He is currently Chairman of Mapletree Investments Pte Ltd and S. Daniels Plc. Mr Cheng is also Chairman of the National Arts Council, where he is keenly involved in efforts at the national level to promote and develop an arts landscape that will enhance vibrancy and creativity in our economy and society. He also serves as Chairman of the International Advisory Panel of DesignSingapore Council. He is a member on the Board of Trustees of Nanyang Technological University and a member of the International Council for Asia Society.

Mr Cheng previously served as Chairman of the Singapore Tourism Board (1993–2001), The Old Parliament House Limited (2002–2006), The Esplanade Co Ltd (2003–2005), and as Founding Chairman of DesignSingapore Council (2003–2008). He also sat on the Boards of the Urban Redevelopment Authority (1991–1994), the Construction Industry Development Board (1992–1994) and Singapore Airlines Limited (1996–2004). A past President of the Real Estate Developers' Association of Singapore (REDAS), Mr Cheng remains a member of its Presidential Council.

Mr Cheng was awarded The Public Service Star (BAR) in 2010 and The Public Service Star (BBM) in 1999 by the Singapore Government for his significant contributions to the nation, including his appointments to the boards of government statutory bodies and public institutions. He also received the Outstanding Contribution to Tourism Award from the President of Singapore in 2002. In 2009, he was conferred "Officier de l'Ordre des Arts et des Lettres" by the Government of the Republic of France.

Mr Cheng graduated with a Bachelor of Science degree in Civil Engineering from Northwestern University and a Master of Architecture from Carnegie Mellon University, USA.

Past principal directorships or appointments in the preceding three years: SNP Corporation Ltd (nka Toppan Leefung Pte. Ltd.); and DesignSingapore Council.

2 Mr David Zalmon Baffsky

DIRECTOR

Mr Baffsky is the Chairman and a Director of Ariadne Australia Limited. He is also the Honorary Chairman of Accor Asia Pacific which is part of the Paris-based global hotel group, Accor. Prior to this, he was Executive Chairman of Accor Asia Pacific, a position he held from 1993 to 2008. He was also the founder of Tourism Asset Holdings Limited, the largest hotel owning company in the Pacific and was Chairman of Citistate Corporation Limited, an Australian public listed company in property development. He was also a Director of Club Mediterranée (Australia) Pty Ltd from 1985 to August 2000.

Mr Baffsky previously served on the Singapore Tourism Board and other major government and industry bodies in the Asia Pacific region. He continues to be a member of a number of government and industry bodies in diverse areas, including being actively involved in the Art Gallery of New South Wales and a member of the Australian Government's Advisory Group on National Security. He is actively involved in indigenous affairs, being a Director of the Australian Government's Indigenous Land Corporation. More recently, he was appointed to the Board of the Sydney Olympic Park Authority and has joined the Board of Investa Funds Management Limited.

Mr Baffsky was a Founding Director and is now a Life Member of the Australian Tourism Task Force. He was made an Officer in the General Division of the Order of Australia (AO) for his service to tourism and to the community in 2001. In 2003, he was awarded the Centenary Medal for 'Service to Australian Society through Business Indigenous Affairs and the Arts' and was named 'Asia Pacific Hotelier of the Year' by Jones Lang LaSalle.

Mr Baffsky graduated from the University of Sydney's law school in 1966.

Past Principal directorships in the preceding three years: Tourism Asset Holdings Limited; KSW Properties Pty Limited; and Reef Corporate Services Limited.

3 Mr David Heng Chen Seng

DIRECTOR

Mr Heng is a Managing Director for Investment at Temasek Holdings (Private) Limited (Temasek), a position he has held since November 2006. Mr Heng has more than 17 years of experience in corporate finance and investment banking. Prior to joining Temasek in November 2003, he was with Deutsche Bank AG as its Vice President of Investment Banking from 1998 to 2003. Mr Heng holds directorships in several companies including Cavanagh Investments Pte. Ltd., Duxton Investments Pte. Ltd. and Perikatan Asia Sdn. Bhd.

He graduated from the University of Canterbury, New Zealand with a Bachelor of Engineering degree. He holds a Master of Business Administration degree from the University of Hull, UK.

Past principal directorships in the preceding three years: Bugis Investments (Mauritius) Pte Ltd; Sorak Financial Holdings Pte. Ltd.; Olyn Investments Limited; and Chartwell Investments Pte. Ltd.

4 Mr Nihal Vijaya Devadas Kaviratne CBE

DIRECTOR

Mr Kaviratne is the Chairman of Akzo Nobel India Limited, formerly ICI India Limited, since 1 October 2010.

Mr Kaviratne held various senior level management positions in sales, marketing, brand and strategic planning and development, including that of Chairman/Chief Executive Officer across Asia, Europe and Latin America in his 40 years of service with the Unilever Group. He retired from Unilever in March 2005. He currently serves as an independent, non-executive Director in various listed companies in India and Singapore including Starhub Limited and DBS Group Holdings Ltd.

He was chosen by Business Week in 2002 for the Stars of Asia Award as one of the '25 leaders at forefront of change'. Cited in the Queen's 2004 New Year Honours List in the United Kingdom, he has been conferred the award of Commander of the British Empire (CBE) for services to UK business interests and sustainable development in Indonesia.

Mr Kaviratne has a keen interest in programmes for community development, health and education. He is a Governing Board member of the non-profit organisation, The Bombay Mothers and Children Welfare Society, Chairman of the Indian Cancer Society and the Founder of the St Jude India Childcare Centres in Mumbai. He was the Founder President of the International Wine & Food Society, Bombay branch and is a Chevalier du Tastevin.

Mr Kaviratne holds a Bachelor of Arts (Honours) with a major in Economics from Bombay University and attended the Advanced Management Program at Harvard Business School and the Advanced Executive Program at the Kellogg School of Management, Northwestern University, USA.

Past principal directorships in the preceding three years: Agro Tech Foods Limited, India; Fullerton India Credit Co., Ltd, India; and Titan Industries Limited, India.

5 Mr Khaw Kheng Joo

DIRECTOR

Mr Khaw is a business consultant and was, until 31 August 2009, the Chief Executive Officer and Director of Mediaring Ltd and currently a Director of Random Walk Pte. Ltd. and Multi-Fineline Electronix, Inc (USA). He started his working career with Hewlett Packard Company (HP) and spent a total of 26 years with the company in various technical and managerial positions. His last assignment there was General Manager of the PDA Division. He left HP in 1999 to become the President of Omni Electronics (S) Pte. Ltd. Before joining Mediaring Ltd, he was Senior Vice President of Celestica Inc., which acquired Omni Industries Limited.

Mr Khaw was a former board member of the Singapore Economic Development Board and served on the advisory council of Singapore Polytechnic's Business School till the end of 2009.

Mr Khaw holds a Bachelor of Science degree in Electronic and Computer Engineering from Oregon State University, USA and a Master degree in Business Administration from Santa Clara University, USA.

Past principal directorships in the preceding three years: Senoko Power Limited; and Mediaring Ltd.

6 Dr Rajiv Behari Lall

DIRECTOR

Dr Rajiv Lall is the Managing Director and Chief Executive Officer of Infrastructure Development Finance Company Ltd (IDFC). He was named to his position in January 2005. Dr Lall has over two decades of experience with leading global investment banks, multilateral agencies and academia. His areas of expertise include project finance, private equity/venture capital, international capital markets, trade and macroeconomic policy issues with a focus on India and China.

Prior to joining IDFC, Dr Lall was variously, a Partner with Warburg Pincus in New York, Head of Asian Economic Research with Morgan Stanley Asia Limited, Economist with the World Bank, Washington DC and the Asian Development Bank, Manila, Philippines and a member faculty of Florida Atlantic University.

Dr Lall has a Bachelor of Arts in Politics, Philosophy and Economics from Oxford University and a Ph.D. in Economics from Columbia University.

Dr Lall has a number of publications to his credit and is fluent in French.

7 Mr Mak Swee Wah

DIRECTOR

Mr Mak is the Executive Vice President, Commercial of Singapore Airlines Limited (SIA). He has been with SIA since August 1983. He is also the Chairman and a Director of SilkAir (Singapore) Private Limited (SilkAir).

Mr Mak previously served on the board of Singapore Airlines Cargo Pte Ltd. In his career with SIA, he has been involved in various managerial capacities covering Market Planning and Projects and Country Management. He also assumed senior executive positions such as General Manager of SilkAir, Senior Vice President for South West Pacific, where he was based in Sydney as well as Senior Vice President for Planning before he was promoted to Executive Vice President, Operations and Services in January 2008 and appointed as Executive Vice President in February 2011.

An SIA scholar, Mr Mak graduated from the London School of Economics in 1982 with a Bachelor of Science (First Class Honours) degree in Accounting and Finance. He holds a Master of Science degree in Operational Research from the same university.

Past principal directorships in the preceding three years: Singapore Airlines Cargo Pte Ltd; and Singapore Flying College Pte Ltd.

8 Mr Ng Kee Choe

DIRECTOR

Mr Ng is presently the Chairman of Singapore Power Limited, SP Ausnet# and NTUC Income Insurance Co–Operative Ltd. He is also a Director of Singapore Exchange Limited, CapitaLand Limited and Fullerton Financial Holdings Pte. Ltd. as well as President Commissioner of PT Bank Danamon Indonesia Tbk. Mr Ng is a member of the Temasek Advisory Panel of Temasek Holdings (Private) Limited and the International Advisory Council of China Development Bank as well as Chairman of Tanah Merah Country Club.

Mr Ng was formerly the Vice Chairman of DBS Group Holdings Ltd (DBS). He retired from his executive position in July 2003, after 33 years of service with DBS.

For his contributions to the public service, Mr Ng was conferred the Public Service Star Award in 2001. Mr Ng graduated with a Bachelor of Science (Honours) degree from the University of Singapore.

A stapled group comprising SP Australia Networks (Transmission) Ltd, SP Australia Networks (Distribution) Ltd and SP Australia Networks (Finance) Trust, acting through its responsible entity, SP Australia Networks (RE) Ltd. It is dual listed on the Australian Stock Exchange and the Singapore Exchange Securities Trading Limited.

9 Mr Keith Tay Ah Kee

DIRECTOR

Mr Tay is the Chairman of Stirling Coleman Capital Limited.

He was the Chairman and Managing Partner of KPMG Peat Marwick Singapore from 1984 to 1993. He also served as the President of the Institute of Certified Public Accountants of Singapore (ICPAS) from 1982 to 1992.

Mr Tay is on the Governing Council of the Singapore Institute of Directors and on the Board of the Singapore International Chamber of Commerce of which he was Chairman from 1995 to 1997. He holds directorships in various listed companies including Singapore Post Limited, Singapore Reinsurance Corporation Limited and FJ Benjamin Holdings Ltd.

Mr Tay was conferred the first International Award for Outstanding Contribution to the Profession by the Institute of Chartered Accountants in England & Wales in 1988 and the Public Service Star Award (BBM) in 1990 by the President of the Republic of Singapore. In 1993, ICPAS also conferred upon Mr Tay the Gold Medal for distinguished service to the profession and made him an Honorary Fellow.

Past principal directorships in the preceding three years: Singapore Power Limited; Pokka Corporation (Singapore) Limited; and Aviva Limited.

10 Mr Yeo Chee Tong

DIRECTOR

Mr Yeo is the President and Chief Executive Officer of Toppan Leefung Pte. Ltd. (Toppan Leefung), previously known as SNP Corporation Ltd (which was formerly listed on the Singapore Exchange Securities Trading Limited). He sits on the boards of Toppan Leefung and that of various other companies within the Toppan Leefung Group.

He was formerly with Singapore Computer Systems Limited (nka SCS Computer Systems Pte. Ltd.) and Singapore Technologies Telemedia Pte Ltd before joining Toppan Leefung as its Vice President (Development) and subsequently as its President and Chief Executive Officer in 2000.

Mr Yeo holds a Bachelor of Electrical & Electronic Engineering (Honours) degree as well as Master in Science (Engineering) and Master in Business Administration from the National University of Singapore. He had also completed the Harvard Business School's Advanced Management Program in 1999.

11 Mr Leo Yip Seng Cheong

DIRECTOR

Mr Yip is the Chairman of the Singapore Economic Development Board (EDB) since 1 July 2009. He also chairs the Board of EDB Investments Pte Ltd.

Prior to joining EDB, he was the Permanent Secretary of the Ministry of Manpower (MOM) from July 2005 to September 2009. He served as the Deputy Secretary of the MOM from August 2002 and was concurrently the Chief Executive of the Singapore Workforce Development Agency from September 2003 to June 2005. He was the Principal Private Secretary to then Senior Minister Lee Kuan Yew from January 2000 to July 2002.

Mr Yip held a series of policy, planning and command appointments in the Singapore Police Force from 1985 to 2000, and his last position was as Director (Operations) at police headquarters.

Mr Yip was awarded the Singapore Police Force (Overseas) Scholarship in 1982. He holds an Economics degree from the University of Cambridge, a Master of Business Administration from the University of Warwick and a Master in Public Administration from the JFK School of Government, Harvard University.

Past principal appointment in the preceding three years: A member of the Board of Trustees of the Singapore University of Technology and Design.

Mr Alexander Charles Hungate

Mr Hungate assumes the role of Chief Executive Officer of The Hongkong and Shanghai Banking Corporation Limited (HSBC) in Singapore since 1 September 2010. As the most senior executive for the HSBC Group in Singapore, he is responsible for all of its activities, including subsidiary businesses such as private banking, insurance, futures, asset management and trustee services.

Prior to this appointment and since he joined HSBC in September 2007, Mr Hungate was the Global Head of Personal Financial Services and Marketing. In this global role, he was responsible for HSBC's personal financial services business around the world including cards and wealth management. He was also responsible for all marketing across the Group including management of the HSBC brand and customer experience. He was a member of HSBC's Group Management Board and Risk Management Committee and a Director of HSBC Bank Turkey A.S. and HSBC Bank Egypt S.A.E.

Before joining HSBC, Mr Hungate was Managing Director of Reuters in Asia Pacific where he was responsible for leading the business across the region, including planning and executing the Group's growth strategy in Asia. Between 2002 and 2005, he was worldwide Chief Marketing Officer for Reuters. During his 14 years in the Group, he was based in the UK, Hong Kong and USA, holding positions including Co-Chief Executive Officer of Reuters America and Non-Executive Chairman of Factiva, the web-based business news and information service. Prior to his career at Reuters he spent two years with Booz Allen & Hamilton as a strategy consultant.

Mr Hungate has a Master of Arts in Engineering, Economics and Management from Oxford University and graduated as a Baker Scholar from the Master of Business Administration program at Harvard Business School.

CEO's Statement

"Our focus to grow our gateway services and food solutions businesses delivered results, as both businesses were benefiting from the growth in the tourism and hospitality industries at home and abroad."

Dear Shareholders,

We started FY2010-11 on a good note following the successful integration of Singapore Food Industries (SFI) into SATS. The aviation industry was then recovering but subsequent events proved this to be one of the most challenging years in our history. In spite of this, we managed to benefit from the recovery and win several awards for disruption handling. Our focus to grow our gateway services and food solutions businesses delivered results, as both businesses were benefiting from the growth in the tourism and hospitality industries at home and abroad.

In August 2010, we changed our name from Singapore Airport Terminal Services Limited to SATS Ltd. to better reflect our strategic directions and characteristics. Consequently, a project was also started to review our branding with the objective of building a consistent representation across our businesses and geographies. I am happy to inform you that we will be launching our new brand identity in June 2011.

GATEWAY SERVICES

The 2010 eruption of the Eyjafjallajökull volcano in Iceland would be etched in the annals of aviation history, having created one of the largest disruptions in civilian air travel since World War II. While this occurred in Europe, passengers were trapped in Asia and elsewhere. Our ONE! Service was pushed to the limit to show compassion, bring peace of mind and comfort to stranded passengers, and facilitate the recovery of travel plans. In addition, our staff worked tirelessly to re-process cargo backlogs so that transhipment cargo were able to reach their final destinations quickly despite schedule and capacity restraints brought about by the volcanic eruption. Once again, the commitment of our people and the strength of our processes have helped our airline customers build and strengthen their branding, and safeguard the high reputation of the Singapore Hub.

Our competence in disruption handling was put to the test again during the year. The eruption of

Mount Merapi in Central Java, the grounding of A380 flights as a consequence of the Rolls Royce engine incident on Qantas flight QF32, and the extreme winter in the northern hemisphere had caused travel disruptions at Singapore Changi Airport. Singapore Changi Airport and several airlines, in particular Singapore Airlines, as well as SATS received many commendations from travellers after these episodes of disruption. These commendations and recognition of our efforts reminded us of our responsibility to care for passengers and our core strength in aviation services. While they are an affirmation of our gateway strategy, they also increase our resolve to strengthen our global network in aviation ground services and catering despite the frequent challenges that we face.

On 1 May 2010, SATS started providing technical ramp handling services at Singapore Changi Airport after many months of preparations and hard work. At last, we are now on par with the competition to offer the full suite of ground handling services. While technical ramp handling was not new to our staff as we previously provided these services sometime ago, we relied on the capabilities within our aviation network to renew our own capability here in Singapore. Our approach was a simple one; step by step with a sure footing, we grew our capability while ensuring that safety and service levels were not compromised. During the year, we secured majority share in the business jet market and clinched contracts with several scheduled carriers. Our proactive plan to integrate technical ramp handling services into our ground operations and increase productivity via efficient deployment of resources has helped our airline customers save costs.

Innovation, as one of our thrusts for change, drove product and service enhancements to enable organic growth. In passenger services, we launched the new SATS Premier Check-in Services at Terminal 2 of Singapore Changi Airport, a premier greet-and-assist service from aircraft to destination. In apron services, we increased both our capabilities and services for aircraft interior cleaning and renamed the department as “Aircraft Aesthetics” to better reflect the additional capabilities and wider scope of services offered.

In the area of cargo terminal operations, we launched the unique Coolport@Changi, in addition to the many service enhancements, to complement an already excellent logistics infrastructure at Singapore Changi Airport, thereby attracting more perishables traffic through the airport. This facility improves the capability of SATS’ airline customers to offer a more reliable and exacting service in handling perishables cargo and also supports Singapore’s efforts to position itself as a bio-medical hub. During the year, we also started a new third-party logistics warehousing operations in the Airport Logistics Park of Singapore. This unit will help strengthen SATS’ relationship with logistics companies through both upstream and downstream supply chain collaborations. We are confident that over time, it will improve our cargo revenue stream as we start to offer more value-added services.

In FY2010-11, our wholly-owned subsidiaries, SATS HK and Asia-Pacific Star (APS), achieved profitability for the first time. Continual improvement in services and optimisation of capacity helped SATS HK turn around during the year. Our appreciation goes to our airline customers who have put their trust in us to look after their passengers at the Hong Kong International Airport. APS, on the other hand, was set up to offer a differentiated service to low-cost carriers (LCCs) in Singapore. It provides both ground handling and inflight catering services to the LCCs. From a humble beginning, we now have a majority share of the LCC market in Singapore. SATS has unique competencies in developing a broad range of meal types that can be adjusted to the varying catering needs of LCCs. No two LCCs operate in the same way and APS’ ability to meet their needs is an important reason for its success. Although its revenue contribution is small in relative terms, APS has forged a formula that could potentially be exported into the region.

We were expecting a third ground handler to start its operations at Singapore Changi Airport but that did not materialise in FY2010-11. Nevertheless, we continued to work hard by focussing on service and capability differentiation. Our staff and associates stood up to the challenge and delivered as planned.

FOOD SOLUTIONS

Inflight catering had faced the same challenges as gateway services in the aviation sector. Continuous improvement programmes were undertaken by management to help mitigate food cost inflation, which was one of the major challenges in FY2010-11. During the year, we worked on "healthy choice" recipes for local cuisines, with the aim to reduce fat, cholesterol and calories in our much-loved local dishes like laksa and nasi lemak. We hope that these may eventually be featured in inflight meals. Food innovations such as these are part of our focus throughout the year.

In the area of non-aviation food solutions, we were awarded a contract to provide meals for young athletes at the Games Village during the Youth Olympic Games which took place in Singapore in August 2010. This was a momentous opportunity to showcase our capability for mass catering. In addition to taste, we had to meet the various ethnic meal type requirements, feed about 7,000 youths, games officials and volunteers, and adhere to stringent standards and requirements for health and food safety. Although the contract was initially for three meals a day, the actual requirement of the young athletes was almost a round-the-clock buffet spread. We scored well on service, food taste and availability despite initial hiccups arising from the complexity of operating in a makeshift kitchen. The integrated competencies of SFI, SATS Catering and Country Foods enabled us to deliver the required performance and meet the service level agreements in the contract.

The food distribution business of SFI was turned around during the year. Special attention was paid to inventory management, product and branding as well as collections from customers. I am pleased to note that we have reached the performance level where we can confidently grow this business again.

At Country Foods, we opened a restaurant, Tables by the Bay, at Keppel Club as the front for our events catering division, Le Lifestyle. We have received good reviews for the restaurant which allows us to demonstrate to prospective clients our offerings and train our service staff for events. Hospital catering, on the other hand, remains our key challenge. We expected hospitals to welcome outsourcing of this non-core activity as they face capacity, staffing and meal production challenges, and the adoption of a central kitchen concept would seem logical. However, we have found their readiness to take this step relatively low as most hospitals still keep to their own in-house production.

The organic growth attained by our Singapore food solutions business was primarily driven by the recovery in the aviation sector as well as the growth in the tourism and hospitality industries, energised by the opening of the two integrated resorts, the annual Singapore Grand Prix and the many tourism events in Singapore.

Over in the UK, our subsidiary Daniels Group celebrated the official opening of a new plant for soup and chilled ready meals (CRM) production in Lakeside at Grimsby's Europarc Business Centre in June 2010. The combined plant is a departure from the past concept of dedicated plants for each of the five food categories that we participate in. It also gives us the flexibility to expand production for both the soup and CRM categories at lower fixed cost levels.

During the year, we launched many new products including a new range of desserts, new soup types, and a premium range of soups under the New Covent Garden brand. The drinks category was dampened by escalating prices in juicing oranges that affected our financial results. The actions taken to pass on some of the raw material price increases to customers were partially successful. While our UK business continued to grow, the weak pound sterling against the Singapore dollar resulted in marginal revenue growth in FY2010-11. However, on a constant currency basis, Daniels Group's revenue rose 11.6% year-on-year.

OVERSEAS JOINT VENTURES

SATS' global aviation network consists of associates, joint ventures (JV) and subsidiaries. The regulated environment around airports generally poses challenges for us to strike the right deals. Nevertheless, we achieved several successes in growing our network during the year. In India, we received approval to create a JV with Air India for ground handling services. This 50-50 JV now houses our Bangalore and Hyderabad ground services operations that have started since

2008. All formal procedures were completed by the end of FY2010-11 and the Group has accounted for its share of this JV's profits.

We also expanded our network to cover both Narita and Haneda airports in Tokyo following the acquisition of a majority stake in TFK Corporation (TFK), the catering arm of Japan Airlines. With both airports planning for an expansion of flight slots by 2014, the future for growth is bright. However, the triple disasters on 11 March 2011 may delay these plans slightly. Nevertheless, we expect Japan to recover from this crisis and TFK, being a long-term investment, will benefit from this recovery.

In April 2011, we entered the Middle East market through our JV, Adel Abuljadayel Flight Catering Company (AAFC), which has a presence in both Jeddah and Riyadh airports. AAFC traditionally has been catering to private jets and ad-hoc flights and has established a good track record. The forward plan is to enable AAFC to secure more contracts with scheduled airlines and we believe that with the increasing traffic into Jeddah and Riyadh, this JV has much potential for further development.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

SATS has a long standing commitment towards sustainable development. We have implemented many projects to conserve energy, and reduce, reuse and recycle material resources.

In FY2010-11, we consolidated our CSR activities with the objective of eventually setting up a SATS Foundation that would also support charitable work through volunteerism and financial aid. SATS Foundation's focus is on three specific areas. The first is to promote volunteerism and a caring mindset amongst our employees. As service is the foundation of our business, we hope that through volunteerism, we can continually strengthen this foundation. The second focus aims to enable and empower disadvantaged groups by providing support to them. The third area is to promote "green" practices within SATS by reducing and mitigating adverse impact on the environment.

During the year, our staff participated in the Assisi Hospice Charity Fun Day 2010 and the Down Syndrome Association's Charity Walk and Carnival, and mentored children from the Singapore Indian Development Association in the First Lego League Robotics Competition. We also worked with the National Volunteer and Philanthropy Centre to organise an outing for the elderly from the Society of the Aged Sick and supported the Sree Narayana Mission in its Welfare Service Flag Day. A group of our employees celebrated the Lunar New Year with the elderly from the Society for the Aged Sick and painted a mural at the Geylang East Home for the Aged in February 2011.

Increasingly, we plan to integrate these meaningful activities into our business philosophy and culture, engage and develop our staff, and fulfill our responsibility to the communities where we operate in.

APPRECIATION

Much had been accomplished in FY2010-11 as we continued to work towards increasing shareholder value, improving our processes and strengthening our company culture. This challenging year could not have been overcome without the unstinting support of my management colleagues and all our staff. We were bound by our collective aspiration towards service excellence and to represent our customers in the way that they have come to expect of us.

The change of leadership in our unions during the year has renewed their efforts and commitment to cooperatively and collaboratively work on change projects to improve our workplace. I would like to thank S. Gunasekaran, General Secretary of SATSWU, Paul Ng Kim Seng, President of SATSWU, Martin Chan, General Secretary of AESU, and S. Supramaniam, President of AESU, for their advice and support to effect continuous improvements for the benefit of all SATS stakeholders. On behalf of management, a special vote of thanks goes to our Chairman, Mr Edmund Cheng, and the Board of Directors for their guidance and support. We also wish to express our appreciation to the many shareholders who have supported and remained with us throughout the year.

Clement Woon Hin Yong
President & Chief Executive Officer

23 May 2011

Executive Management

STANDING FROM LEFT

Philip Lim Chern Tjunn
Tony Goh Aik Kwang
Leong Kok Hong
Chang Seow Kuay
Andrew Lim Cheng Yueh
Poon Choon Liang

SITTING FROM LEFT

Denis Suresh Kumar Marie
Lim Chuang
Chi Ping Huey

STANDING FROM LEFT

Robert Burnett

Clement Woon Hin Yong

Tan Chuan Lye

Peter Tay Kay Phuan

Yacoob Bin Ahmed Piperdi

Ronald Yeo Yoon Choo

Clement Woon Hin Yong

Mr Woon is President and Chief Executive Officer of SATS, a leading provider of gateway services and food solutions in Singapore. He joined SATS on 1 November 2007.

Prior to this, he was the President of Geosystems Division of Leica Geosystems AG, a multinational corporation based in Switzerland. Mr Woon joined Leica in 1992 and was transferred to Switzerland in 1997. He held senior positions as President of the Surveying & Engineering and Geosystems divisions of Leica Geosystems. He was instrumental in growing Leica's business and presence in the Asia Pacific, Europe, Americas and Middle East regions.

Mr Woon sits on various Boards of SATS' subsidiaries and associated companies. He is Chairman of Singapore Food Industries Pte. Ltd., SFI Manufacturing Private Limited, Primary Industries (Qld) Pty Ltd, Urangan Fisheries Pty Ltd and Asia Airfreight Terminal Co Ltd. He is also Vice Chairman of Beijing Aviation Ground Services Co Ltd and Vice President Commissioner of PT Jasa Angkasa Semesta Tbk.

He holds a Bachelor of Engineering degree and a Master of Science degree in Industrial Engineering from the National University of Singapore. He also holds a Master of Business Administration degree from the Nanyang Technological University.

Lim Chuang

Mr Lim is Chief Financial Officer of SATS. He joined SATS in November 2008 and prior to that, he was the Chief Financial Officer of NCS Pte Ltd, a subsidiary of Singapore Telecommunications Limited (SingTel). He had held other senior positions in SingTel, including as its Finance Director for the Consumer Division and Deputy Chief Financial Officer for SingTel Optus Pty Ltd.

Mr Lim sits on some of the Boards of SATS' subsidiaries. He graduated from the University of Singapore with a Bachelor of Accountancy (First Class Honours) degree and a Master of Business Administration degree from the National University of Singapore. He is also a Fellow of the Chartered Association of Certified Accountants (UK) and a member of the Institute of Certified Public Accountants of Singapore.

Tan Chuan Lye

Mr Tan is Executive Vice President, Food Solutions of SATS. He joined SATS in May 1976 and was appointed to his present position in October 2009. He previously held managerial positions in SIA Ground Services and SATS Airport Services Pte Ltd, and was also in charge of managing Changi Airport Terminal 2 for SIA and SATS operations.

Mr Tan is Chairman of Country Foods Pte. Ltd. and Vice Chairman of Beijing Airport Inflight Kitchen Ltd and Aviserv Limited. He also sits on the Boards of a number of SATS' subsidiaries and associated companies. He graduated from the University of Singapore with a Bachelor of Social Science (Honours) degree, majoring in Economics.

Robert Burnett

Mr Burnett is Chief Executive Officer, UK. He oversees and is responsible for the performance of Daniels Chilled Foods Limited, International Cuisine Limited and Farmhouse Fare Limited. He has been the Chief Executive Officer of Daniels Chilled Foods Limited since July 2002. Prior to that, he held various senior general management appointments with Albert Fisher Plc.

Mr Burnett sits on the Boards of SATS' subsidiaries in the UK. He holds a Higher National Diploma in Business Studies from the Aberdeen College of Commerce (UK).

Chang Seow Kuay

Mr Chang is Senior Vice President, Food Solutions (Overseas Operations) of SATS. He joined SATS in June 1990 and was appointed to his present position in April 2011. Prior to this, he was Chief Executive Officer of Country Foods Pte. Ltd. He also held various positions including Senior Vice President, Special Projects, Vice President, Business Planning & Development and other managerial positions in catering production and marketing. He was seconded to Beijing Airport Inflight Kitchen Ltd in 1995 to start up the catering operations.

Mr Chang sits on various Boards of SATS' subsidiaries and associated companies. He graduated from the National University of Singapore with a Bachelor of Science (Honours) degree, majoring in Biochemistry.

Chi Ping Huey

Ms Chi, General Counsel of SATS, is responsible for providing leadership in the legal affairs of the Company. Since joining SATS, she has launched group wide legal training and risk management initiatives. With the Company's re-organisation in end 2010, she now heads the Administration and Governance division.

Prior to joining SATS, Ms Chi was the General Counsel and Company Secretary of Singapore Power Limited. She also held various senior positions including Head, Legal in Singapore Technologies Aerospace.

Ms Chi is a member of the Singapore Law Academy. An OCBC scholar, she holds a Bachelor of Law (Honours) degree from the National University of Singapore. She was admitted as an advocate and solicitor to the Supreme Court in 1985.

Tony Goh Aik Kwang

Mr Goh is Senior Vice President, Strategic Marketing of SATS, responsible for key accounts management & network marketing, corporate branding, market research and development.

He joined SATS in 1978 and assumed his current position in July 2008. He has held various executive and managerial positions in SATS, covering ground handling and catering contracts, inflight catering, materials and production planning, IT systems planning, and customer servicing. He also spent some time in SIA Ground Services.

Mr Goh sits on the Boards of some of SATS' subsidiaries. He graduated from the University of Singapore with a Bachelor of Business Administration (Honours) degree.

Leong Kok Hong

Mr Leong is Senior Vice President, Strategic Partnership of SATS. He joined SATS in July 1976 and was appointed to his present position in June 2010. Prior to this, he was Senior Vice President, Apron Services. He also served as Senior Vice President North Asia and Chief Representative China, responsible for business development and joint ventures for the North Asia region. He previously held several managerial capacities covering catering, cargo, IT systems and corporate planning.

Mr Leong sits on various Boards of SATS' subsidiaries and associated companies. He is also the Chairman of SATS HK Limited and Vice Chairman of Tan Son Nhat Cargo Services Ltd. He graduated from the University of Singapore with a Bachelor of Science (Honours) degree in Physics.

Andrew Lim Cheng Yueh

Mr Lim is Senior Vice President, Greater China of SATS, a position he has assumed since August 2009. Prior to this, he was Senior Vice President, Apron & Passenger Services. He previously held managerial positions in SATS covering cargo, security services, passenger services, human resources and training as well as in SIA Cargo.

Mr Lim is a member of the Boards for a number of SATS' subsidiaries and associated companies. He graduated from the University of Singapore with a Bachelor of Social Science (Honours) degree, majoring in Sociology.

Philip Lim Chern Tjunn

Mr Lim joined SATS in April 2010 as Senior Vice President, Apron Services. Prior to this, he served in the Singapore Armed Forces for 25 years. He held various command and staff appointments including Chief of Staff (General Staff) and Chief Armour Officer/Commander 25 Division.

Mr Lim sits on the Boards of a number of SATS' subsidiaries and an associated company. He graduated from the University of Manchester Institute of Science and Technology with a Bachelor of Science (First Class Honours) degree. He also holds a Master of Technology (Knowledge Engineering) from the National University of Singapore, Master of Science (Management of Technology) from the Massachusetts Institute of Technology, and Master of Military Arts and Science from the US Army Command and General Staff College in Leavenworth.

Denis Suresh Kumar Marie

Mr Marie is Senior Vice President, Passenger Services of SATS, a position he has assumed since August 2009. With 18 years of experience in security and law enforcement, he had held senior positions in training and security management. He left with the rank of Deputy Assistant Commissioner and in 2001 was appointed as General Manager of SATS Security Services Private Limited.

Mr Marie sits on the Boards of a number of SATS' subsidiaries. He holds a Bachelor of Science degree, majoring in Business Administration from the Oklahoma City University, USA.

Yacoob Bin Ahmed Piperdi

Mr Piperdi is Senior Vice President, Cargo Services of SATS since January 2007. He joined SATS in April 1981 and assumed various positions including Vice President, Cargo, Vice President, Inflight Catering Centre 2 and other managerial positions in apron, baggage and passenger services, marketing as well as SIA Ground Services.

Mr Piperdi is the Chairman of Aerolog Express Pte Ltd. He also sits on the Boards of a number of SATS' subsidiaries and associated companies. He graduated from the National University of Singapore with a Bachelor of Arts (Honours) degree, majoring in English.

Poon Choon Liang

Mr Poon is Chief Operating Officer of Singapore Food Industries Pte. Ltd. (SFI). He joined SFI in a marketing role in 1998 and was appointed to his current position in December 2009. He was formerly a senior military officer with the Singapore Armed Forces, specialising in supply and transportation.

Mr Poon sits on various Boards of SFI's subsidiaries. He holds a Bachelor of Commerce (Economics) degree from the Nanyang University (Singapore) and a Bachelor of Social Science (Economics) Honours degree from the National University of Singapore.

Peter Tay Kay Phuan

Mr Tay is Senior Vice President, Catering Services of SATS. He joined SATS in November 1981 and was appointed to his present position in August 2010. Prior to this, he served as Vice President, Catering Operations, overseeing production at SATS Inflight Catering Centre 2 and Vice President, Cargo Services where he was responsible for designing and developing SATS Airfreight Terminals, and managing their operations.

Mr Tay sits on various Boards of SATS' subsidiary and associated companies. He graduated from the University of Dundee, UK, with a Bachelor of Engineering (First Class Honours) degree and a Master of Business Administration degree from the National University of Singapore.

Ronald Yeo Yoon Choo

Mr Yeo is Senior Vice President, Gateway Services (Overseas Operations) of SATS. He is responsible for the performance of SATS' overseas operating units. He joined SATS in 1978 and assumed his current position in November 2010. Prior to this, he held senior positions in SATS, covering regional operations, business planning and development, marketing, cargo, passenger and baggage services, and in SIA Ground Services.

Mr Yeo sits on the Boards of a number of SATS' associated companies. He graduated from the University of Singapore with a Bachelor of Engineering (Honours) degree.

Financial Calendar

FINANCIAL YEAR ENDED 31 MARCH 2011

29 July 2010
Announcement of 1Q2010-11 results

Results conference call with live webcast

18 August 2010
Payment of final dividend

2 November 2010
Announcement of 2Q2010-11 results

Results conference call with live webcast

2 December 2010
Payment of interim dividend

1 February 2011
Announcement of 3Q2010-11 results

Results conference call with live webcast

16 May 2011
Announcement of 4Q2010-11 results

Results briefing for analysts and media with live webcast

22 June 2011
Despatch of Summary Report to shareholders

5 July 2011
Despatch of Annual Report to shareholders

27 July 2011
Annual General Meeting

5 August 2011
Book closure date

17 August 2011
Proposed payment of final and special dividends

FINANCIAL YEAR ENDING 31 MARCH 2012

26 July 2011
Proposed announcement of 1Q2011-12 results

10 November 2011
Proposed announcement of 2Q2011-12 results

January/February 2012
Proposed announcement of 3Q2011-12 results

May 2012
Proposed announcement of 4Q2011-12 results

Investor
Relations

SATS Investor Relations (IR) aims to communicate pertinent information to shareholders and the investment community in a clear, forthcoming, detailed and prompt manner, and on a regular basis, taking into consideration their views and addressing their concerns. We also ensure that material, price-sensitive information is made publicly available on a timely and non-selective basis.

Information is disseminated via:

- **media releases and announcements**, which are issued through SGXNet. They relate to the Group's financial performance, business and strategic developments, and are sent to the media and the investment community. They are also posted on SATS' corporate website at sats.com.sg; and

- **corporate website**, which has a dedicated section for IR. Annual reports, quarterly financial results, webcasts of quarterly earnings briefings, latest corporate presentations and other information considered to be of interest to shareholders and the investment community are readily available in this section of our corporate website.

We also maintain a database of shareholders, analysts and investors that allows us to electronically disseminate media releases and financial results announcements to them on a timely basis.

Every quarter, with the exception of the fourth quarter, we hold an earnings conference call with live audio webcast to brief the media and the investment community on our financial performance and update them on key corporate developments. For the final quarter, we have a face-to-face briefing for the media and analysts with live audio webcast. The on-demand earnings webcasts are made available on our website on the same day of the earnings briefings for shareholders and the investment community's access.

SATS IR, together with the CEO and CFO, have been actively engaging our shareholders and the investment community through frequent and constructive communications. We hold regular dialogues with them through one-on-one meetings and conference calls, and strive to improve the transparency of our disclosure to help them better understand our business environment, business model, growth strategies and strategic developments.

To grow and achieve a wider geographical spread in our shareholder base, we track changes in our share register on a regular basis. Our participation in non-deal roadshow and broker-organised investor conferences held in Singapore, Hong Kong, the UK and the US increase the visibility of SATS amongst our shareholders and a broad spectrum of investors, giving them direct access to our management.

Held every July, our Annual General Meeting (AGM) provides an opportunity for us to communicate directly with our retail shareholders. Our board of directors and key members of management are present to address their queries during the AGM. In our bid to continue reaching out to retail shareholders, we participated in a SIAS seminar held in November last year.

During the year, we continued to make progress in extending broker research coverage on SATS by actively engaging the sell-side analysts. The number of sell-side analysts covering SATS has since increased from 12 to 14 currently. We will continue to maintain dialogues with other leading brokerages to increase coverage on SATS further.

INVESTOR RELATIONS CALENDAR

FY2010-11

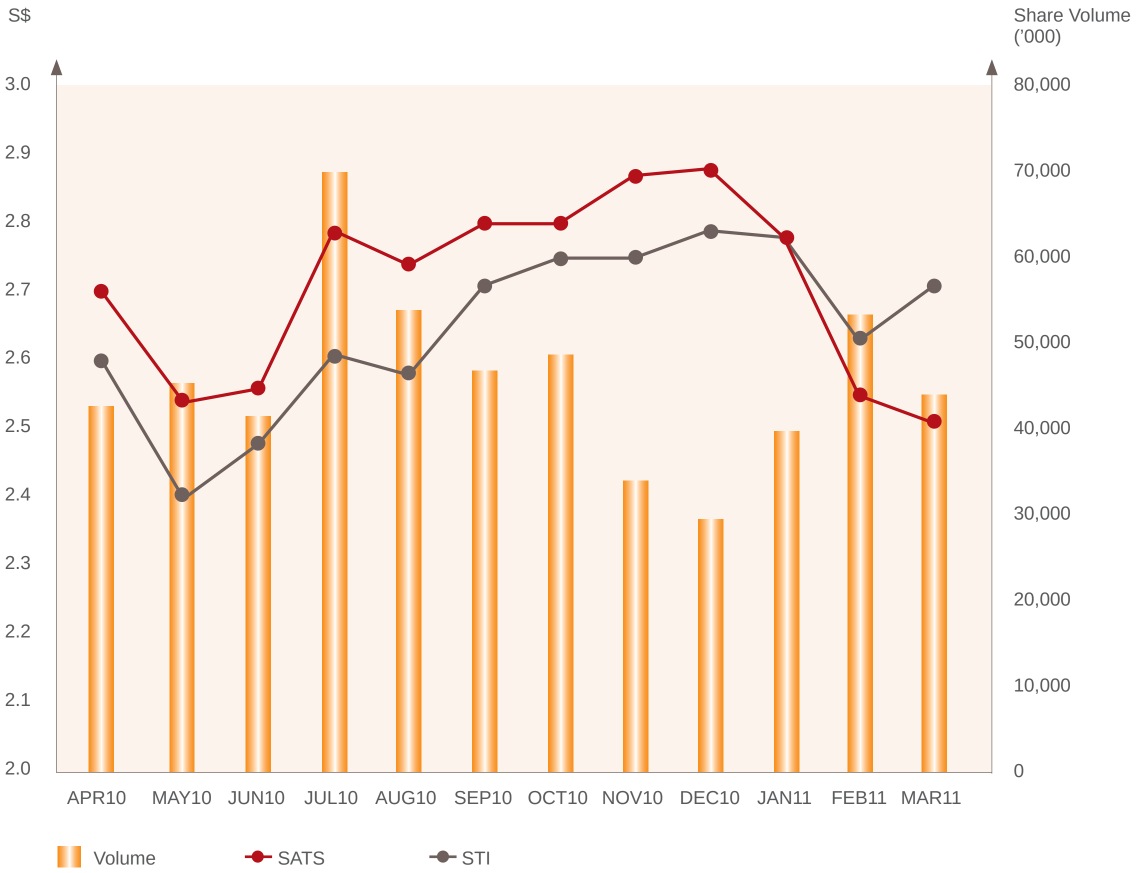
First Quarter (1 April – 30 June 2010)
- FY2009-10 results briefing for the media and analysts
- Post-results investor lunch hosted by Nomura
- Credit Lyonnais Corporate Access Forum, Singapore

Second Quarter (1 July – 30 September 2010)
- 1Q2010-11 results conference call with live audio webcast
- AGM
- Non-deal roadshow with HSBC, Hong Kong
- Daiwa ASEAN Day Conference, New York

Third Quarter (1 October – 31 December 2010)
- 2Q2010-11 results conference call with live audio webcast
- Post-results investor lunch hosted by UOB Kay Hian
- Morgan Stanley 9th Annual Asia Pacific Summit, Singapore
- Nomura Shinka, London
- SIAS Seminar

Fourth Quarter (1 January – 31 March 2011)
- 3Q2010-11 results conference call with live audio webcast
- Post-results investor lunch hosted by Credit Suisse
- SGX-UBS Global Markets Conference Series, New York & Boston

SHARE PRICE AND TURNOVER



Share Price ($) and Volume (million stock units)	FY10-11	FY09-10
Highest closing price during the year	**2.96**	2.74
Lowest closing price during the year	**2.42**	1.21
Closing price on 31 March	**2.51**	2.65
Total volume for the year	**547.99**	745.58
Average daily volume	**2.17**	2.96

Market Value Ratios (based on 31 March closing price)		
Price/Earnings	**14.45**	15.83
Price/Book value #	**1.82**	1.94
Price/Cash earnings *	**9.62**	10.48

Book value is defined as net asset value.

* Cash earnings is defined as profit attributable to equity holders of the Company plus depreciation and amortisation.

SATS
at a Glance

SATS BUSINESSES

With over 60 years of operating experience and an emerging global presence, SATS is Singapore's leading provider of gateway services and food solutions.

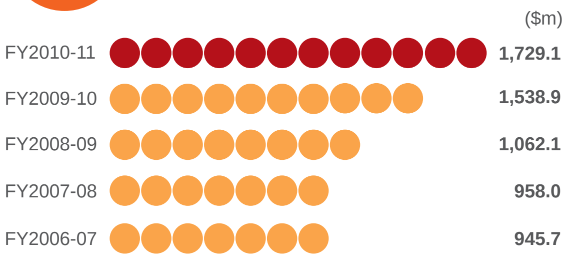
Our comprehensive scope of gateway services encompasses airfreight handling, passenger services, ramp handling, baggage handling, aviation security, and aircraft interior and exterior cleaning, while our food solutions business comprises airline catering, food distribution and logistics, industrial catering as well as ambient, chilled and frozen food manufacturing, and airline linen laundry.

Today, we handle about 80% of the scheduled flights and serve close to 60 scheduled airlines at Singapore Changi Airport. With the recent addition of Japan and Saudi Arabia, SATS is now present in 35 airports in 10 countries. We also have a presence in the UK and Australia through our expanding food solutions business.

Group Revenue

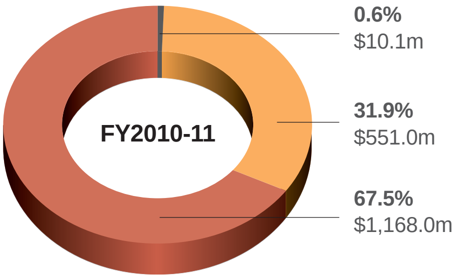
$1,729.1m

+12.4%

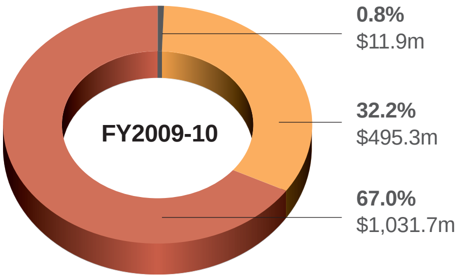


GROUP REVENUE

By Business



TOTAL $1,729.1m

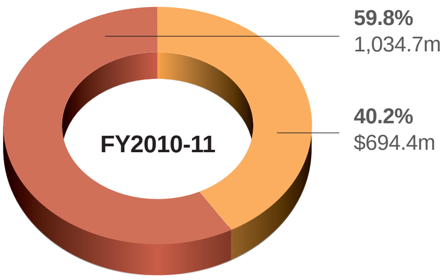


TOTAL $1,538.9m

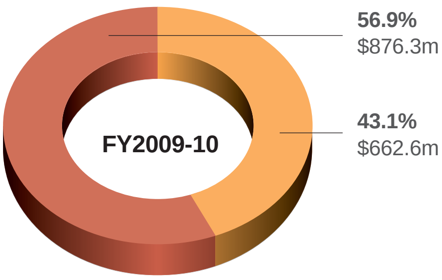
Percentage Change	%
Gateway services	11.3
Food solutions	13.2
Corporate	(15.1)
Total	12.4

Notes:
- Gateway services: Revenues from ground and cargo handling, aviation security, aircraft interior cleaning and cargo delivery and management.
- Food solutions: Revenues from inflight catering, food logistics, industrial catering, chilled and frozen food manufacturing, and airline linen and laundry.
- Corporate: Revenues from the corporate arm.

By Industry



TOTAL $1,729.1m

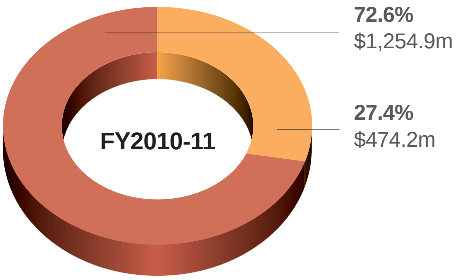


TOTAL $1,538.9m

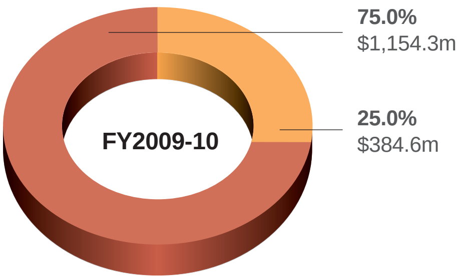
Percentage Change	%
Aviation	18.1
Non-aviation	4.8
Total	12.4

Notes:
- Aviation: Revenues from aviation-related businesses in gateway services and food solutions.
- Non-aviation: Revenues from Singapore Food Industries Group of companies (Singapore, UK & Australia), Country Foods and Country Foods Macau.

By Geographical Location



TOTAL $1,729.1m



TOTAL $1,538.9m

Percentage Change	%
Singapore	8.7
Overseas	23.3
Total	12.4

Notes:
- Singapore: Revenues from gateway services and food solutions businesses within Singapore.
- Overseas: Revenues from Singapore Food Industries (UK & Australia), Country Foods Macau and SATS HK.

Group Structure
& Investments *
As at 23 May 2011

SATS Ltd.

SUBSIDIARIES

Gateway Services

Singapore

- 100% SATS Airport Services Pte Ltd
- 100% Asia-Pacific Star Private Limited
- 100% SATS Security Services Private Limited
- 70% Aerolog Express Pte Ltd

Overseas

- 100% SATS HK Limited, *Hong Kong*
- 100% SATS (India) Co. Private Limited, *India*

Food Solutions

Singapore / **Overseas**

- 100% SATS Catering Pte Ltd
- 100% SATS Investments Pte. Ltd.
  - 50.7% TFK Corporation ^, *Japan*
    - 100% Inflight Foods Co., Ltd, *Japan*
    - 100% Narita Dry Ice Co., Ltd, *Japan*
    - 100% New Tokyo Service Co., Ltd, *Japan*
    - 100% Tokyo Flight Kitchen Restaurantes LTDA, *Brazil*
- 100% Country Foods Pte. Ltd.
  - 51% Country Foods Macau, Limited, *Macau*
- 100% Aero Laundry And Linen Services Private Limited
- 100% Singapore Food Industries Pte. Ltd.
  - 100% Singfood Pte. Ltd.
  - 100% SFI Manufacturing Private Limited
  - 100% SFI Food Pte. Ltd.
  - 100% Singapore Food Development Pte Ltd
  - 78.5% Primary Industries Private Limited
    - 100% Hog Auction Market Pte Ltd
    - 100% Farmers Abattoir Pte Ltd
  - 100% S Daniels Plc ^^, *United Kingdom*
    - 100% Daniels Chilled Foods Limited, *United Kingdom*
      - 100% Farmhouse Fare Limited, *United Kingdom*
  - 100% International Cuisine Limited ^^^, *United Kingdom*
  - 100% Primary Industries (Qld) Pty Ltd, *Australia*
    - 51% Urangan Fisheries Pty Ltd, *Australia*
  - 96% Shanghai ST Food Industries Co., Limited, *China*

^ Excluding treasury shares held by TFK Corporation, SATS Investments Pte. Ltd.'s shareholding in TFK Corporation would be 53.8%.

^^ Singapore Food Development Pte Ltd, a wholly-owned subsidiary of Singapore Food Industries Pte. Ltd., owns 1 share in the capital of S Daniels Plc.

^^^ Singapore Food Development Pte Ltd, a wholly-owned subsidiary of Singapore Food Industries Pte. Ltd. owns 20.7% shareholding in the capital of International Cuisine Limited.

* Excluding dormant/inactive companies.

SATS Ltd.

INVESTMENTS

Gateway Services

50%
Air India SATS Airport Services Private Limited
India

49.8%
PT Jasa Angkasa Semesta, Tbk
Indonesia

49%
Asia Airfreight Terminal Co Ltd
Hong Kong

100%
Asia Airfreight Services Limited
Hong Kong

100%
Asia Airfreight Services (Shenzhen) Limited
China

40%
Beijing Aviation Ground Services Co., Ltd
China

46%
Tianjin Aviation Cargo Services Co Ltd
China

30%
Tan Son Nhat Cargo Services Ltd
Vietnam

40%
Tianjin Aviation Ground Services Co Ltd
China

25%
Evergreen Air Cargo Services Corporation
Taiwan

37%
Beijing Airport Trucking Services Co Ltd
China

20%
Evergreen Airline Services Corporation
Taiwan

35%
Beijing Airport Cargo Consolidation Services Co., Ltd
China

Food Solutions

49.8%
TASCO Foods Co., Ltd ####
Japan

49%
Servair-SATS Holding Company Pte Ltd
Singapore

34%
Macau Catering Services Company Ltd
Macau

49%
Taj SATS Air Catering Limited
India

49%
Aviserv Limited #
Pakistan

40%
Beijing Airport Inflight Kitchen Ltd
China

60%
Tianjin Airport Kitchen Ltd
China

40%
Adel Abuljadayel Flight Catering Company Limited ##
Saudi Arabia

50%
Shenyang Airport Inflight Kitchen Co Ltd
China

35%
Maldives Inflight Catering Private Limited
Maldives

30%
Taj Madras Flight Kitchen Private Limited
India

30%
Jilin CSD Food Co., Ltd ###
China

27.7%
International Airport Cleaning Co., Ltd ####
Japan

20%
MacroAsia Catering Service, Inc
Philippines

15%
Evergreen Sky Catering Corporation
Taiwan

Incorporated in Ireland, place of business in Pakistan.

Held through SATS' wholly-owned subsidiary, SATS Investments Pte. Ltd.

Held through SATS' wholly-owned subsidiary, Singapore Food Industries Pte. Ltd.

Held through SATS' subsidiary, TFK Corporation.

Corporate Information

As at 23 May 2011

BOARD OF DIRECTORS

Edmund Cheng Wai Wing
Chairman

David Zalmon Baffsky

David Heng Chen Seng

Nihal Vijaya Devadas Kaviratne CBE

Khaw Kheng Joo

Rajiv Behari Lall

Mak Swee Wah

Ng Kee Choe

Keith Tay Ah Kee

Yeo Chee Tong

Leo Yip Seng Cheong

BOARD COMMITTEES

Audit Committee

Keith Tay Ah Kee
Chairman

David Zalmon Baffsky

Nihal Vijaya Devadas Kaviratne CBE

Yeo Chee Tong

Board Executive Committee

Edmund Cheng Wai Wing
Chairman

David Heng Chen Seng

Mak Swee Wah

Ng Kee Choe

Board Risk Committee

Mak Swee Wah
Chairman

David Heng Chen Seng

Khaw Kheng Joo

Nominating Committee

Khaw Kheng Joo
Chairman

Rajiv Behari Lall

Keith Tay Ah Kee

Remuneration and Human Resource Committee

Edmund Cheng Wai Wing
Chairman

Ng Kee Choe

Yeo Chee Tong

Leo Yip Seng Cheong

COMPANY SECRETARY

Leow Chiap Seng

SHARE REGISTRAR

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

AUDITORS

Ernst & Young LLP
Public Accountants and
Certified Public Accountants
One Raffles Quay
North Tower #18-01
Singapore 048583

Audit Partner
Nagaraj Sivaram
(appointed with effect from
FY2010-11)

COMPANY REGISTRATION NO.

197201770G

REGISTERED OFFICE

20 Airport Boulevard
SATS Inflight Catering Centre 1
Singapore 819659

EXECUTIVE MANAGEMENT

Clement Woon Hin Yong
President & Chief Executive Officer

Lim Chuang
Chief Financial Officer

Tan Chuan Lye
Executive Vice President
Food Solutions

Robert Burnett
Chief Executive Officer
UK

Chang Seow Kuay
Senior Vice President
Food Solutions (Overseas Operations)

Chi Ping Huey
General Counsel

Tony Goh Aik Kwang
Senior Vice President
Strategic Marketing

Leong Kok Hong
Senior Vice President
Strategic Partnership

Andrew Lim Cheng Yueh
Senior Vice President
Greater China

Philip Lim Chern Tjunn
Senior Vice President
Apron Services

Denis Suresh Kumar Marie
Senior Vice President
Passenger Services

Yacoob Bin Ahmed Piperdi
Senior Vice President
Cargo Services

Poon Choon Liang
Chief Operating Officer
Singapore Food Industries Pte. Ltd.

Peter Tay Kay Phuan
Senior Vice President
Catering Services

Ronald Yeo Yoon Choo
Senior Vice President
Gateway Services (Overseas Operations)

Operations Review

GATEWAY SERVICES

SINGAPORE

SATS has had a stronger showing in FY2010-11, serving 52 scheduled airlines – seven more than a year ago – and 75% of the scheduled flights out of Singapore Changi Airport.

For the year in review, we handled more than 103,700 flights, a 7.7% increase year-on-year. Passengers handled rose 7.2% to 35.4 million, while cargo throughput grew 6.2% to 1.5 million tonnes.

New Contracts and Renewals

SATS boosted its client list in FY2010-11 by securing and renewing contracts with several airline customers including British Airways, China Cargo Airlines, Hong Kong Airlines, Korean Air and Malaysia Airlines.

Asia-Pacific Star, our wholly-owned subsidiary serving the low-cost carrier segment, also clinched new contracts with customers like Airphil Express, Mandala Airlines and South East Asian Airlines, while renewing its contract with Lion Air.

New Initiatives and Offerings

In late April 2010, we were awarded a technical ramp handling licence at Singapore Changi Airport which allowed us to expand our suite of ground handling services to include aircraft receiving and dispatching, aircraft pushback and towing, aircraft exterior cleaning as well as the provision of ground power and cooling units. The addition of technical ramp handling services has enabled us to provide our airline customers with a one-stop seamless ground handling solution, and to further extend our services to the business jet market.

Coolport@Changi (Coolport), Asia's newest on-airport perishables handling centre, was officially opened in November 2010. It represents SATS' initiative in providing innovative solutions as a leading gateway services provider and serves to strengthen Singapore's standing as an important air cargo and logistics hub. With its multi-tiered temperature zones, suite of value-added services, and the various industry accreditations achieved, Coolport is able to handle a wide range of perishables, from fresh produce to pharmaceutical and biomedical products. Designed with an annual handling capacity of 250,000 tonnes, Coolport is already operating at 70% capacity.

In our efforts to offer complete solutions to customers, SATS Logistics Solutions, a division of SATS Cargo, was established to provide logistics support and hub solutions. Developing complete gateway and distribution centre solutions with a focus on improving service levels of the Singapore Hub, SATS Logistics Solutions has forged partnerships with key logistics service providers to provide a seamless and holistic suite of services with unique and customised solutions for each client.

During the year in review, a free mobile application – SATS Mobile App – was launched by SATS Cargo for air cargo agents and airlines. This application is compatible with the iPhone and iPad and will be extended to other smartphone platforms in the future. The first of its kind in Asia, this application provides customers with quick and easy access to their shipment status anytime, anywhere. Customers are able to monitor and track the movements of their cargo as well as view delivery service times and charges for their shipments.

SATS continually looks to leverage its core passenger handling capabilities, both within the aviation and non-aviation sectors. During the year in review, we partnered Marina Bay Sands to launch Singapore's first city check-in and baggage acceptance service. By providing passengers the convenience of checking-in at Marina Bay Sands, we offer them greater flexibility in maximising their time in Singapore before catching their flights. The service is currently available to passengers of participating airlines including China Eastern Airlines, EVA Airways, Qantas Airways, SilkAir and Singapore Airlines.

Upgrades and Improvements

At SATS, we believe that driving operational excellence, customer intimacy and innovation is a continuous process which leads to service and capability differentiation.

Throughout the year in review, we introduced several initiatives aimed at enhancing the passenger experience at Singapore Changi Airport. For instance, we installed wireless check-in work stations to handle more passengers and reduce waiting time during peak periods. Mobile LCD display units were put in place to offer passengers greater visibility of flight information, while arrival ambassadors were specially selected and trained to assist passengers with special needs.

In our ongoing efforts to improve our services, we revamped SATS Premier Club Lounge in Terminal 2. The renovated lounge, which is more spacious and larger, features an exclusive new section reserved for first class passengers. We also started offering limousine and premium coach services to provide passengers with a more comprehensive suite of concierge services.

In the area of cargo services, we implemented the E-survey Report to replace the manual reporting process for surveying cargo with irregularities that might have occurred during handling or while being transported in the air. With this initiative, details of the cargo shipment surveyed are captured electronically with a hand-held device for easy reference and the survey report can be sent via email to our customers.

In line with our commitment to ensure a safe and secure Singapore Hub, cargo security at SATS Airfreight Terminals remains a top priority. In support of the Regulated Cargo Agents Regime, cargo screening at our terminals has been enhanced via an improved cargo management system – SATS COSYS Intelligent Solutions (COSYS-IS), which enables automated capture of the details of cargo being screened.

"During China Southern Airlines' preparation for the Skytrax 4-Star accreditation in 2011, SATS provided its expertise and support right from the beginning until the actual audit. The exemplary effort from the SATS team contributed greatly to our successful accreditation. SATS has truly been an invaluable service partner for China Southern Airlines, consistently displaying its commitment towards customer satisfaction. Thank you, SATS."

Ms Christine Law, Station Manager, China Southern Airlines

AWARDS AND ACCOLADES

- SATS has received the 'Best Air Cargo Terminal – Asia' Award for the 13th time at the Asian Freight & Supply Chain Awards. Voted by professionals in the logistics and cargo industry, this prestigious title is a testament to the continued efforts of SATS to achieve service excellence.
- SATS clinched eight awards in the SMILE Awards and a Team Award at the Changi Services Awards 2010 organised by the Changi Airport Group to recognise service staff for their positive attitudes and excellent service delivery.
- China Southern Airlines ranked its Singapore station, which is supported by SATS, as having the best ground handling performance within its network in 2010. In addition, we were awarded a certificate of appreciation for our efforts in supporting the airline during its Skytrax 4-Star accreditation.
- SATS was honoured with an appreciation award from the Ministry of Home Affairs for the successful implementation of a Threat Oriented Passenger Screening Integrated System at the Budget Terminal.
- Two of our security staff were bestowed the Police Coast Guard Commander's Award for their vigilance in detecting unauthorised vessels.
- 51 SATS staff were recognised as service champions at the SPRING Singapore's Excellent Service Awards. We garnered 17 Star, 19 Gold and 15 Silver Awards in total.
- At the Singapore Airlines CEO Transforming Customer Services Awards 2010, held to recognise outstanding service performances, we clinched the Airport Service Individual Award, Airport Service Team Award, Flight Delay Handling Team Award and Service Process Redesign Award.
- Xiamen Airlines named SATS the 'Best Ground Handling Agent' in 2010. This was in recognition of the perfect scores we achieved in on-time flight performance, documentation checks and security matters. We were also awarded a certificate of appreciation for our efforts in providing seamless cargo services.

OVERSEAS

North Asia

Beijing Aviation Ground Services Co., Ltd (BGS)

BGS, a 60:40 ground handling joint venture between Capital Airports Holding Company and SATS, provides a comprehensive suite of services such as passenger, cargo, apron and technical ramp handling at Beijing Capital International Airport (BCIA).

As a leading ground handler in BCIA, BGS serves over 50% of the airlines including China Southern Airlines, Delta Air Lines, Emirates, Etihad Airways and Singapore Airlines. For the year in review, it secured and renewed contracts with customers including British Airways, FedEx, Hong Kong Airlines, Japan Airlines and Yangtze River Express.

BGS saw cargo throughput grow 12.1% year-on-year to over 585,000 tonnes, flights handled increase 2.9% to more than 88,000 flights, and passengers handled rise slightly to 3.6 million passengers.

In January 2011, BGS moved to the new international cargo terminal at BCIA. Occupying the entire cargo terminal, it now has a handling capacity of up to 400,000 tonnes of cargo annually.

SATS HK Limited (SATS HK)

A wholly-owned subsidiary of SATS, SATS HK provides passenger and ramp handling services at the Hong Kong International Airport (HKIA). It serves about 30 airline customers including Air Canada, FedEx, Jet Airways, Malaysia Airlines and Singapore Airlines Cargo.

"We were very pleased with the level of professionalism and dedication shown by the SATS HK team in handling the first Malaysia Airlines flight at Hong Kong International Airport. Working closely with our team, the SATS HK staff worked tirelessly to ensure a smooth transition and managed the flight with extreme precision."

Mr Alan Chung, Station Manager, Malaysia Airlines Hong Kong

During the year in review, SATS HK secured several new customers such as Etihad Airways Cargo, Juneyao Airlines, Singapore Airlines and Turkish Airlines Cargo, increasing its market share in passenger and ramp handling to 17% and 22% respectively by the number of airline customers served. It also renewed contracts with existing customers such as the Airline Operators Committee and Delta Air Lines.

Asia Airfreight Terminal Co Ltd (AAT)

AAT is an airfreight terminal operator managing two air cargo terminals at HKIA with a combined annual handling capacity of 1.5 million tonnes. With an equity stake of 49%, SATS is the largest of the five shareholders in the international consortium that owns AAT.

AAT currently serves over 50 airlines. During the year in review, it secured 12 new customers including Etihad Crystal Cargo, Jet Airways, National Air Cargo and TNT Express Worldwide, and renewed contracts with United Airlines and Turkish Airlines. These wins added to AAT's ongoing relationships with major international carriers such as All Nippon Airways, Asiana Airlines, Qantas Airways, Singapore Airlines Cargo and United Airlines, which saw its share of airline customers at the airport increase to 37%.

AAT reported a 32.4% surge in cargo throughput to more than 734,000 tonnes in FY2010-11.

Evergreen Air Cargo Services Corporation (EGAC)

SATS holds a 25% equity stake in EGAC which offers a comprehensive range of cargo handling services at Taiwan Taoyuan International Airport (Taoyuan Airport). EGAC runs a fully automated airfreight terminal at the airport, one of the two on-airport cargo facilities in Taiwan.

In FY2010-11, EGAC maintained a market share of 30% at Taoyuan Airport by cargo volume handled. It recorded 20.3% growth in cargo throughput to 446,000 tonnes. Key customers that EGAC serves include All Nippon Airways, EVA Airways, KLM Royal Dutch Airlines, Singapore Airlines Cargo and Thai Airways.

Evergreen Airline Services Corporation (EGAS)

EGAS is a ground handler offering a comprehensive suite of services including ramp, baggage and airfreight handling as well as aircraft interior and exterior cleaning and maintenance services for airport equipment and vehicles. SATS owns a 20% equity stake in EGAS.

EGAS serves a total of 16 airlines. It commenced operations at Taipei Songshan Airport (Songshan Airport) in October 2010, adding to its existing presence at Taoyuan Airport. Its market share at Songshan Airport is close to 40% by the number of airlines served while at Taoyuan Airport, its market share is more than 25%.

In FY2010-11, EGAS handled close to 29,000 flights, a 30.5% increase from a year ago. It secured and renewed contracts with Air Busan, China Cargo Airlines, China Eastern Airlines, Nippon Cargo Airlines and Singapore Airlines Cargo.

West Asia

Air India SATS Airport Services Private Limited (AISATS)

AISATS is a 50:50 joint venture between SATS and Air India, offering ground and cargo handling services at metropolitan airports in India including Bangalore, Delhi and Hyderabad.

AISATS has been steadily establishing itself as a leading ground handler in these airports and its key customers include Air India, Emirates, Malaysia Airlines, Singapore Airlines and Thai Airways. It now serves more than half of the airlines operating in Bangalore and Hyderabad, while handling around 20% of the carriers in Delhi.

For the year in review, AISATS handled close to 4 million passengers, over 39,000 flights and more than 94,000 tonnes of cargo. It boosted its client list by clinching new contracts with Air Asia, Etihad Airways, FedEx, Philippine Airlines and SilkAir.

AISATS was named the Official Ground Handler for Aero India 2011, a major aerospace, defence and civil aviation exhibition held in Bengaluru in February 2011.

Southeast Asia and Australasia

PT Jasa Angkasa Semesta Tbk (PT JAS)

Established in 1986, PT JAS is a joint venture between SATS and PT Cardig Air Services. A ground and cargo handler in Indonesia, PT JAS operates in 11 key stations across the archipelago, serving over 40 airline customers including Cathay Pacific Airways, Emirates, KLM Royal Dutch Airlines, Qatar Airways and Singapore Airlines.

For the year in review, PT JAS served over 15 million passengers and 52,000 flights. It handled more than 240,000 tonnes of cargo, up 16.9% from the previous year. PT JAS also secured and renewed contracts with customers such as AirAsia, All Nippon Airways, Kuwait Airways, Mihin Lanka and Strategic Airlines.

In its bid to continually differentiate itself and offer customers a comprehensive range of value-added services, PT JAS introduced its third Premier Lounge at Sepinggan International Airport in Balikpapan and the first Priority Check-in Lounge at Soekarno-Hatta International Airport in Jakarta.

"The Asia-Pacific Star team has been actively listening and working closely with Jetstar Asia Airways and Valuair to pursue continuous improvement for both the product and operational integrity of our hub operations. We look forward to strengthening this partnership with Asia-Pacific Star."

Mr Benson Tan, Head of Ground Operations, Jetstar Asia Airways & Valuair

PT JAS' Premier Lounge offers passengers a range of lounge and business centre amenities in a relaxing environment. Modelled after SATS' lounges at Singapore Changi Airport, its Priority Check-in Lounge offers premium passengers a hassle-free travel experience with the exclusivity and convenience of checking in at a private lounge with direct access to a dedicated immigration area.

PT JAS also introduced the Airport Special Assistance scheme in January 2011, a premium concierge service targeted at corporate travellers.

Tan Son Nhat Cargo Services Ltd (TCS)

TCS provides cargo terminal services at Tan Son Nhat International Airport (Tan Son Nhat), the largest airport in Vietnam. Based in Ho Chi Minh City, TCS is a joint venture between Vietnam Airlines, Southern Airport Services Company and SATS, which holds a 30% equity stake.

Today, TCS serves around 40 airline customers. It retains most of its market share - 93% by the number of airline customers and 98.7% by cargo volume - despite the entry of a new player at Tan Son Nhat.

For the year in review, TCS handled over 233,000 tonnes of cargo, an increase of 17.9% year-on-year. It also secured and renewed contracts with airlines including China Airlines, Korean Air, Japan Airlines, Malaysia Airlines and S7 Airlines.

During the year, TCS initiated major infrastructural improvements aimed at improving customer service and handling efficiency. They included the opening of a new customs clearance centre in December 2010 and the upgrading of its existing facilities at Airfreight Terminal 1. The construction of a second airfreight terminal, equipped with a sophisticated material handling system, is currently in progress.

AWARDS AND ACCOLADES

- In recognition of its efforts in going green, AAT clinched the Silver Award in the 2010 Hong Kong Awards for Environmental Excellence in the transport and logistics category.
- BGS received top awards from BCIA for its outstanding services and for promoting safety and stability in its operations. It also walked away with the Best Service Award for lounge service within Malaysia Airlines' network of stations.
- AISATS' Bangalore station was named the Best Station in the Dragonair network, while Emirates honoured the station for achieving the Best On-Time Performance in its network.
- PT JAS was named Best Employer of the Year for 2010 by Frost & Sullivan, a global research and consultancy firm.

Operations Review

FOOD SOLUTIONS

SINGAPORE

Following the successful acquisition of Singapore Food Industries (SFI), SATS has substantially strengthened its food solutions arm and benefited from cost synergies arising from the integration of SFI.

New contracts and renewals

SATS continues to be the leading caterer at Singapore Changi Airport, serving 45 airlines and around 86% of the total scheduled flights.

In FY2010-11, we produced over 25 million meals, a jump of 6.8% from the previous year. We secured and renewed contracts for inflight catering and laundry services with airline customers such as Air India, Air Macau, Cathay Pacific Airways, Hong Kong Airlines and Jet Airways.

The evolving tourism and hospitality landscape in Singapore has presented our non-aviation food solutions business with more opportunities. In the area of events catering, we were awarded the contract for the inaugural Singapore 2010 Youth Olympic Games, where we implemented a meal ordering system and catered over 285,000 meals for athletes, games officials and volunteers.

We also clinched the contract for the Singapore F1 Grand Prix, where we supplied staff meals at the F1 Village and the pit area throughout the event.

In the area of hospital catering, we added the Institute of Mental Health to our customer list and renewed our contract with St Luke's Hospital.

In May 2010, we also renewed our contract with the Singapore Armed Forces to provide logistics support for its operations in Australia till 2015, with the option to extend for a further five years. This encompasses the provision of a full range of logistics and support services including catering, supplies support and transportation, maintenance of vehicles and equipment, and shipment support for its training requirements.

Process improvements and facility upgrades

To drive work improvements, we reviewed our processes and initiated 16 Lean Management projects during the year in review. These projects helped streamline our operations and resulted in reduction of food wastage, better utilisation of resources and improved efficiency. Consequently, we achieved total cost savings of close to $2 million per annum.

Some of these Lean Management projects undertaken include:

- Improving productivity by 15% at the tray assembly operations at SATS Inflight Catering Centre 1 (SICC 1) by converting the assembly line into individual work cells in which staff would complete the entire tray assembly within each work cell. This enabled the continuity of production in the event of manpower shortage or when the assembly line belt was out of service. To ensure the success of the project, operational excellence techniques like Time-Motion Study and Workload Balancing were applied. Configurations and dimensions of the furniture were also redesigned, taking ergonomic and efficiency factors into consideration.

"The professionalism and dedication of the team at SATS Catering is a major reason why SilkAir can continue to deliver the quality service our customers have come to expect. It is a relationship we truly value and appreciate. Thank you, SATS Catering."

Mr Marvin Tan, Chief Executive, SilkAir

"Le Lifestyle played an important part in making our event a success. We received much praise from our guests, including the Ambassador of Switzerland, who were impressed with the impeccable service from Chef Kenny Yeo and his team members. The Swiss theme was not only a delight to everyone who sampled the tantalising gourmet buffet spread, even the table layout and presentation were truly impressive. It was a real pleasure working with Le Lifestyle."

Ms Lydia Wong, Manager, Marketing Division, KHL Marketing Asia-Pacific

- Improving the steam production efficiency at SICC 1. By replacing old steam traps and installing a condenser to recycle flash steam to pre-heat water tanks, we reduced our gas consumption by 30%, resulting in savings of over $180,000 per year.

- Implementing measures such as more quality checks at key production stages in our inflight kitchen to reduce wastage and improve the quality of bakery items. To optimise manpower deployment, we also made improvements to the production schedule and cross-trained staff to facilitate flexible deployment across various work areas.

We also invested in facility enhancements by:

- Upgrading the Vacuum Waste Disposal System at SATS Inflight Catering Centre 2. By integrating the new system seamlessly into our existing ware-wash machine lines and automating the collection of waste at a central location, we reduced manpower usage, resulting in cost avoidance of about $500,000 per year. The improved waste handling process also offers greater assurance in food safety and hygiene as waste is handled more efficiently through the system, compared to manual handling.

- Constructing an Interim Retort Tray Manufacturing Plant, which is expected to be operational by December 2011. This facility will extend our meal preparation capabilities to include shelf-stable tray meals, delivering significant competitive advantage to our low-cost catering business.

New initiatives and offerings

2010 saw SATS take a strategic step towards delivering a safe, sustainable, and reliable food supply for Singapore and other markets with an investment in an integrated pig farm (IPF) project within the Jilin Food Zone in Jilin Province, China. SATS owns a 30% stake in the joint venture (JV) between Jilin China-Singapore Food Zone Development Construction Investment and DaChan Food (Asia).

In September 2010, we broke ground for the IPF, which will see an eventual production of 1 million pigs annually. We are excited to contribute to the JV by way of sharing our expertise in food safety, as well as in the production, marketing and distribution of food products.

Our premium event catering unit, Le Lifestyle, also marked a new milestone with the opening of Tables by the Bay, a restaurant offering French-style modern cuisine at Keppel Club. Apart from being another touch point for consumers to experience our culinary expertise, the restaurant is an excellent venue for hosting corporate and private events where we provide customised gourmet menus which cater to customers' preferences.

AWARDS AND ACCOLADES

- SATS was awarded the Gold Award for maintaining an "A" grade under its Food Factory Grading Scheme for 15 consecutive years from the Agri-Food and Veterinary Authority (AVA) of Singapore.

- At the Food & Hotel Asia 2010 exhibition, the SATS team competed against strong opponents from various countries and walked away with the Silver Award for the gourmet team category, while one of our cooks walked away with a Silver Medal in an individual category.

- We were awarded a token of appreciation at the National Environment Agency Recycling Week 2010, in recognition of our efforts in segregating organic waste from inorganic waste.

- Country Foods won the Supplier of the Year 2010 Award for Pizza Hut Singapore by Yum! Restaurants International. This prestigious annual award recognises premier suppliers from various international markets.

- SFI was named Food Safety Partner for the second time, for its commendable food safety assurance and consumer education efforts. Granted by AVA, SFI is one of only 10 companies to receive this award. AVA also conferred on SFI six Certificates of Commendation to mark its excellence in food hygiene, sanitation, and processing for two consecutive years, alongside multiple Food Safety Excellence Awards.

OVERSEAS

North Asia

Beijing Airport Inflight Kitchen Ltd (BAIK)

Founded in 1993, BAIK is a 60:40 joint venture between Capital Airports Holding Company and SATS. BAIK serves 40% or over 50 of the carriers operating out of Beijing Capital International Airport, including international and domestic airlines such as China Southern Airlines, Scandinavian Airlines, Sichuan Airlines, Singapore Airlines and Turkish Airlines.

The year in review saw BAIK secure new contracts with Air Canada, Armenian Airlines, Polet Cargo Airlines and Transaero Airlines, while renewing its catering contract with Malaysia Airlines. BAIK produced over 6.5 million meals, up 9.3% year-on-year.

TFK Corporation (TFK)

SATS completed its acquisition of a 50.7% equity stake in TFK (with voting rights of 53.8%) in December 2010. The leading airline caterer in Tokyo, TFK has a strong presence at both Narita and Haneda airports. Besides airline catering, TFK operates an airport hotel, provides lounge management services, and operates restaurants at airports and golf resorts.

TFK has a total production capacity of 46,000 meals per day and currently serves around 30 international airlines including Air France, Japan Airlines, Korean Air, Lufthansa and Qantas Airways.

The 11 March 2011 disasters in Japan resulted in minor damage to TFK's facilities and saw 11 of its airline customers suspend and re-route flights. There were also disruptions to raw material supplies from North Japan. TFK swiftly switched to

“The Daniels Group’s cross-functional relationships with Asda have helped them better understand our objectives, which in turn has meant that they are increasingly able to meet and exceed the challenges of Asda’s aspirations for growth.”

Mr Andrew Kenny, Category Manager, Meal Solutions, Asda Stores (part of the Wal-Mart Group)

alternate sources and leveraged on SATS’ network to source for overseas supplies. To allay fears over radioactive contamination in food, TFK was the first airline caterer to check radiation levels in food using Geiger counters. It helped support airline customers in restoring normalcy, and 10 of the 11 airlines have since resumed uplift of meals from TFK.

Country Foods Macau, Limited (CF Macau)

CF Macau was incorporated in December 2007 to bolster SATS’ presence in the vibrant Macau market. Country Foods, our wholly-owned subsidiary, owns a 51% stake in CF Macau.

CF Macau manufactures and supplies processed and semi-processed food materials such as vegetables, soups, sauces, meats and ready-to-eat meals for the Macau and Hong Kong markets. Its customers include Cathay Pacific Catering Services, Hong Kong’s Ocean Park, Hong Kong International Theme Parks and LSG Lufthansa Service Hong Kong. During the year in review, CF Macau secured a contract to cater employee meals for Mandarin Oriental Macau.

Macau Catering Services Company Ltd (MCS)

MCS was incorporated in Macau in 1995 as a joint venture between Servair-SATS Holding and local companies Sociedade de Turismo e Diversoes de Macau, Wu’s Group and H. Nolasco & Cia Lda. Servair-SATS, a 49:51 joint venture between SATS and Servair Group, holds a 34% stake in MCS.

With a daily production capacity of 4,100 meals, MCS is the official caterer at Macau International Airport, serving 11 airline customers including Air Macau, EVA Airways, Jet Asia, Philippine Airlines and VIVA Macau.

In FY2010-11, MCS produced over 1.1 million meals, a slight increase of 1% from the previous year. It also won a contract to supply meals to Companhia de Seguranca de Macau Lda. (SEMAC), a firm that provides security services at Macau International Airport.

Evergreen Sky Catering Corporation (EGSC)

SATS holds a 15% equity stake in EGSC, its first venture into Taiwan since October 1995. Based in Taiwan Taoyuan International Airport, EGSC commands around 40% of the market share and serves a total of 17 airline customers including All Nippon Airways, EVA Airways, Malaysia Airlines, Singapore Airlines and Thai Airways.

EGSC produced over 6.9 million meals for the year in review, representing a 7.8% increase year-on-year. It also secured new contracts with Air Busan, Nippon Cargo Airlines and Shanghai Airlines Cargo.

West Asia

Taj SATS Air Catering Limited (TSAC)

TSAC provides inflight catering services to domestic and international airlines in major Indian cities including Amritsar, Bangalore, Delhi, Goa, Kolkata and Mumbai. It is a 49:51 joint venture between SATS and Indian Hotels, which operates the Taj Group of hotels.

TSAC's customer list features 57 prominent international carriers including All Nippon Airways, Cathay Pacific Airways, Emirates, Qantas Airways and Singapore Airlines.

For the year in review, TSAC produced 17.7 million meals, up 10.8% from the previous year. New customers secured include airlines such as China Eastern Airlines, Ethiopian Airlines, Philippine Airlines and Qatar Airways as well as institutional customers such as Castrol India and Hindustan Unilever.

TSAC also partnered Delaware North, Australia, to provide catering for the Commonwealth Games 2010 held in New Delhi. TSAC produced over 30,000 meals per day for the athletes, officials and volunteers at the Commonwealth Games Village.

Taj Madras Flight Kitchen Pvt Limited (TMFK)

TMFK is the leading inflight caterer in Chennai and currently serves around 10 airlines including Air India, Jet Airways, Malaysia Airlines and Singapore Airlines. SATS holds a 30% equity stake in TMFK, alongside joint venture partners Indian Hotels and Malaysia Airlines.

TMFK now holds a 22% market share by the number of airlines served in Chennai. For the year in review, it produced over 2.7 million meals, representing a 32.6% increase year-on-year, and secured SilkAir as its new customer.

Maldives Inflight Catering Private Limited (MIC)

Based in Malé International Airport (MIA), MIC provides inflight catering services to over 75% of the airlines operating at the airport. MIC is a joint venture between SATS and Maldives Airports Company, with SATS owning a 35% equity stake.

During the year in review, MIC served over 590,000 meals, up 26.4% from a year ago. With returning customers including British Airways, Korean Air, Qatar Airways and Singapore Airlines, FY2010-11 also saw MIC add Aeroflot, Edelweiss Air, Shanghai Airlines and Sichuan Airlines to its client roster.

MIC-owned Hulhule Island Hotel (HIH) signed new crew accommodation contract with China Eastern Airlines and Shanghai Airlines, and renewed contracts with carriers such as Condor Airlines, Qatar Airways and SriLankan Airlines.

Southeast Asia and Australasia

MacroAsia Catering Services, Inc. (MACS)

MACS is an 80:20 joint venture formed by MacroAsia Corporation and SATS. Established in 1996, MACS is the first fully functional inflight catering facility located at Ninoy Aquino International Airport (NAIA) in Manila, Philippines. MACS also holds the distinction of being the only ISO 9001-2008 certified, Halal compliant and HACCP certified caterer in Manila.

MACS maintained its leadership position in the inflight catering market at NAIA, with a market share close to 60% by meal volume. It produced close to 2.8 million meals, up 5.6% year-on-year.

For the year in review, MACS clinched and renewed contracts with All Nippon Airways, China Eastern Airlines, Emirates, KLM Royal Dutch Airlines and Qantas Airways.

Europe

Daniels Group

Daniels Group is a food manufacturer specialising in the supply of branded and private label chilled products in five categories, namely soup, drinks, fruit, ready meals and traditional desserts. Based in the UK, the Group consists of Daniels Chilled Foods, Farmhouse Fare and International Cuisine.

Daniels Group is the market leader in the fresh soup and juice segments, holding about 40% of the market share by sales in each category. Its key customers include leading UK retailers such as Asda, Coop, Sainsbury's, Tesco and Waitrose.

During the year in review, Daniels Group continued to extend its product offerings to existing customers while securing new contracts with Brake Bros and Food Republic. It launched a new private label in the traditional dessert segment as well as a new sub-brand in the soup category. On the back of these efforts, its revenue grew 11.6% to £178.7 million in FY2010-11.

Various productivity and work improvement initiatives throughout the year, such as the commissioning of an effluent treatment plant, collectively resulted in cost savings of more than £1 million for the Group.

AWARDS AND ACCOLADES

- BAIK received the Excellent Dedication Award from Air New Zealand, the Award for Excellence 2009-2010 from British Airways, and the Best Catering Partner Award from Garuda Indonesia.
- Daniels Group bagged two Gold Awards for puddings in the Great Taste Awards 2010 organised by the Guild of Fine Food. It also won a Gold Award for New Covent Garden orange juice and a Silver Award for Farmhouse Fare luxury creamy rice pudding at The Grocer Food & Drink Awards 2010.
- EGSC received a Certificate of Appreciation from Malaysia Airlines for meeting its Halal and hygiene requirements, and was runner-up in Singapore Airlines' Excellence in Catering and Most Collaborative Caterer Awards.
- HIH emerged a winner in the Luxury Airport Hotel category at the World Luxury Hotel Awards. It also had a strong showing at the Hotel Asia 2010 exhibition in Maldives, with the kitchen team bagging 17 medals and 9 merit certificates in total.
- MACS was conferred the Excellent Customer Service Award at the Singapore Airlines CEO Transforming Customer Service Awards for performing well in the face of extraordinary challenges.
- TFK received the Mabuhay Award for being the Best Airline Caterer for Japan from Philippine Airlines and the Best Caterer in Japan Award from Korean Air.
- TSAC clinched the Diamond Award for the Best Caterer 2010 Award from Cathay Pacific Airways.

Significant Events

2010

16 April 2010
SATS and Air India signed an agreement to form a single 50:50 joint venture (JV) company, Air India SATS Airport Services, as the vehicle to house their existing operations in Bangalore and Hyderabad as well as potential operations in other metro airports in India.

27 April 2010
We were awarded a technical ramp handling licence by Changi Airport Group, enabling us to expand our suite of ground handling services.

5 May 2010
Our full-year net profit grew 23.5% to $181.2 million for the financial year ended 31 March 2010.

Our wholly-owned subsidiary, Primary Industries (Queensland), secured a 5 + 5 year contract worth A$224 million from the Singapore Armed Forces to provide a full range of logistics and support services in Shoalwater Bay, Australia.

13 May 2010
Our subsidiary, Singapore Food Industries (SFI), won a $5.5 million catering services contract for the inaugural Singapore 2010 Youth Olympic Games.

21 May 2010
SFI signed a JV agreement with Jilin China-Singapore Food Zone Development Construction Investment and DaChan Food (Asia) to jointly set up an integrated pig farm in the Jilin Food Zone in China.

10 June 2010
SATS was named the "Best Air Cargo Terminal in Asia" for the 12th time at the Asian Freight & Supply Chain Awards 2010.

23 July 2010
We received the Gold Award from the Agri-Food and Veterinary Authority for maintaining an "A" grade under its Food Factory Grading Scheme for 15 consecutive years.

29 July 2010
In the first quarter of FY2010-11, our net profit grew 9.7% to $44.3 million.

30 July 2010
We welcomed Mr Nihal Vijaya Devadas Kaviratne CBE as our Director.

19 August 2010
We officially changed our name to SATS Ltd. (新翔集团有限公司) to better reflect the full spectrum of our business and focus.

1 September 2010
We welcomed Mr Leo Yip Seng Cheong as our Director.

20 September 2010
We launched a new city check-in and baggage acceptance service at Marina Bay Sands, the first of its kind in Singapore.

30 September 2010
Our subsidiary, SATS HK, won a contract to provide ramp and baggage handling services for Singapore Airlines' seven daily passenger flights at the Hong Kong International Airport.

2 November 2010
In the second quarter of FY2010-11, we reported higher net profit of $45.2 million, up 10.5% year-on-year.

26 November 2010
We officially opened Coolport@Changi, Asia's newest on-airport facility for handling perishables cargo.

29 November 2010
Our subsidiary, SATS Investments, entered into an agreement to purchase Japan Airlines International's entire stake of 50.7% in TFK Corporation (TFK), a leading airline caterer in Japan, for ¥7.8 billion (approximately $122 million).

20 December 2010
SATS Investments completed the acquisition of TFK.

2011

1 February 2011
We reported a net profit of $51.2 million in the third quarter of FY2010-11.

11 April 2011
SATS Cargo launched a free mobile application developed specially for air cargo agents and airlines to provide easy access to pertinent information on shipment status.

27 April 2011
SATS Investments completed the acquisition of a 40% equity stake in Adel Abuljadayel Flight Catering in Saudi Arabia for US$18.5 million.

27 April 2011
SATS was named the "Best Air Cargo Terminal in Asia" for the 13th time at the Asian Freight & Supply Chain Awards 2011.

28 April 2011
SATS and Royal Caribbean Cruises announced the launch of Southeast Asia's first Cruise-Fly service, offering guests a seamless, convenient process from the pier to Marina Bay Sands for flight check-in and luggage deposit.

6 May 2011
We won a total of 51 awards at the annual national Excellent Service Awards (EXSA) supported by SPRING Singapore to recognise service providers for their outstanding contributions.

16 May 2011
Our full-year net profit grew 5.6% to $191.4 million for the financial year ended 31 March 2011.

Corporate Social Responsibility

SATS has a long-standing commitment towards sustainable development. We believe in the importance of giving back to the communities we operate in as well as promoting economic, social and environmental sustainability. At the core of this belief is a business strategy that not only drives positive business outcomes, but also manifests a passion for benefiting our communities and protecting the environment that we work and live in.

A FOUNDATION OF HOPE

Since 1979, SATS has been actively involved in providing support to the community, from running a home for the elderly to organising fund raising events and monthly food distribution to needy families.

We recently established SATS Foundation to consolidate these social engagement activities and continue promoting the same spirit of providing hope and support to underprivileged individuals and families.

With an annual funding of $500,000, SATS Foundation's focus is to support those programmes of non-profit organisations which are aligned to its key thrusts, namely:

- enabling people to change – by supporting individuals and families in need;
- empowering people to achieve – by offering training and other opportunities to help beneficiaries realise their aspirations; and
- rebuilding lives – by supporting disadvantaged individuals and families to re-integrate into society, and aid retirees in their career transition.

PASSION FROM WITHIN

Our employees have been the driving force behind our charitable endeavours throughout the years. Be it in kind support or steering projects to help the community, we are assured of their whole-hearted support, from organising activities for the elderly to mentoring underprivileged children.

To further promote volunteerism and a caring mindset amongst our people, we have, since November 2010, granted two days of paid leave per year to every staff who performs volunteer work.

For the year in review, SATS supported close to 30 projects, with the Group and staff contributing over $220,000, in addition to their time committment. Some of our endeavours include:

- mentoring the children from the Singapore Indian Development Association in the First Lego League Robotics Competition 2010. Our staff volunteers guided the children through this competition, with two teams clinching the Creative Quality Award and Rising Star Award. One of our staff mentors also walked away with the Outstanding Mentor Award;
- supporting the Assisi Hospice Charity Fun Day by sponsoring meals for the event and purchasing $10,000 worth of coupons;
- organising a Chinese New Year celebration for residents at the Society for the Aged Sick by treating them to lion dance performances, games and a sumptuous lunch;
- painting murals at the Geylang East Home for the Aged to brighten up the surrounding; and

- raising funds to aid disaster relief efforts in Japan. Our staff in Singapore donated over $20,000 to help the victims rebuild their lives while over in Japan, our subsidiary, TFK, donated retort meals to the victims.

CARING FOR THE ENVIRONMENT

At SATS, we recognise the importance of protecting the environment that we work and live in. With diminishing natural resources, the urgency to conserve and protect our environment grows. So too, do our efforts to make a positive difference. From recycling to saving energy, we make it a point to reduce our carbon footprint across the Group.

We were awarded a token of appreciation at the National Environment Agency Recycling Week 2010 for our efforts in identifying and segregating organic waste at our fruit and vegetable preparation area for recycling. Over 1,000 tonnes of organic waste was collected last year with about 99.7% purity.

During the year, we reviewed our processes and implemented more initiatives to reduce waste and shrink our carbon footprint. Our key projects include:

- installing a system to treat wastewater and recycle it for use in the lavatories and cooling towers of the air-conditioning and refrigeration systems at SATS Inflight Catering Centre 1 (SICC 1). Over 50,000 cubic metres of water have been recycled in a year;
- improving the steam production efficiency at SICC 1 by replacing old steam traps with new ones that prevent steam leakages, and installing a flash steam vent condenser to recycle flash steam for pre-heating water tanks. This results in a 30% reduction of gas consumption per year;
- saving over 300,000 kilowatt-hours of energy per year by switching off alternate highbay lights in our airfreight terminals during the day;
- replacing flood lights in the airfreight terminals with energy saving light-emitting diodes, which conserve over 200,000 kilowatt-hours per year; and
- recycling around 330 tonnes of plastic sheets and 3,000 tonnes of wood waste each year at our airfreight terminals.

Financial
Review
FY2010-11

EARNINGS

Net profit attributable to equity holders (PATMI) was $191.4m, $10.2 million (+5.6%) higher than that for the previous year. Excluding jobs credit of $17.1 million received in the preceding year and the $6.0 million in M&A expenses in the current year, the underlying PATMI would have increased 20.3% to $197.4 million.

Included in the results were revenue and expenditure of TFK Corporation (TFK), which was consolidated from 1 January 2011, of $72.6 million and $74.2 million respectively.

The Group recorded revenue of $1,729.1 million, an increase of $190.2 million (+12.4%) over the same period last financial year, driven largely by continued economic recovery both in Singapore and the region.

Group expenditure increased $190.1 million or 14.0% to $1,544.6 million, mainly from increases in staff costs and cost of raw materials.

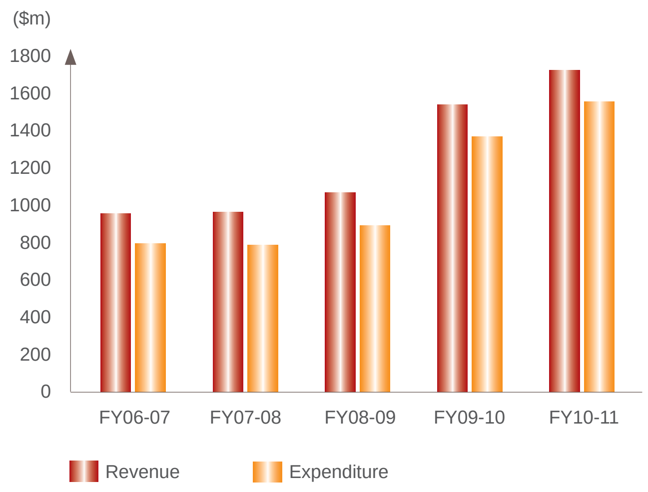
The resulting operating profit of $184.5 million was $0.1 million or 0.1% higher than last year. Excluding job credits of $17.1 million received in the preceding year and the $6.0 million in M&A expenses in the current year, the underlying operating profit would be $190.5 million, representing an increase of 13.9%.

Profit contribution from associated companies and joint venture increased $19.3 million (+46.1%) to $61.2 million and it included a maiden contribution from Air India SATS Airport Services Private Limited (AISATS). Associated companies and joint venture contributed 24.9% to the Group's profit before tax, an increase of 6.1 percentage points over the preceding financial year.

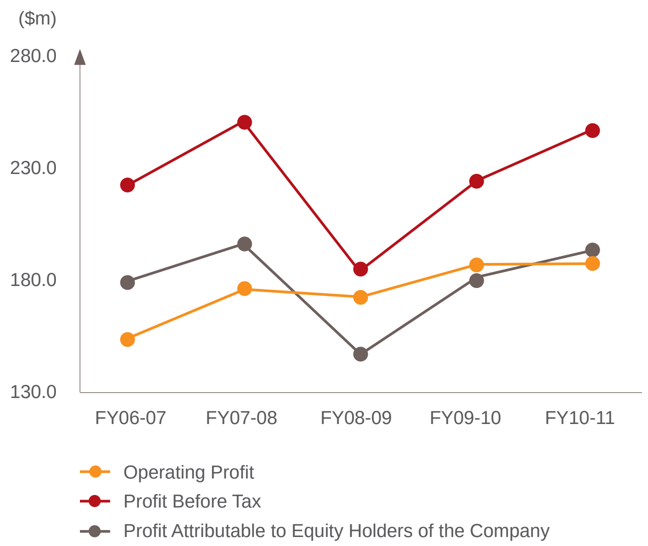
Other non-operating income improved by $3.1 million due to the reduction of interest expense as a result of repayment of the MTN notes in September 2009.

Profit before tax for the Group increased 10.1% to $245.5 million and net profit attributable to equity holders was 5.6% higher at $191.4 million.

Group Revenue and Expenditure



Group Operating Profit, Profit Before Tax and Profit Attributable to Equity Holders of the Company



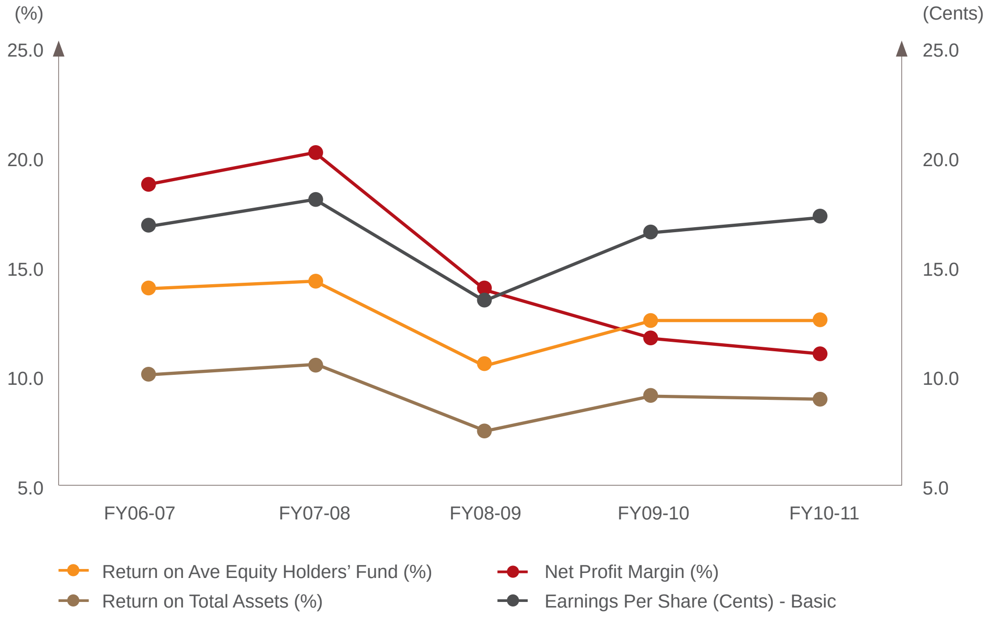
EARNINGS (cont'd)

Basic earnings per share increased 0.7 cents (+4.2%) to 17.4 cents.

Profitability ratios of the Group are as follows:

	2010-11 %	2009-10 %	Change % points
Return on turnover	**11.1**	11.8	- 0.7
Return on equity holders' funds	**12.7**	12.6	+ 0.1
Return on total assets	**9.1**	9.2	- 0.1

Group Profitability Ratios



REVENUE

Revenue for FY2010-11 was $1,729.1 million, $190.2 million (+12.4%) higher than the preceding financial year mainly due to higher business volumes and inclusion of 3-month's revenue contribution from TFK.

The segmental revenue and its composition are summarised below:

	2010-11		2009-10		
	$ million	%	$ million	%	% change
Gateway services	**551.0**	**31.9**	495.3	32.2	+ 11.2
Food solutions	**1,168.0**	**67.5**	1,031.7	67.0	+ 13.2
Corporate	**10.1**	**0.6**	11.9	0.8	- 15.1
Total	**1,729.1**	**100.0**	1,538.9	100.0	+ 12.4

The segmental revenue excludes the intra-group revenue.

REVENUE (cont'd)

Group Revenue Composition

The gateway services segment provides mainly airport terminal services, such as airfreight and ground handling services, technical ramp handling, aviation security and aircraft interior cleaning services to the Group's airline customers. Ground handling includes apron, passenger and baggage handling services. Airfreight and ground handling services formed the majority of this segment's revenue at 90%, similar to prior year's trend. Revenue from aviation services increased $55.7 million (+11.2%) largely from the increase in aviation activities. Against the last financial year, unit services, flight handled and cargo tonnage increased by 6.0%, 7.7% and 6.2% respectively. Revenue from security services also contributed a growth of $3.9 million to gateway services due to increase in demand from both airline and non-airline clients.

The food solutions segment provides mainly inflight catering, food processing and distribution services as well as airline laundry services. Food solutions registered a revenue growth of $136.3 million (+13.2%) amid a better economic environment as well as 3 months' maiden contribution from TFK. Excluding TFK, revenue grew by 6.2%, from $1,031.7 million to $1,095.4 million. In FY2009-10, 34% of food solutions revenue was derived from inflight catering. With the consolidation of TFK, the proportion rose to 39%.

Corporate segment revenue is derived from rental of premises, where revenue decreased by $1.8 million (-15.1%) during the year.

EXPENDITURE

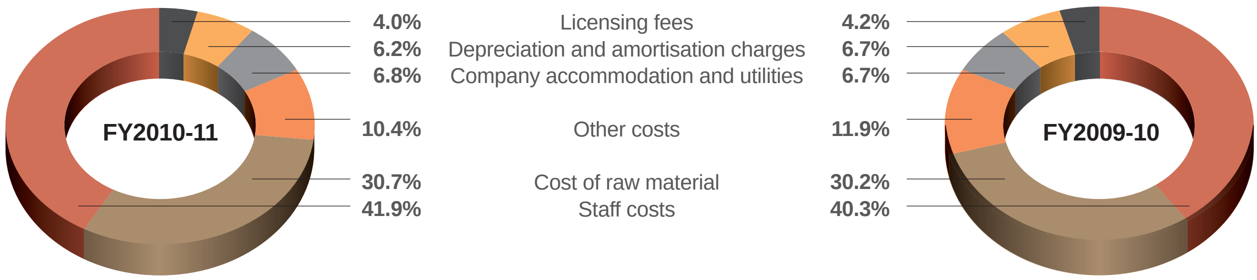
Operating expenditure grew $190.1 million (+14.0%) primarily due to increase in staff costs and cost of raw materials as a result of higher level of activities compared to the previous year. Group expenditure included $74.2 million from the consolidation of TFK and a one-off M&A expenses of $6.0 million.

Group Expenditure Composition

	2010-11		2009-10		
	$ million	%	$ million	%	% change
Staff costs	**646.6**	**41.9**	545.4	40.3	+18.6
Cost of raw material	**474.6**	**30.7**	409.5	30.2	+15.9
Licensing fees	**62.0**	**4.0**	56.8	4.2	+ 9.2
Depreciation and amortisation charges	**96.1**	**6.2**	90.8	6.7	+ 5.8
Company accommodation and utilities	**104.4**	**6.8**	90.8	6.7	+15.0
Other costs	**160.9**	**10.4**	161.2	11.9	- 0.2
Total	**1,544.6**	**100.0**	1,354.5	100.0	+14.0

EXPENDITURE (cont'd)

Group Expenditure Composition (cont'd)



PROFIT CONTRIBUTION FROM ASSOCIATED COMPANIES/JOINT VENTURES

Share of pre-tax profits from associated companies and joint ventures was $61.2 million, an increase of $19.3 million or 46.1%. The main contributors to the profit improvements were the new joint venture AISATS, Asia Airfreight Terminal Co Ltd and Beijing Aviation Ground Services Co. Ltd which contributed $6.4 million, $10.4 million and $3.8 million respectively to the year on year increment.

Associated companies and joint ventures contributed 24.9% of the Group's profit before tax, an increase of 6.1 percentage points over the preceding financial year.

TAXATION

Tax expense was $53.7 million, which was $12.8 million higher than the preceding year. The effective tax rate was 21.9%, 3.6 percentage points higher than the corresponding period last year of 18.3%. The higher rate was attributable to a one-off tax credit of $3.2 million and jobs credit of $17.1 million in FY2009-10 which were not taxable. The normalised effective tax rate for FY2009-10 would have been 21.4% compared with 21.9% for the current financial year.

DIVIDENDS

The Company paid an interim dividend of 5 cents per share, amounting to $55.4 million on 2 December 2010. The Directors proposed that a final ordinary dividend of 6 cents per share and a special dividend of 6 cents per share amounting to a total of $133.0 million, be paid.

The total dividend of $188.4 million, payable out of profits for FY2010-11, represents a dividend payout of 98.4% of profit attributable to equity holders, an increase over the 78.5% payout ratio for FY2009-10.

FINANCIAL POSITION

At 31 March 2011, the equity attributable to equity holders of the Company was $1,521.3 million, an increase of $39.4 million or 2.7% compared to $1,481.8 million at 31 March 2010. The return on equity for the Group was 12.7% for FY2009-10, 0.1 percentage point higher than the preceding financial year.

The Group's total assets were $2,308.1 million at 31 March 2011, which was $399.0 million or 20.9% higher than that as at 31 March 2010.

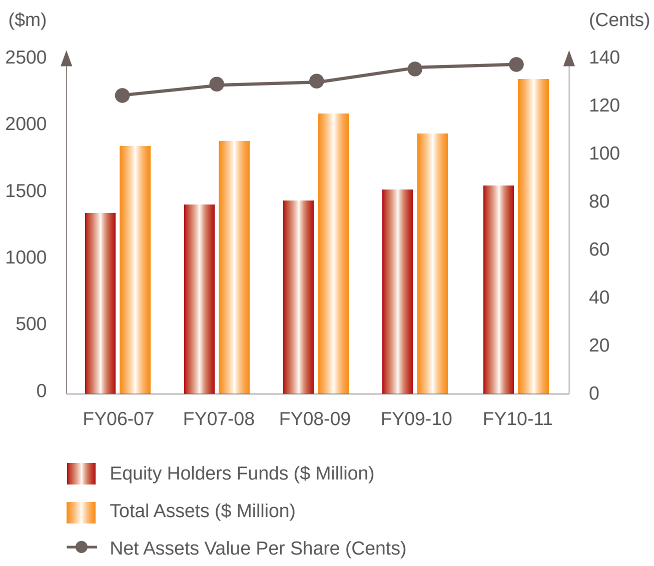
The net asset value per share was $137.3 cents, 1.0 cent or 0.7% higher than the preceding year.

CAPITAL EXPENDITURE AND CASH FLOW

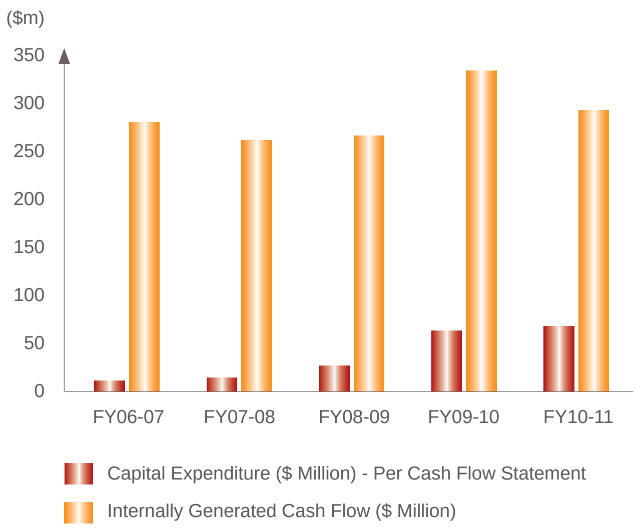
The Group's capital expenditure and internally generated cash flow were $68.1 million and $290.0 million respectively, an increase of $4.0 million and a drop of $40.0 million respectively from the preceding financial year. Internally generated cash flow is the sum of cash generated from operations, gross dividends from associated companies/joint venture and proceeds from sale of fixed assets.

The Group's cash and cash equivalents was $296.1 million (including $59.7m in TFK) as at 31 March 2011, an increase of $100.3 million (+51.2%) compared to a year ago due to the repayment of the Medium Term Notes in September 2009 that resulted in the reduction of cash balances in last financial year. The increase in cash balances was partially offset by the distribution of dividends totaling $143.5 million.

Equity Holders' Funds, Total Assets and Net Asset Value Per Share



Capital Expenditure and Internally Generated Cash Flow



VALUE ADDED

The value added of the Group was $916.9 million, an increase of $114.1 million compared to the preceding financial year. $572.5 million (62.4%) went to salaries and other staff costs while shareholders received $143.5 million (15.7%) in dividends. Interest on borrowings and corporate taxes accounted for $2.8 million (0.3%) and $53.7 million (5.9%) respectively. $144.0 million (15.7%) was retained for future capital requirement, and $0.4 million was attributable to minority interests.

STATEMENT OF VALUE ADDED AND ITS DISTRIBUTION

	2010-11 $ million	2009-10 $ million	2008-09 $ million	2007-08 $ million	2006-07 $ million
Total Revenue	**1,729.1**	1,538.9	1,062.1	958.0	945.7
Less: Purchase of goods and services	**875.8**	779.5	441.7	355.7	343.3
	853.3	759.4	620.4	602.3	602.4
Add/(less):					
Interest income	**0.5**	0.6	6.9	15.7	18.2
Share of results of associate/ joint venture companies	**61.2**	41.9	22.2	44.7	52.1
Amortisation of deferred income	**0.9**	0.9	(0.5)	1.4	1.4
Income from long term investments	**1.0**	–	(9.7)	1.1	1.0
Exceptional items	**–**	–	–	17.3	–
Total value added available for distribution	**916.9**	802.8	639.3	682.5	675.1
Applied as follows:-					
To employees					
- Salaries and other staff costs	**572.5**	483.4	384.5	368.4	383.4
To government					
- Corporation taxes	**53.7**	40.9	35.0	53.5	40.8
To suppliers of capital :					
- Dividend	**143.5**	118.9	151.1	140.0	83.9
- Minority interest	**0.4**	0.9	1.7	0.3	0.8
- Interest on borrowings	**2.8**	5.3	6.7	6.2	6.2
Retained for future capital requirements					
- Depreciation & amortisation	**96.1**	90.8	64.6	59.2	65.7
- Retained profits	**47.9**	62.6	(4.3)	54.9	94.3
Total value added	**916.9**	802.8	639.3	682.5	675.1
Value added per $ revenue	**0.53**	0.52	0.60	0.71	0.71
Value added per $ employment costs	**1.60**	1.66	1.66	1.85	1.76
Value added per $ investment in fixed assets	**0.58**	0.58	0.47	0.53	0.52

STAFF STRENGTH AND PRODUCTIVITY

The Group's average staff strength for the current financial year was 13,250. This was 11.0% higher than the preceding financial year, reflecting the increase in hiring in response to increasing business activities and the inclusion of staff from TFK. The breakdown of the average staff strength is as follows:

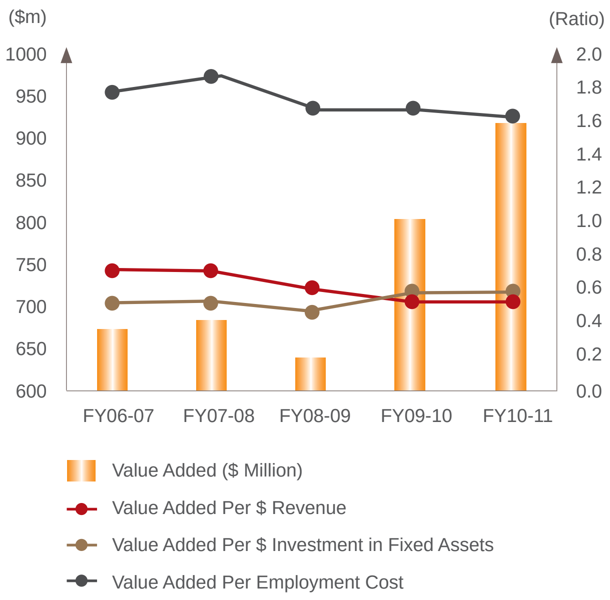
	2010-11	2009-10	% change
Gateway services	**7,138**	6,529	+ 9.3
Food solutions	**5,807**	5,137	+13.0
Corporate	**305**	266	+14.7
Total	**13,250**	11,932	+11.0

The staff productivity measured by value added per employee for the current financial year increased 2.8% to $69,200. Productivity in term of value added expressed per dollar of employment cost was 1.60 or 3.6% lower compared to last financial year. When compared to the normalised FY2009-10 staff productivity of 1.64, year on year Value-added per employment cost declined by 2.4%.

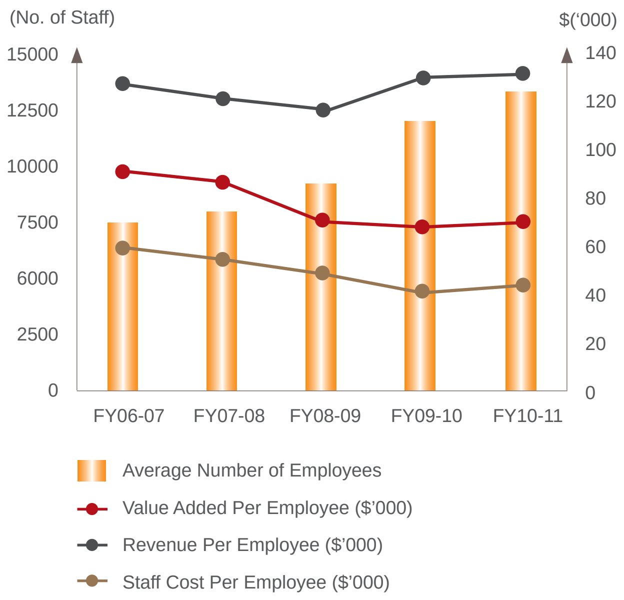
	2010-11	2009-10	% change
Value Added Per Employee	**69,200**	67,293	+2.8
Value Added Per $ of Employment cost	**1.60**	1.66	-3.6
Value Added Per $ of Employment cost (Adj for job credits)	**1.60**	1.64	-2.4
Revenue Per Employee	**130,500**	128,974	+1.2
Staff Cost Per Employee**	**43,212**	40,532	+6.6

** Staff cost excludes cost of contract labour

Group Value Added Productivity Ratios



Group Staff Strength and Productivity



ECONOMIC VALUE ADDED (EVA)

EVA for the Group was $68.3 million, $1.1 million or 1.6% higher than the preceding financial year mainly due to higher operating profit and share of profit from associated companies and joint venture.

SHARE CAPITAL AND SHARE OPTIONS OF THE COMPANY

The issued and paid-up capital of the Company increased from S$288,017,756 as at 31 March 2010 to S$324,743,321 as at 31 March 2011. The increase was due to new ordinary shares of the Company ("Shares") allotted and issued pursuant to the exercise of options granted under the SATS Employee Share Option Plan ("Plan"), which comprises the Senior Executive Share Option Scheme for senior executives and the Employee Share Option Scheme for all other employees. In addition, ordinary shares were vested and issued during the financial year under the Restricted Share Plan and Performance Share Plan.

During the last quarter of the financial year, the Company bought back 500,000 of its issued shares and held these shares as treasury shares (2010: Nil). The number of treasury shares held as at 31 March 2011 is 500,000 (2010: Nil).

Employee Share Option Plan

The Company has ceased to issue further grants of share options since the last grant in July 2008.

During the year, 14,659,855 share options were exercised by employees. As at 31 March 2011, there were 33,714,275 unexercised employee share options.

Restricted Share Plan ("RSP") and Performance Share Plan ("PSP")

Senior management staff are entitled to two share-based incentive plans, the RSP and PSP, which were approved by the shareholders of the Company on 19 July 2005.

For grants prior to FY2010-11

Depending on the achievement of pre-determined targets over a two-year period for the RSP and a three-year period for the PSP, the final number of restricted shares and performance shares awarded could range between 0% to 150% of the initial grant of the restricted shares and between 0% to 200% of the initial grant of the performance shares.

For grants in FY2010-11

RSP award is subject to yearly financial achievement and has an equal vesting over a four-year period. The number of restricted shares awarded is based on individual performance. PSP 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.

As at 31 March 2011, the number of outstanding shares granted under the Company's RSP and PSP were 1,938,500 and 900,000 respectively.

BREAKDOWN BY BUSINESS ACTIVITIES

	Revenue		Operating Profit	
	2010-11 $ million	2009-10* $ million	2010-11 $ million	2009-10* $ million
Gateway services	**551.0**	495.3	**51.8**	57.8
Food solutions	**1,168.0**	1,031.7	**130.8**	125.9
Corporate	**10.1**	11.9	**1.9**	0.7
	1,729.1	1,538.9	**184.5**	184.4

	Profit Before Tax		Profit After Tax	
	2010-11 $ million	2009-10* $ million	2010-11 $ million	2009-10* $ million
Gateway services	**109.2**	95.0	**84.5**	75.6
Food solutions	**133.6**	129.9	**109.6**	108.2
Corporate	**2.7**	(1.9)	**(2.3)**	(1.7)
	245.5	223.0	**191.8**	182.1

	Total Assets		Capital Expenditure	
	2010-11 $ million	2009-10* $ million	2010-11 $ million	2009-10* $ million
Gateway services	**687.6**	659.1	**30.9**	16.2
Food solutions	**1,468.1**	1,142.2	**30.9**	43.1
Corporate	**152.4**	107.8	**6.3**	7.4
	2,308.1	1,909.1	**68.1**	66.7

* Certain figures for FY2009-10 have been re-computed using the formula consistent with that applied to FY2010-11.

PERFORMANCE BY MAJOR BUSINESS UNITS

Gateway services

In the gateway services segment, air cargo handling and ground handling services formed the majority of the segment revenue at 90%, similar to prior year. Revenue increased by $55.7 million (+11.2%) due to higher aviation volumes. Against the last financial year, unit services, flight handled and cargo tonnage increased by 6.0%, 7.7% and 6.2% respectively.

Operating expenditure increased by $61.7 million (+14.1%) primarily due to higher staff costs as a result of increased headcounts and the withdrawal of jobs credit scheme by the Government.

Operating profit decreased 10.4% to $51.8 million, while operating margin dropped by 2.3 percentage points from 11.7% to 9.4%. This was mainly attributable to absence of job credits in FY2010-11. Taking out the effects of job credits of $10.6m, operating profit margin would be 9.5% for FY2009-10.

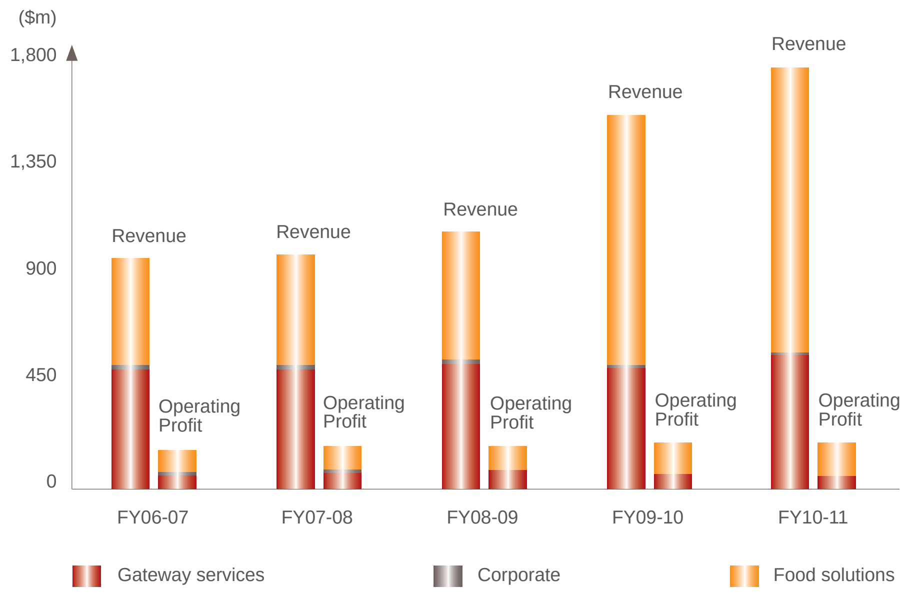
Food solutions

Food solutions registered a revenue growth of $136.3 million (+13.2%) amid a better economic environment for this year as well as revenue contribution derived from TFK of $72.6 million. Excluding TFK, revenue grew by 6.2%, from $1,031.7 million to $1,095.4 million. In FY2009-10, 34% of the revenue was derived from inflight catering. With the three-month contribution from TFK, inflight catering revenue rose to 39% of the total food solutions revenue.

Expenditure for the financial year increased 14.5% to $1,037.2 million mainly from cost of raw materials due to higher volumes and increases in food cost.

Operating profit increased $4.9 million (+3.9%) to $130.8 million, while operating profit margin dropped by 1.0 percentage point, from 12.2% to 11.2%. Taking out the effects of job credits of $5.9 million, operating profit margin would be 11.6% for FY2009-10.

Revenue and Operating Profit by Business Activites



Statistical Highlights

	2010-11	2009-10	2008-09	2007-08	2006-07
FINANCIAL STATISTICS					
Group ($million)					
Total revenue	1,729.1	1,538.9	1,062.1	958.0	945.7
Total expenditure	1,544.6	1,354.5	891.2	783.7	792.5
Operating profit	184.5	184.4	170.9	174.3	153.2
Profit before tax	245.5	223.0	183.5	248.7	219.8
Profit after tax	191.8	182.1	148.4	195.2	179.0
Profit attributable to equity holders of the Company	191.4	181.2	146.8	194.9	178.2
Equity attributable to equity holders of the Company	1,521.2	1,481.8	1,398.1	1,383.9	1,314.2
Total assets	2,308.1	1,909.1	2,055.2	1,849.5	1,804.2
Total debt	184.5	24.1	251.5	208.0	202.8
Value added	916.9	802.8	639.3	682.5	675.1
Economic value added	68.3	67.2	26.2	53.9	60.7
Financial Ratios					
Return on average equity holders' funds (%)	12.7	12.6	10.6	14.4	14.2
Total debt equity ratio (times)	0.12	0.02	0.18	0.15	0.15
Return on total assets (%)	9.1	9.2	7.6	10.7	10.2
Per Share Data					
Earnings per share (cents) - basic	17.4	16.7	13.6	18.2	17.0
Earnings per share (cents) - diluted	17.3	16.7	13.6	17.9	16.9
Net assets value per share ($)	1.37	1.37	1.29	1.29	1.24
Interim dividend (cents per share)	5.0	5.0	4.0	4.0	4.0
Final dividend (cents per share)	#6.0	8.0	6.0	10.0	6.0
Special dividend (cents per share)	#6.0	-	-	-	5.0
Dividend cover (times)	1.0	1.3	1.4	1.3	1.4
Dividend payout (%)	98.4	78.5	73.6	77.5	48.5
OPERATING STATISTICS					
Employee Productivity					
Average number of employees	13,250	11,932	9,196	7,938	7,461
Revenue per employee ($)	130,500	128,974	115,495	120,961	126,747
Value added per employee ($)	69,200	67,283	69,524	85,979	90,477
Value added per $ of employment cost	1.60	1.66	1.66	1.85	1.76
Operating Data					
Airfreight throughput (million tonnes)	1.49	1.41	1.46	1.57	1.55
Passengers served (million)	35.38	32.99	30.91	31.65	29.27
Inflight meals prepared (million)	*25.06	23.47	25.19	25.72	24.74
Flights handled (thousand)	103.73	96.28	88.16	85.95	84.52

Notes:
1 SATS' financial year is from 1 April to 31 March. Throughout this report, all financial figures are stated in Singapore Dollars, unless stated otherwise.
2 Returns on equity holders' funds is the profit attributable to equity holders of the Company expressed as a percentage of the average equity holders' funds.
3 Total debt equity ratio is total debts divided by equity attributable to equity holders of the Company at 31 March.
4 Basic earnings per share is computed by dividing the profit attributable to equity holders of the Company by the weighted average number of fully paid shares in issue.
5 Diluted earnings per share is computed by dividing the profit attributable to equity holders of the Company by the weighted average number of fully paid shares in issue after adjusting for dilution of shares under the employee share option plan.
6 Net asset value per share is computed by dividing equity attributable to equity holders of the Company by the ordinary shares in issue at 31 March.
7 Dividend cover is profit attributable to equity holders of the Company divided by total dividend (net of tax).
8 Payout ratio is total ordinary dividend (net of tax) divided by profit attributable to equity holders of the Company.

* Not inclusive of TFK Corporation meals produced.
\# Subject to shareholders' approval at the forthcoming AGM.

Corporate Governance Report

SATS Ltd. ("**SATS**" or the "**Company**") continually strives to maintain high standards of corporate governance within the Company and its subsidiaries (the "**Group**") by promoting corporate performance and accountability to enhance long term shareholder value.

This report ("**Report**") describes SATS' corporate governance policies and practices with specific reference to the principles and guidelines set out in the Code of Corporate Governance 2005 (the "**2005 Code**"). This Report has been structured in accordance with the sequence of principles and guidelines as set out in the 2005 Code.

PRINCIPLE 1: COMPANY TO BE HEADED BY AN EFFECTIVE BOARD TO LEAD AND CONTROL THE COMPANY

The Board is responsible to oversee the business, performance and affairs of the Group. Management has the role of ensuring that the day-to-day operation and administration of the Group are carried out in accordance with the policies and strategies determined by the Board, and in that respect, Management is fully accountable to the Board.

The key functions of the Board are to:

- set the overall business strategies and directions of the Group to be implemented by Management, and to provide leadership and guidance to Management;
- set the Group's values and standards, and ensure that obligations to Shareholders and other stakeholders are met;
- monitor the performance of Management;
- oversee and conduct regular reviews of the business, financial performance and affairs of the Group;
- evaluate and approve important matters such as major investments, funding needs and expenditure;
- have overall responsibility for corporate governance, including the processes of evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- ensure communication with all stakeholders; and
- protect and enhance the reputation of the Group.

The Board is supported in its functions by the following Board Committees which have been established to assist in the discharge of the Board's oversight function:

- Board Executive Committee;
- Audit Committee;
- Nominating Committee;
- Remuneration and Human Resource Committee; and
- Board Risk Committee.

The current members of the Board and their membership on the Board Committees of the Company are as follows:

Board Member *	Board Membership	Board Executive Committee	Audit Committee	Nominating Committee	Remuneration and Human Resource Committee	Board Risk Committee
Mr Edmund Cheng Wai Wing	Chairman & Independent Director	Chairman			Chairman	
Mr David Zalmon Baffsky	Independent Director		Member			
Mr David Heng Chen Seng	Non-Independent Director	Member				Member
Mr Nihal Vijaya Devadas Kaviratne CBE [1]	Independent Director		Member			
Mr Khaw Kheng Joo [2]	Independent Director			Chairman		Member
Dr Rajiv Behari Lall [3]	Independent Director			Member		
Mr Mak Swee Wah [4]	Non-Independent Director	Member				Chairman
Mr Ng Kee Choe	Non-Independent Director	Member			Member	
Mr Keith Tay Ah Kee	Independent Director		Chairman	Member		
Mr Yeo Chee Tong	Independent Director		Member		Member	
Mr Leo Yip Seng Cheong [5]	Independent Director				Member	

Notes:

* The Chairman and all members of the Board of Directors are non-executive.

1 Appointed as a Director on 30 July 2010, Mr Nihal Vijaya Devadas Kaviratne CBE was appointed as a member of the Audit Committee with effect from 8 November 2010.

2 Mr Khaw Kheng Joo, the Chairman of the Nominating Committee and member of the Board Risk Committee, will be retiring as a Director, Chairman of the Nominating Committee and member of the Board Risk Committee at the conclusion of the Company's 38th AGM to be held on 27 July 2011 ("**38th AGM**").

3 Dr Rajiv Behari Lall, a member of the Nominating Committee, will be retiring as a Director and member of the Nominating Committee at the conclusion of the 38th AGM.

4 Mr Mak Swee Wah, the Chairman of the Board Risk Committee and member of the Board Executive Committee, will be retiring as a Director, Chairman of the Board Risk Committee and member of the Board Executive Committee at the conclusion of the 38th AGM.

5 Appointed as a Director on 1 September 2010, Mr Leo Yip Seng Cheong was appointed as a member of the Remuneration and Human Resource Committee with effect from 8 November 2010.

Further details on each of the Board Committees along with a summary of their respective terms of reference can be found subsequently in this Report.

Board meetings are scheduled in advance. In addition, *ad hoc* Board meetings are convened if and when there are pressing matters requiring the Board's deliberation and decision in between the scheduled meetings. During FY2010-11, in addition to the quarterly scheduled Board meetings, there were two *ad hoc* Board meetings convened. Since 2003, the Board has also conducted annual Board Strategy meeting to have more focused discussions on key strategic issues facing the Group.

The Company's Articles of Association ("**Articles**") allow Directors to participate in Board and Board Committee meetings by way of teleconference or video conference or other similar means of communication whereby all persons participating in the meeting are able to hear each other, without requiring their physical presence at the meeting. The Company has set up teleconference and video conference facilities to enable alternative means of participation in Board and Board Committee meetings. During FY2010-11, various Directors have participated in Board or Board Committee meetings by way of teleconference or video conference.

In respect of FY2010-11, a total of seven Board meetings, including a three-day Board Strategy meeting and two *ad hoc* Board meetings, were held. The Directors' attendance at Board and Board Committee meetings for FY2010-11 is set out below.

		No. of Board Committee Meetings Attended in FY2010-11				
	No. of Board Meetings Attended	Board Executive Committee	Audit Committee	Nominating Committee	Remuneration and Human Resource Committee	Board Risk Committee
No. of Meetings held	7	7	4	2	4	4
Board Members						
Mr Edmund Cheng Wai Wing	7	7			4	
Mr David Zalmon Baffsky	6		3			
Mr David Heng Chen Seng	6	7				4
Mr Nihal Vijaya Devadas Kaviratne CBE [6]	4		0			
Mr Khaw Kheng Joo	7			2		2
Dr Rajiv Behari Lall	4			2		
Mr Mak Swee Wah	6	7				4
Mr Ng Kee Choe	7	5			4	
Mr Keith Tay Ah Kee	7		4	2		
Mr Yeo Chee Tong	6		3		4	
Mr Leo Yip Seng Cheong [7]	4				1	

Notes:

6 Appointed as a Director on 30 July 2010, and appointed as a member of the Audit Committee with effect from 8 November 2010. Mr Nihal Vijaya Devadas Kaviratne CBE attended 4 out of 5 Board meetings which were held during his term of Directorship and 0 out of 1 Audit Committee meeting which were held during his term as a member of the Audit Committee in FY2010-11.

7 Appointed as a Director on 1 September 2010, and appointed as a member of the Remuneration and Human Resource Committee with effect from 8 November 2010. Mr Leo Yip Seng Cheong attended 4 out of 4 Board meetings which were held during his term of Directorship in FY2010-11 and 1 out of 2 Remuneration and Human Resource Committee meetings which were held during his term as a member of the Remuneration and Human Resource Committee in FY2010-11.

All members of the Board actively participate in Board discussions and help to develop proposals on business strategies and goals for the Group. Board members meet regularly with Management, and review and monitor the performance of Management in meeting the goals and objectives set for them.

The Board has adopted a set of guidelines on matters that require its approval, which include all matters of strategic importance, corporate governance practices, legal and regulatory compliance, risk management, maintenance of performance standards, corporate strategy, approval of business plans, approval of manpower establishment, operating and capital expenditure budgets, and approval and monitoring of major investments and strategic commitments.

Board Executive Committee

The Board has delegated to the Board Executive Committee the function of reviewing and approving certain matters, which include, *inter alia*, guiding Management on business, strategic and operational issues, undertaking an initial review of the three to five-year forecast/business plans and annual capital and operating expenditure budgets for the Group, granting initial or final approval (depending on the value of the transaction) of transactions of the Company or its subsidiaries relating to the acquisition or disposal of businesses, assets or undertakings, joint ventures, mergers, amalgamations or similar corporate transactions, establishing bank accounts, granting powers of attorney, affixation of the Company's seal, and nominating Board members to the Company's subsidiaries and associated companies. Minutes of the meetings of the Board Executive Committee are forwarded to all Directors for their information.

The Board Executive Committee currently comprises the following four members:

- Mr Edmund Cheng Wai Wing, Chairman
- Mr David Heng Chen Seng, Member
- Mr Mak Swee Wah, Member
- Mr Ng Kee Choe, Member

The Board Executive Committee is required under its terms of reference to meet at least once in each financial year. The Board Executive Committee met seven times in FY2010-11. Regular reports are presented to the Board Executive Committee at each meeting on the performance of the Group's subsidiaries, associated companies and joint ventures, and the operational performance of the Group. The President & Chief Executive Officer ("**PCEO**"), the General Counsel and the Chief Financial Officer ("**CFO**") are usually invited and present at the meetings of the Board Executive Committee.

Orientation and Training for Directors

Newly-appointed Directors undergo an orientation programme, which includes site visits and presentations by members of Management, to facilitate their understanding of the Group's businesses, operations and processes. In addition, all Directors are encouraged to attend relevant and useful seminars on leadership and industry-related matters, and corporate governance for their continuing education and skills improvement, conducted by external organizations, at the Company's cost.

Each of the newly-appointed Directors is also sent a formal letter setting out Directors' duties and obligations. They are also provided with other materials relating to the Board and Board Committees, including terms of reference of the various Board Committees as well as relevant guidelines and policies.

PRINCIPLE 2: STRONG AND INDEPENDENT ELEMENT ON THE BOARD TO EXERCISE OBJECTIVE JUDGEMENT

The present Board comprises all non-executive Directors. Of the eleven Directors, eight are considered by the Nominating Committee and the Board to be Independent Directors based on the 2005 Code's criteria for independence.

The Board, through the Nominating Committee, reviews the structure, size and composition of the Board. The Nominating Committee has developed a set of principles to guide it in carrying out its responsibilities of reviewing and determining an appropriate Board size and composition. The Nominating Committee reviews the composition of the Board to ensure that the Board comprises Directors who as a group provide core competencies, such as accounting or finance, legal, business or management (including human capital development and management) experience, industry knowledge, strategic planning experience, and customer-based experience or knowledge, required for the Board to be effective.

As part of the Board's continuing review of the Board size and composition, on the recommendation of the Nominating Committee, the Board approved the appointment of Mr Leo Yip Seng Cheong as a Director of the Company in September 2010, to supplement and strengthen the collective competency of the Board.

The Nominating Committee is currently considering the appointment of additional directors with specific areas of expertise to supplement and strengthen the collective competency of the Board as well as for Board rejuvenation, and in this regard, with the endorsement of the Board of Directors, is recommending the appointment of Mr Alexander Charles Hungate as a Director of the Company for approval by shareholders at the 38th AGM.

To facilitate open discussion and review on the effectiveness of Management, the Board members meet up from time to time for informal discussions prior to the scheduled Board meetings, without Management being present.

PRINCIPLE 3: ROLES OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER TO BE SEPARATE TO ENSURE A BALANCE OF POWER AND AUTHORITY

The roles of the Chairman and the PCEO are clearly separated to ensure appropriate check and balance, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the PCEO are not related to each other, and further, the PCEO is not a member of the Board.

The Chairman of the Board continues to lead the Board to ensure its effectiveness on all aspects of its role and sets its agenda, guides the dissemination of accurate, timely and clear information amongst Board members, promotes effective communication with Shareholders, encourages constructive relations between the Board and Management, facilitates the effective contributions of the Directors, encourages constructive relations amongst all Directors and promotes high standards of corporate governance.

PRINCIPLE 4: FORMAL AND TRANSPARENT PROCESS FOR APPOINTMENT OF NEW DIRECTORS

Nominating Committee

The Board has established a Nominating Committee with written terms of reference which include the following:

- reviewing and making recommendations to the Board on the structure, size and composition of the Board;
- making recommendations to the Board regarding the process for selection of new Directors and identification of new Directors;
- making recommendations to the Board on re-nominations and re-elections of existing Directors;
- evaluating the independence of Directors on an annual basis;
- determining if Directors who hold Directorships on other boards are able to and have been adequately carrying out their duties as Directors of the Company; and
- doing all things as may form part of the responsibilities of the Nominating Committee under the provisions of the 2005 Code.

The Nominating Committee currently comprises the following three members, all of whom (including the Chairman) are Independent Directors:

- Mr Khaw Kheng Joo, Chairman
- Dr Rajiv Behari Lall, Member
- Mr Keith Tay Ah Kee, Member

The Chairman of the Nominating Committee is not directly associated with Temasek Holdings (Private) Limited (“**Temasek**”), a substantial shareholder of the Company. Under the 2005 Code, a Director will be considered “directly associated” with a substantial shareholder when the Director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder.

The Nominating Committee is required by its terms of reference to hold meetings at least twice in each financial year. It held two meetings in FY2010-11.

Re-nomination and Re-election of Directors

Details of the Directors' dates of first appointment to the Board and last re-election as Directors are indicated below:

Name of Director	Position Held on the Board	Date of First Appointment to the Board	Date of Last-Re-election as a Director
Mr Edmund Cheng Wai Wing	Chairman	22 May 2003 (As Director and Chairman)	30 July 2010
Mr David Zalmon Baffsky [8]	Director	15 May 2008	24 July 2008
Mr David Heng Chen Seng	Director	15 October 2009	30 July 2010
Mr Nihal Vijaya Devadas Kaviratne CBE	Director	30 July 2010 (appointed at the Company's 37th AGM)	Not Applicable
Mr Khaw Kheng Joo	Director	19 July 2005	30 July 2010
Dr Rajiv Behari Lall [9]	Director	5 May 2008	24 July 2008
Mr Mak Swee Wah [9]	Director	24 July 2008	Not Applicable
Mr Ng Kee Choe	Director	1 March 2000	28 July 2009
Mr Keith Tay Ah Kee	Director	26 July 2007	30 July 2010
Mr Yeo Chee Tong [10]	Director	19 May 2006	28 July 2009
Mr Leo Yip Seng Cheong [11]	Director	1 September 2010	Not Applicable

Note:

8 Mr David Zalmon Baffsky, who will be retiring from office at the 38th AGM in accordance with Section 153 of the Companies Act has indicated his willingness to stand for re-appointment, and will be standing for re-appointment pursuant to Section 153(6) of the Companies Act at the 38th AGM. Mr Baffsky will, upon re-appointment, continued to serve as a member of the Audit Committee. The Nominating Committee has considered Mr Baffsky to be an Independent Director.

9 Dr Rajiv Behari Lall and Mr Mak Swee Wah, who will retire by rotation pursuant to Article 83, will be retiring and will not be standing for re-election at the 38th AGM. Dr Lall is a member of the Nominating Committee. Mr Mak is the Chairman of the Board Risk Committee and a member of the Board Executive Committee.

10 Mr Yeo Chee Tong, who will retire by rotation pursuant to Article 83 and has indicated his willingness to stand for re-election, will be standing for re-election at the 38th AGM. Mr Yeo will, upon re-election, continue to serve as a member of the Audit Committee as well as the Remueration and Human Resource Committee. The Nominating Committee has considered Mr Yeo to be an Independent Director.

11 Mr Leo Yip Seng Cheong, who will retire pursuant to Article 90, has indicated his willingness to stand for re-election, will be standing for re-election at the 38th AGM. Mr Yip will, upon re-election, continue to serve as a member of the Remueration and Human Resource Committee. The Nominating Committee has considered Mr Yip to be an Independent Director.

The Articles require one-third (or the number nearest one-third rounded upwards to the next whole number) of the Directors for the time being to retire from office at each Annual General Meeting ("**AGM**"). Retiring Directors are selected on the basis of those who have been longest in office since their last election, and as between those persons who became Directors on the same day, they will be selected by agreement or by lot. They are eligible for re-election under the Articles. All Directors are required to retire from office at least once every three years. All new Directors appointed by the Board during the financial year shall only hold office until the next AGM and be eligible for re-election at that AGM. As required by law, a Director who reaches the age of 70 years old is required to retire and stand for re-appointment at every AGM.

The Director standing for re-election pursuant to Article 83 at the 38th AGM is Mr Yeo Chee Tong. Mr Leo Yip Seng Cheong is standing for re-election pursuant to Article 90. Mr David Zalmon Baffsky is standing for re-appointment pursuant to Section 153(6) of the Companies Act. The Nominating Committee (after having taken into consideration the principles for the determination of the Board size and composition adopted by it) recommends their retirement, re-election and re-appointment, after assessing their contribution and performance (including attendance, preparedness, participation and candour) as Directors, and the Board has endorsed the recommendation.

With effect from FY2010-11, newly appointed Directors would be appointed to serve an initial term of three years and such initial term of office may be renewed for a subsequent term or terms of up to a total of 6 years, expiring at the AGM of the Company closest to the 6th anniversary of their initial appointment. The tenure of each Director would be considered at that juncture, taking into account the recommendations of the Nominating Committee and subject to the Board's approval.

Annual Independence Review

The Nominating Committee is tasked to determine on an annual basis whether or not a Director is independent, bearing in mind the 2005 Code's definition of an "independent director" and guidance as to which existing relationships would deem a Director not to be independent.

In this regard, the following Directors are regarded as Non-Independent Directors of the Company:

- Mr David Heng Chen Seng, who is the Managing Director (Investments) of Temasek, the largest single substantial shareholder of the Company. By reason of his employment with Temasek, Mr Heng is regarded as a Non-Independent Director of the Company;
- Mr Mak Swee Wah, who is an executive officer of Singapore Airlines Limited, which to date remains a major customer of SATS and hence is regarded as a Non-Independent Director of the Company; and
- Mr Ng Kee Choe, who receives a monthly allowance from Temasek for serving as a member of the Temasek Advisory Panel and, as such, is regarded as a Non-Independent Director of the Company.

Save for the abovenamed Directors, all the other eight Directors on the Board are considered by the Nominating Committee and the Board to be Independent Directors.

Selection and Appointment of New Directors

The Nominating Committee regularly reviews the existing attributes and competencies of the Board in order to determine the desired expertise or experience required to strengthen or supplement the Board. Such reviews assist the Nominating Committee in identifying and nominating suitable candidates for appointment to the Board.

The Nominating Committee is in charge of making recommendations to the Board regarding the selection and identification of new Directors. Taking into consideration the desired qualifications, skill sets, competencies and experience which are required to supplement the Board's existing attributes, if need be, the Nominating Committee may seek assistance from external search consultants for the selection of potential candidates. Directors and Management may also put forward names of potential candidates, together with their curriculum vitae, for consideration. The Nominating Committee, together with the Chairman of the Board, then meet with the short-listed candidates to assess their suitability, before submitting the appropriate recommendations as to the appointment of any candidate to the Board for its approval.

Key Information Regarding the Directors

More information on each of the Directors, their respective backgrounds (such as academic and professional qualifications) and fields of expertise as well as their present and past Directorships or Chairmanships in other listed companies and other major appointments over the preceding three years can be found in the "**Board of Directors**" section of this Annual Report. Information on their shareholdings in the Company can be obtained in the "**Report by the Board of Directors**" in the "**Financials**" section of this Annual Report.

PRINCIPLE 5: FORMAL ASSESSMENT OF EFFECTIVENESS OF THE BOARD

The Board has implemented a process for assessing the effectiveness of the Board as a whole, with the objective of continuous improvement. A consulting firm specializing in Board evaluation and human resource assists the Board in the design and implementation of the process, comprising two parts – a structured qualitative assessment of the functioning of the Board and a review of selected financial performance indicators. Both sets of performance criteria, recommended by the consultants, have been adopted by the Nominating Committee and the Board. The qualitative assessment process utilizes a set of confidential questionnaire submitted by each Director individually. As for the quantitative performance criteria, the Board has adopted, in line with the 2005 Code, performance criteria comprising the Company's share price performance over a five-year period *vis-à-vis* The Straits Times Index, return on assets, return on equity, return on investment, and economic value added over the preceding five years for the collective Board evaluation. The Board conducted a formal assessment in FY2010-11 and the findings were presented to the Nominating Committee in August 2010 and the Board in November 2010.

A process for individual Director assessment and feedback is in place. Other than the collective Board evaluation exercise, the Chairman meets with each Director in a private session to discuss and evaluate the individual performance of the Director. These one-to-one sessions provide a forum for the Chairman to raise and address with each Director, in a conducive setting, issues or matters pertaining to the Board and the individual Director's performance on the Board, and for free and constructive dialogue on an individual basis. It also enables the Chairman and each Director, respectively, to give mutual feedback on individual performance of the Director as well as the Chairman, in order to identify areas for individual improvement as well as to assess how each Director may contribute more effectively to the collective performance of the Board (and, in the case of the Chairman, enhance the leadership of the Board).

PRINCIPLE 6: BOARD'S ACCESS TO INFORMATION

The Board is issued with detailed Board papers by Management giving the background, explanatory information, justification, risks and mitigation for each decision and mandate sought by Management, including, where applicable, relevant budgets, forecasts and projections, and issues being dealt with by Management. Information papers on material matters and issues being dealt with by Management, and quarterly reports on major operational matters, market updates, business development activities and potential investment opportunities, are also circulated to the Board. In addition, various Board Committees receive minutes and reports from Management relating to their specific areas of oversight, which may contain more detailed and specific information.

As part of good corporate governance, Board papers for decision or discussion at Board meetings are circulated, to the extent practicable, a reasonable period in advance of the meetings for Directors' review and consideration, and key matters requiring decision are largely reserved for resolution at Board meetings rather than by circulation to facilitate discussion. The detailed agenda of each Board meeting, prepared by Management and approved by the Chairman, contains specific matters for the decision and information of the Board.

The Board has separate access to the PCEO, CFO, General Counsel and other key Management, as well as the Company's internal and external auditors. Queries by individual Directors on circulated papers are directed to Management who will respond accordingly. Where relevant, Directors' queries and Management's responses are circulated to all Board members for their information.

The Directors also have separate and independent access to the Company Secretary*. The Company Secretary attends all Board meetings and minutes the proceedings. The role of the Company Secretary has been defined by the Board to include supervising, monitoring and advising on compliance by the Company with its Memorandum and Articles of Association, laws and regulations, and the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); communicating with relevant regulatory authorities and bodies and Shareholders on behalf of the Company; and performing such other duties of a company secretary, as required under laws and regulations or as specified in the Listing Manual or the Articles, or as required by the Chairman of the Board or the Chairman of any Board Committee or the Directors (or any of them), as the case may be. In addition, the Company Secretary assists the Chairman to ensure that there is good information flow within the Board and the Board Committees, and between Management and the Directors. The Company Secretary facilitates orientation and assists with professional development of the Directors as may be required. The appointment and removal of the Company Secretary are subject to the approval of the Board.

* Includes the Assistant Company Secretary

There is also a Board-endorsed procedure for Directors, either individually or collectively, in furtherance of their duties, to take independent professional advice, if necessary, at the Company's expense.

PRINCIPLE 7: FORMAL AND TRANSPARENT PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Remuneration and Human Resource Committee

The Board has established a Remuneration and Human Resource Committee. The Remuneration and Human Resource Committee currently comprises the following four members, all of whom are non-executive Directors and of which the majority**,** including the Chairman**,** are considered by the Nominating Committee to be Independent Directors:

- Mr Edmund Cheng Wai Wing, Chairman
- Mr Ng Kee Choe, Member
- Mr Yeo Chee Tong, Member
- Mr Leo Yip Seng Cheong, Member

The Remuneration and Human Resource Committee is required by its terms of reference to meet at least twice each financial year, with additional meetings to be convened as and when required.

The written terms of reference of the Remuneration and Human Resource Committee include the following:

- reviewing and recommending the remuneration framework for the Board (including Directors' fees and allowances);
- overseeing the terms of appointment, scope of duties and remuneration of the PCEO, as well as any other appointment of equivalent seniority to the PCEO within the Company, and the remuneration packages of those occupying the position of Senior Vice President and above within the Group;
- implementing and administering the Company's Employee Share Option Plan, the Restricted Share Plan and the Performance Share Plan (collectively, the "**Share Plans**") in accordance with the prevailing rules of the Share Plans, requirements of the SGX-ST and applicable laws and regulations;
- overseeing the recruitment, promotion and distribution of staff talent within the Group;
- reviewing, overseeing and advising on the structure, organization and alignment of the functions and management of the Group;
- reviewing succession planning of the Group;
- overseeing industrial relations matters; and
- doing all other things and exercising all other discretions as may form part of responsibilities of a remuneration committee under the provisions of the 2005 Code.

More details of each of the Share Plans can be found in the Annexure to this Report, and also in the "**Report by the Board of Directors**" in the "**Financials**" section of this Annual Report.

The Remuneration and Human Resource Committee's recommendations regarding Directors' remuneration have been submitted to, and endorsed by, the Board.

Where required, the Remuneration and Human Resource Committee has access to expert advice in the field of executive compensation outside the Company.

PRINCIPLE 8: LEVEL OF DIRECTORS' REMUNERATION SHOULD BE APPROPRIATE TO ATTRACT, RETAIN AND MOTIVATE BUT NOT BE EXCESSIVE

Every Director will receive a basic fee. In addition, he will receive a Chairman's fee if he is the Chairman of the Board, as well as the relevant Board Committee fee (depending on whether he served in the capacity as the Chairman or a member of the relevant Board Committee) for each position he held on a Board Committee, during FY2010-11. If he occupied a position for part of a financial year, the fee payable would be prorated accordingly. Each Director would also receive an attendance fee for each Board meeting and Board Committee meeting attended by him during the financial year, on account of the time and effort of each of the Directors to avail himself for Board and Board Committee meetings. The attendance fees for Board and Board Committee meetings vary according to whether these meetings were held in the state/country in which the Director is ordinarily resident and whether the Directors is attending in person or via teleconference/video conference.

Payment of competitive and equitable remuneration would better serve the Company's need to attract and retain Directors with the necessary experience and capabilities and desired attributes who can contribute to the Company's future development and growth.

The Board believes that the existing fee structure is appropriate to the level of contribution, taking into account factors such as effort and time spent and responsibilities of the Directors.

The proposed scale of Directors' fees for financial year ending 31 March 2012 is the same as that of FY2010-11.

Types of Appointment	Scale of Directors' fees (FY2011-12)
BOARD OF DIRECTORS	S$
Basic fee	45,000
Board Chairman's fee	40,000
Board Deputy Chairman's fee	30,000
AUDIT COMMITTEE	
Committee Chairman's fee	30,000
Member's fee	20,000
BOARD EXECUTIVE COMMITTEE	
Committee Chairman's fee	30,000
Member's fee	10,000
OTHER BOARD COMMITTEES	
Committee Chairman's fee	20,000
Member's fee	10,000
BOARD MEETING ATTENDANCE FEE	
Attendance via teleconference/videoconference	1,000
Attendance in person in home city (up to 4 hours for travel within home city)	2,500
Attendance in person outside home city	5,000
BOARD COMMITTEE MEETING ATTENDANCE FEE	
Attendance via teleconference/videoconference	500
Attendance in person in home city (up to 4 hours for travel within home city)	1,200
Attendance in person outside home city	2,500

PRINCIPLE 9: DISCLOSURE ON REMUNERATION POLICY, LEVEL AND MIX OF REMUNERATION, AND PROCEDURE FOR SETTING REMUNERATION

Directors' remuneration

The Directors' remuneration for FY2010-11, based on the scale of fees approved by the Shareholders at the last AGM, amounted to S$1,030,203. The composition of the remuneration of the Directors for FY2010/11 is as follows :

Directors	Fee %	Salary %	Benefits %	Total %
Below $250,000				
Mr Edmund Cheng Wai Wing	100	–	–	100
Mr David Zalmon Baffsky	100	–	–	100
Mr David Heng Chen Seng	100	–	–	100
Mr Nihal Vijaya Devadas Kaviratne CBE	100	–	–	100
Mr Khaw Kheng Joo	100	–	–	100
Dr Rajiv Behari Lall	100	–	–	100
Mr Mak Swee Wah	100	–	–	100
Mr Ng Kee Choe	100	–	–	100
Mr Keith Tay Ah Kee	100	–	–	100
Mr Yeo Chee Tong	100	–	–	100
Mr Leo Yip Seng Cheong	100	–	–	100

Following the 2010 AGM, with a view to ensuring that the Company offers more timely remuneration to attract high-calibre Directors, the Company will again be seeking the approval of the Shareholders at the 38th AGM to approve the payment of Directors' fees up to a stipulated amount for FY2011-12 so that Directors' fees can be paid in arrears on a half-yearly basis during the course of the financial year.

Key executives' remuneration

The Company's key executives' remuneration system is designed to include long-term incentives to allow the Company to better align executive compensation with creating more value for the Shareholders. The key executives' remuneration system includes the components of variable bonus and share awards under the SATS Restricted Share Plan ("**SATS RSP**") and/or the SATS Performance Share Plan ("**SATS PSP**"), in addition to fixed basic salary and fixed allowances. SATS considers the PCEO and his direct reports as its key executives. With the introduction of share awards under the SATS RSP and the SATS PSP for staff of managerial grade and above in the Company, including key executives, in 2006, the Company had phased out the award of employee share options under the Senior Executive Share Option Scheme (one of the two schemes under the SATS Employee Share Option Plan ("**ESOP**") which was adopted by the Company in 2000) as part of the key executives' remuneration system with effect from FY2007-08.The final grant of share options for all employees other than senior executives under the ESOP was made in July 2008. The payment of variable bonuses and grants of share awards under the SATS RSP and the SATS PSP are in turn dependent on the Company's financial performance as well as the key executives' individual performance through their achievement of certain key performance indicators set for them.

	Remuneration Band [12]		Bonuses [13]				Award under SATS RSP [14]	Award under SATS PSP [14]
		Salary (%)	Fixed (%)	Variable (%)	Benefits (%)	Total (%)		
Clement Woon Hin Yong, PCEO	$750,000 to $1,000,000	71%	7%	14%	8%	100%	60,000	120,000
Lim Chuang, CFO	$250,001 to $500,000	72%	6%	13%	9%	100%	20,000	35,000
Tan Chuan Lye, EVP Food Solutions	$250,001 to $500,000	71%	6%	13%	10%	100%	40,000	70,000
Robert Burnett, CEO, UK [15]	$500,001 to $750,000	81%	Nil	7%	12%	100%	26,000	42,000
Chi Ping Huey, General Counsel	$250,001 to $500,000	73%	5%	14%	8%	100%	10,000	23,000

Notes:

12 Remuneration bands as indicated do not include the value of any awards granted under the SATS RSP and/or the SATS PSP.

13 Includes profit-sharing bonus paid or determined on an accrual basis for FY2010-11.

14 Denotes the base awards of shares granted under the SATS RSP and the SATS PSP for FY2010-11 on 2nd August 2010. The number of shares awarded to recipient under the SATS RSP will vest in the award holder over a four-year period; there will be no performance conditions for vesting. The final number of shares awarded to the recipient under the SATS PSP could range between 0% to 200% of the base award; these awards of PSP shares will vest in the award holder subject to the achievement of pre-determined targets over a three-year period.

15 UK-based senior executive whose remuneration has for the purposes of this Report been converted at the exchange rate of £1: $2.0686.

None of the immediate family members of a Director or of the PCEO was employed by the Company or its related companies at a remuneration exceeding $150,000 during FY2010-11.

Further details regarding each of the Share Plans are provided in the Annexure to this Report, and also in the "**Report of the Board of Directors**" and "**Notes to Financial Statements**" in the "**Financials**" section of this Annual Report.

PRINCIPLE 10: BOARD IS ACCOUNTABLE TO SHAREHOLDERS AND MANAGEMENT IS ACCOUNTABLE TO THE BOARD, TO PROVIDE INFORMATION / ASSESSMENT ON THE COMPANY'S PERFORMANCE, POSITION AND PROSPECTS

Shareholders are presented with the quarterly and full-year financial results within 45 days of the end of each of the first three quarters and 60 days of the end of the financial year (as the case may be). Through the release of its financial results, the Board aims to present the Shareholders with a balanced and understandable assessment of SATS' performance, position and prospects. The Company has in place a process to support Management's representations to the Board on the integrity of the Group's financial statements and internal control systems in relation to the requirement under the Listing Manual of the SGX-ST for the Board to issue a negative assurance statement that accompanies the Company's announcement of its quarterly and full year financial statements.

Monthly management accounts of the Group (covering, *inter alia*, consolidated unaudited profit and loss accounts, revenue breakdown by client, consolidated balance sheet and explanatory notes explaining any variance) are circulated to the Board for their information.

PRINCIPLE 11: ESTABLISHMENT OF AUDIT COMMITTEE WITH WRITTEN TERMS OF REFERENCE

Audit Committee

The Audit Committee currently comprises the following four members all of whom are Independent Directors:

- Mr Keith Tay Ah Kee, Chairman
- Mr David Zalmon Baffsky, Member
- Mr Nihal Vijaya Devadas Kaviratne CBE, Member
- Mr Yeo Chee Tong, Member

The Board is of the view that the members of the Audit Committee have the necessary and appropriate expertise and experience to discharge their duties as the Audit Committee.

The Audit Committee has explicit authority to investigate any matter within its terms of reference, full access to and co-operation of Management, and full discretion to invite any Director or executive officer to attend its meetings. It also has reasonable resources to discharge its functions.

Under the terms of reference of the Audit Committee, its responsibilities include the review of the following:

- quarterly and full-year financial statements and financial announcements as required under the Listing Manual of the SGX-ST;
- the audit plan, the external auditors' management letter and the scope and results of the external audit;
- independence and objectivity of the external auditors, their appointment and reappointment and audit fee;
- adequacy of resources for the internal audit function, ensuring it has appropriate standing within the Company and has a primary line of reporting to the Chairman of the Audit Committee (with secondary administrative reporting to the PCEO). KPMG LLP ("KPMG") had been engaged to supplement the internal audit function in Q4 of FY2010-11. The Company will continue to outsource its internal audit function in FY2011-12 to KPMG;
- adequacy of the internal audit function, scope of internal audit work and audit programme;
- major findings on internal audit during the year and Management's responses thereto, difficulties encountered during the course of the audit, significant changes to the audit programme and compliance with relevant professional internal audit standards, with the Internal Audit and Management;
- effectiveness of the Company's material internal controls, with Management and the internal and/or external auditors on an annual basis;
- suspected fraud or irregularity or suspected infringement of any Singapore law, rule or regulation of which the Audit Committee is aware, which has or is likely to have a material impact on the Company's or Group's operating results or financial position, and the findings of any internal investigations and Management's response thereto; and
- interested person transactions as required under the Listing Manual of the SGX-ST and the Company's Shareholders' mandate for interested person transactions.

The Audit Committee is also tasked to perform all other functions and responsibilities of an audit committee that may be imposed by the Companies Act, the Listing Manual of the SGX-ST, the 2005 Code and other relevant laws and regulations.

The Audit Committee is required by its terms of reference to meet at least four times a year, with the internal and external auditors of the Company present. The Audit Committee met four times in FY2010-11.

The Audit Committee reviews the independence of the external auditors annually. It has also reviewed the nature and volume of non-audit services provided by its external auditors to the Group during FY2010-11, and the fees, expenses and emoluments paid or made to the external auditors and is satisfied that they have no significant impact on the independence and objectivity of the external auditors.

PRINCIPLE 12: SOUND SYSTEM OF INTERNAL CONTROLS TO SAFEGUARD SHAREHOLDERS' INVESTMENTS AND THE COMPANY'S ASSETS

The Board recognizes the importance of a sound system of internal controls to safeguard Shareholders' interests and investments and the Group's assets, and to manage risks. The Board, through the Audit Committee, oversees and reviews the adequacy and effectiveness of the Group's internal control functions as well as assesses financial risks; and, through the Board Risk Committee, generally oversees and reviews the other risks faced by the Group.

Board Risk Committee

The Board Risk Committee currently comprises the following three members, all of whom are non-executive Directors, and oversees and reviews the adequacy and effectiveness of the Group's risk management systems as well as its safety systems and programmes:

- Mr Mak Swee Wah, Chairman
- Mr David Heng Chen Seng, Member
- Mr Khaw Kheng Joo, Member

The written terms of reference of the Board Risk Committee include the review of the following:

- adequacy of resources for the risk management functions and that they have appropriate standing within the Group;
- the risk management policies and practices and the types and levels of risks faced by the Group;
- the activities of the SATS Group Risk Management Committee which is responsible for putting in place risk management processes and methodologies, identifying risks and instilling mitigation plans, updating risk registers and profiles;
- risk champions appointed by the respective operating units to drive risk management initiatives;
- the Group's safety system and programmes for effectiveness and compliance with regulatory requirements and best industry practices for food safety, workplace safety and occupational health;
- regular reports on safety, initiation of remedial actions and assessment of level of compliance with the safety management plan; and
- food safety and accident investigation findings and implementation of recommendations by Management.

The Board Risk Committee met four times in FY2010-11 as required under its terms of reference.

The "**Internal Controls Statement**" section in this Annual Report sets out details of the Group's system of internal controls and risk management structure and processes, and the Board's views on the adequacy of the Group's internal controls.

Whistle-blowing Policy

The Company has also put in place a "Policy on Reporting Wrongdoing" and "Hotline To Report Wrongdoing" to institutionalize procedures on reporting possible improprieties involving the Group and for allowing independent investigation of such matters, and appropriate and consistent follow-up action. A dedicated email address and 24-hour hotline managed by an independent external service provider have been set up to allow employees who discover or suspect impropriety to report the same. All information received is treated confidentially. Results of the investigation would not be disclosed or discussed with anyone other than those who have a legitimate right to know.

Anonymous complaints may be considered, taking into account factors such as the seriousness of the issues raised, the credibility of the concern and the likelihood of confirming the allegation from attributable sources.

Banking Transaction Procedures

Lenders to the Company are notified that all bank transactions undertaken by any member of the Group must be properly authorised, including the opening of new bank accounts and any proposed credit facilities. Each member of the Group has its own approval limits and procedures for every banking transaction, having regard to the nature of the transaction concerned. These approval limits and procedures are updated from time to time and are available on request. The bankers of each member of the Group have been advised to verify, in accordance with the verification process set out in the applicable procedures, that the transaction is properly authorised.

PRINCIPLE 13: INDEPENDENT INTERNAL AUDIT FUNCTION

For FY2010-11, the Company's internal audit function was undertaken by a dedicated Internal Audit department of the Company. It is designed to provide reasonable assurance on the adequacy and effectiveness of controls over operations, reliability of financial information and compliance with the Company's policies and procedures, and applicable laws and regulations.

The internal auditors report directly to the Audit Committee. In situations where the audit work to be carried out by the internal auditors may potentially give rise to conflicts of interest, it will be brought to the attention of the Audit Committee. The Audit Committee may authorise such audit work to be carried out by an independent third party as it deems appropriate.

The Internal Audit department meets all the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

KPMG, was engaged to supplement the internal audit function in the current financial year since Q4 of FY2010-11. The Company will continue to outsource its internal audit function to KPMG in FY2011-12.

PRINCIPLE 14: REGULAR, EFFECTIVE AND FAIR COMMUNICATION WITH SHAREHOLDERS

The Company strives to convey to the Shareholders pertinent information in a clear, forthcoming, detailed and timely manner and on a regular basis, takes into consideration their views and inputs, and addresses Shareholders' concerns. While the Company's Investor Relations department communicates with analysts regularly, the Company monitors the dissemination of material information to ensure that it is made publicly available on a timely and non-selective basis. Material information is published on the SGXNET and on the Company's website (www.sats.com.sg), and where appropriate, through media releases.

The Company's Investor Relations department manages the dissemination of corporate information to the media, the public, as well as institutional investors and public Shareholders, and promotes relations with and acts as a liaison point for such entities and parties. More details of the Company's investor relations programme can be found in the "**Investor Relations**" section of this Annual Report.

PRINCIPLE 15: GREATER SHAREHOLDER PARTICIPATION AT ANNUAL GENERAL MEETINGS

The Company's Articles allow Shareholders to appoint up to two proxies to attend and vote at general meetings on their behalf. The Articles currently do not provide for Shareholders to vote at general meetings in absentia such as by mail, email or fax. The Company will consider implementing the relevant amendments to the Articles if the Board is of the view that there is a demand for such alternative methods of voting, and after the Company has evaluated and put in place the necessary security and other measures to facilitate absentia voting and protect against errors, fraud and other irregularities.

At the Shareholders' meetings, each distinct issue is proposed as a separate resolution.

Chairmen of the various Board Committees, or members of the respective Board Committees standing in for them, as well as the external auditors, will be present and available to address questions at the AGM.

DEALINGS IN SECURITIES

In line with the rules of the Listing Manual of the SGX-ST, the Company has in place a policy and guidelines on dealings in the securities of the Company, which have been disseminated to employees of the Group and Directors of the companies within the Group. The policy and guidelines restrict certain employees (including all administrative officers and employees of managerial grade and above, and employees in departments which are likely to be privy to confidential material price-sensitive information, such as the offices of the PCEO, Executive Vice Presidents and Senior Vice Presidents, the Legal and Finance departments, and departments or units of companies in the Group having charge of business development and/or marketing activities) from trading in the Company's securities during the period falling two weeks before the announcement of the Company's quarterly financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements.

The Company has also adopted a Procedure For Trading Halt in the Company's Securities, which assists the Company to manage its continuous disclosure obligations in accordance with the spirit of rule 703 of the Listing Manual of the SGX-ST in the event of a leak of material unpublished information, or a false rumour or report where a media comment about the Company is sufficiently specific and detailed to warrant a response or to adequately respond to a query by the SGX-ST arising from such leak of material unpublished information or a false rumour or report.

In addition, the Directors and Staff of the Company are prohibited at all times from trading in the Company's securities if they are in possession of non-public, price-sensitive information of the Company. The policy and guidelines also remind employees and Directors of the Group that they should not deal in the Company's securities on short term considerations, and to be mindful of the insider trading prohibitions under the Securities and Futures Act whenever trading in the Company's or any other corporation's securities.

ANNEXURE

Share Plans

(I) ESOP

The Company has ceased to issue further grants of share options under the ESOP since the last grant in July 2008. Please refer to the "**Report of the Board of Directors**" and "**Notes to Financial Statements**" in the "**Financials**" section of this Annual Report for more details relating to the ESOP.

(II) SATS RSP and SATS PSP

The Company introduced two new share plans, the SATS RSP and the SATS PSP, which were approved by Shareholders at the Extraordinary General Meeting of the Company held on 19 July 2005. These plans were introduced with a view to further strengthening the Company's competitiveness in attracting and retaining talented key senior management and senior executives. The SATS RSP and the SATS PSP aim to more directly align the interests of key senior management and senior executives with the interests of Shareholders, to improve performance and achieve sustainable growth for the Company in the changing business environment, and to foster a greater ownership culture amongst key senior management and senior executives. These plans contemplate the award of fully paid shares of the Company, when and after pre-determined performance or service conditions are accomplished. Non-executive Directors of the Group are not eligible to participate in the SATS RSP and the SATS PSP.

The SATS RSP serves as an additional motivational tool to recruit and retain talented senior executives as well as to reward Company and individual performance. In addition, it enhances the Group's overall compensation packages, strengthening the Group's ability to attract and retain high performing talent. The SATS PSP is targeted at a select group of key senior management who shoulder the responsibility for the Company's performance and who are able to drive the growth of the Company through innovation, creativity and superior performance. Awards under the SATS PSP are performance-based, with performance targets set in accordance with medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The performance targets are stretched targets based on criteria such as total Shareholders' return, economic value added, market share, market ranking or return on sales.

Awards granted under the SATS RSP, which is intended to apply to a broader base of senior executives, will vest only after the satisfactory completion of time-based service conditions, that is, after the participant has served the Group for a specified number of years (time-based restricted awards) or, where the award is performance-based (performance-based restricted awards), after a further period of service beyond the performance target completion date. No minimum vesting periods are prescribed under the SATS RSP, and the length of the vesting period(s) in respect of each award will be determined on a case-by-case basis. Award of such performance-based restricted awards is intended to ensure that the earning of shares under the SATS RSP is aligned with the pay-for-performance principle. The use of time-based restricted awards will only be made on a case-by-case basis where business needs justify such awards.

The selection of a participant and the number of shares which he or she would be awarded under the SATS RSP will be determined at the absolute discretion of the Remuneration and Human Resource Committee, which will take into account criteria such as his or her rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, his contribution to the success and development of the Group and, if applicable, the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period.

Under the SATS RSP and the SATS PSP, the Remuneration and Human Resource Committee has the discretion to determine whether the performance condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Remuneration and Human Resource Committee has the right to make reference to the audited results of the Company or the Group to take into account such factors as the Remuneration and Human Resource Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance target(s) if the Remuneration and Human Resource Committee decides that a changed performance target would be a fairer measure of performance.

The aggregate number of shares which may be issued pursuant to awards granted under the SATS RSP or the SATS PSP, when added to the number of new shares issued and issuable in respect of all options granted under the ESOP, and all awards under the SATS RSP and the SATS PSP, may not exceed 15 percent of the total number of issued ordinary shares in the capital of the Company on the day preceding the relevant date of award.

(III) PURCHASE OF SHARES PURSUANT TO THE SHARE BUY–BACK MANDATE

The Company had obtained the approval from the Shareholders for the adoption of the Share Purchase Mandate (the "**Mandate**") at the Extraordinary General Meeting of the Company held on 30 July 2010. Pursuant to the Mandate, the Company had purchased a total of 1,000,000 shares of the Company to date to satisfy the obligations for the SATS RSP and the SATS PSP. The shares purchased are currently held as treasury shares.

Internal Controls Statement

RESPONSIBILITY

SATS' Board recognises the importance of, and its role in, ensuring a proper internal controls environment for the Group. SATS Management is responsible for establishing and maintaining a sound system of internal controls over the delivery of accurate, objective and transparent financial reporting, and for the assessment of the effectiveness of internal controls.

The Board is responsible for overseeing and reviewing the adequacy and effectiveness of the Group's internal controls and risk management system. This system by its nature can only provide reasonable, but not absolute, assurance to investors regarding:

- the safeguarding and protection of the Group's assets against unauthorised or improper use or disposal;
- protection against material misstatements or losses;
- the maintenance of proper accounting records;
- the reliability of financial information used within the business and for publication;
- the compliance with appropriate legislations, regulations and best practices; and
- the identification and containment of business risks.

RISK MANAGEMENT ORGANISATIONAL STRUCTURE

Audit Committee

The Board, through the Audit Committee ("**AC**"), oversees and reviews the adequacy and effectiveness of the Group's internal control functions, the Group Corporate Governance, the system of ensuring integrity of financial reporting and assessing financial risk management.

The AC is made up of four Directors, all of whom are independent, and is chaired by an independent non-executive Director. The AC meets quarterly to exercise oversight of the management of financial risks, corporate governance and internal controls within the Group.

The Group's internal audit functions continually strive to improve efforts in ensuring the compliance with, and implementation of, the risk management practices and policies. The Company's internal audit process provides an independent assessment and perspective to the AC on the processes and controls which may have material financial impact on the Company. There are formal procedures in place for both internal and external auditors to report independently their conclusions and recommendations to the AC.

The Group has its own approval limits and procedures for every banking and finance transaction, having regard to the nature of the transaction concerned. All banking and finance transactions undertaken by the Group must be properly authorised, including the opening of new bank accounts and the taking up of any proposed credit facilities and the Group's key insurance coverage, the adequacy of which is reviewed on a yearly basis. These approval limits and procedures are updated from time to time and are available on request to the bankers of and lenders to the Group.

Management also monitors internal controls through Control Self Assessments ("**CSA**") that have been developed based on the principle of minimum acceptable controls. During the course of the year, a number of the questionnaires used in conducting the CSAs were updated to reflect the changes in the organisation and increase the strength of the control environment. CSA verification audits were also carried out to provide an independent evaluation of the assessments conducted by the business units.

Board Risk Committee

The Board, through the Board Risk Committee ("**BRC**"), generally oversees and reviews the other risks faced by the Group. The BRC assists the Board in reviewing the effectiveness of the system of safety and risk management, and in doing so, the BRC considers the results of the risk management activities carried out for the Group.

The BRC is made up of three Directors, all of whom are non-executive Directors. The BRC met four times in FY2010-11 to exercise oversight of the management of risks within the Group.

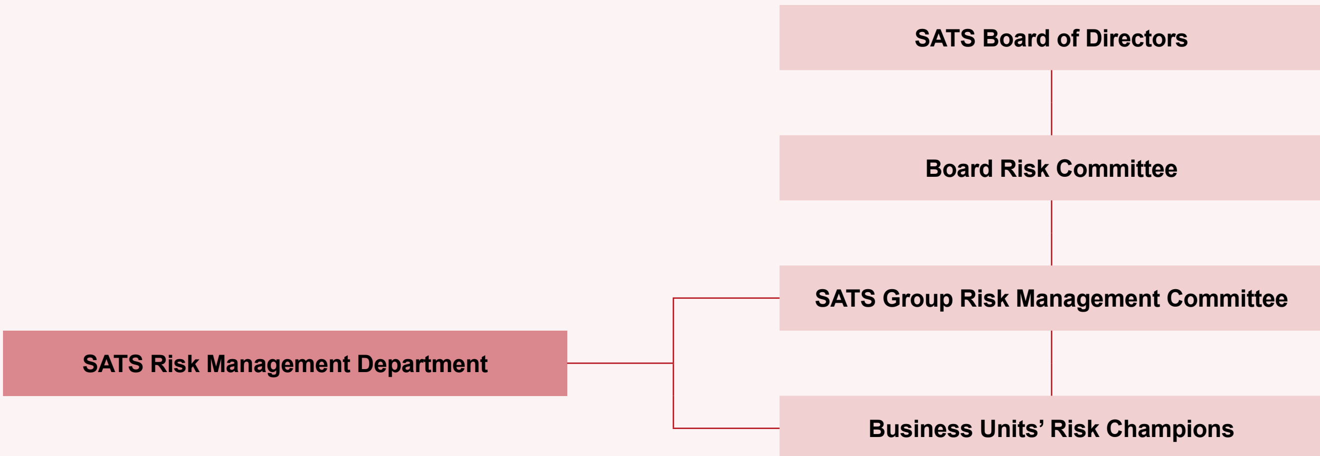
The involvement of the BRC is key to the safety and risk management programme of the Group. Under its oversight, the safety and risk management programme is executed with an integrated view of the organisation and its needs in mind.

The BRC is supported by the SATS Group Risk Management Committee ("**SGRMC**"). The BRC reviews the activities of the SGRMC, including regular risk management reports, updates on risk management initiatives, processes and exercises. Management or the SGRMC will report to the BRC on any major changes to the business and external environment that affect the Group's key risks, and the BRC will in turn report the same to the Board if it considers the matter sufficiently significant to do so.

The SGRMC, chaired by the PCEO, meets on a quarterly basis. It is vested with specific accountability for reviewing the system of risk management for reporting key risks and their associated mitigating factors to the BRC, for considering what changes to risk management and control processes, and methodologies of risk management, should be recommended and for ensuring that processes and the methodologies of risk management are put in place.

A centralised Risk Management department, headed by the Assistant Vice President, Risk Management, coordinates and facilitates the risk management processes within the Group. It provides support to the SGRMC in carrying out its functions.

The Group has formalised its risk management reporting structure as depicted in the diagram below. Additionally, there are established channels of communications for individuals to report on any wrongdoing or impropriety.



More information on the AC's and BRC's authorities and duties can be found in the "**Corporate Governance**" section of this Annual Report.

CONTROL ENVIRONMENT AND CONTROL ACTIVITIES

The key elements of the Group's comprehensive internal control framework include:

- written terms of reference for Management's and the various Board's Committees;
- written policies, procedures and guidelines, including guidelines on matters requiring the Board's approval which are subjected to regular review and improvement;

- defined roles and responsibilities, including authorisation levels for all aspects of the businesses that are set out in the authority matrix;
- appropriate organisational and risk management structures in place;
- considered Business Continuity Management processes that meet the nature, scale and complexity of the Group's businesses, including the establishment of the Crisis Management Directorate for the purpose of effective management of crisis; and
- a planned and coordinated budgeting process where operating units prepare budgets for the coming year that are approved by both Management and the Board.

The Risk Management department continually strives to improve efforts in ensuring the compliance with, and implementation of, the risk management practices and policies.

The following are some of the key risk management activities carried out within the Group:

- risk review and identification exercises conducted at the business units and departments, to review the existing risks in the risk register and to identify new risks that may have emerged;
- business continuity/contingency plans were tested during the financial year under review. The procedures were fine-tuned and enhanced for improvements further to the post mortem briefings held;
- CSAs carried out by the various business units, which questionnaires were revised for applicability and completeness; and
- a Crisis Management exercise was conducted by the risk management department on 21 February 2011.

RISK ASSESSMENT AND MONITORING

The Risk Management system concentrates on those key risks which may have a significant influence on the Group's assets, finances and profits, and those that may potentially endanger the continued existence of the Group companies. Procedures used facilitate early detection and control of risks.

The operational business units meet regularly to review risk and control matters, including ascertaining that there are effective follow-up procedures. The outcome and status are reported to the BRC and the AC for review and information.

The Group carried out its bi-annual review of the key risk profiles of the Group. The preventive and mitigating control actions were further refined and developed for adequacy and effectiveness.

The on-going process to identify, assess, monitor and manage business risks that will impede the achievement of the Group's objectives is continuously reviewed for improvements. The key risks are evaluated based on probability and consequence of a preset scale and ranked accordingly, and this enables the Group to allocate its resources to deal with the different levels of business risks. The risk management process, which has been put in place throughout the year and up to the date of this statement, is firmly embedded within the Group's business operations and is every employee's responsibility.

Written assurances and representations, together with an attached checklist of key elements of internal controls approved by the Board, have been obtained from all the executive heads of all the Company's operating subsidiaries as well as from the executive heads or other appropriate officers of all of the Company's active associated companies, that their respective companies' internal controls were adequate during the financial year under review.

CONCLUSION

The Board believes that, in the absence of any evidence to the contrary, taking into account the views of the AC and the BRC in the exercise of their responsibilities under their respective terms of reference, the system of internal controls (including financial, operational and compliance controls), and risk management system maintained by the Group's Management and that were in place throughout FY2010-11 and up to and as of the date of this Annual Report, provide reasonable, but not absolute, assurance against material financial misstatement or loss, and on the whole are adequate to meet the needs of the Group in its current business environment.

FINANCIALS

Report by the Board of Directors

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2011.

1. DIRECTORS OF THE COMPANY

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

Edmund Cheng Wai Wing	Chairman
David Zalmon Baffsky	
David Heng Chen Seng	
Nihal Vijaya Devadas Kaviratne CBE	(Appointed on 30 July 2010)
Khaw Kheng Joo	
Rajiv Behari Lall	
Mak Swee Wah	
Ng Kee Choe	
Keith Tay Ah Kee	
Yeo Chee Tong	
Leo Yip Seng Cheong	(Appointed on 1 September 2010)

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

3. 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 as stated below:

	Direct Interest		Deemed Interest	
Name of Director	At 1.4.2010 or date of appointment	31.3.2011	At 1.4.2010 or date of appointment	31.3.2011
Interest in SATS Ltd.				
Ordinary shares				
Mak Swee Wah	–	16,051	–	–
Ng Kee Choe	11,000	11,000	–	–
Keith Tay Ah Kee	35,000	35,000	–	–
Yeo Chee Tong	200,000	–	–	–

3. DIRECTORS' INTERESTS IN ORDINARY SHARES, SHARE OPTIONS AND DEBENTURES (cont'd)

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in ordinary shares, share options 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.

4. 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 in which the Director has a substantial financial interest.

5. OPTIONS ON SHARES IN THE COMPANY

(i) Employee Share Option Plan

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 Singapore Exchange Securities Trading Limited ("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 Remuneration and Human Resource Committee administering the Plan comprises the following Directors:

Edmund Cheng Wai Wing	Chairman
Ng Kee Choe	Member
Yeo Chee Tong	Member
Leo Yip Seng Cheong	Member

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

No employee has received 5% or more of the total number of options available under the Plan.

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.

5. OPTIONS ON SHARES IN THE COMPANY (cont'd)

(i) Employee Share Option Plan (cont'd)

The Company has ceased to issue further grants of share options since the last grant in July 2008.

At the end of the financial year, options to take up 33,714,275 unissued ordinary shares in the Company were outstanding:

Date of grant	Balance at 1.4.2010/ date of grant	Forfeited/ Lapsed	Exercised	Balance at 31.3.2011	Exercise price *	Exercisable period
3.7.2000	1,093,350	300,400	792,950	–	$1.75	03.07.2001 – 02.07.2010
2.7.2001	279,700	7,900	78,900	192,900	$1.19	02.07.2002 – 01.07.2011
1.7.2002	620,750	15,700	172,500	432,550	$1.55	01.07.2003 – 30.06.2012
1.7.2003	775,600	17,800	157,550	600,250	$1.42	01.07.2004 – 30.06.2013
1.7.2004	3,324,400	57,800	760,850	2,505,750	$2.04	01.07.2005 – 30.06.2014
1.7.2005	8,102,000	110,400	2,511,600	5,480,000	$2.22	01.07.2006 – 30.06.2015
3.7.2006	8,273,430	33,400	3,415,505	4,824,525	$2.05	03.07.2007 – 02.07.2016
2.7.2007	13,500,700	194,200	–	13,306,500	$3.01	02.07.2009 – 01.07.2017
1.7.2008	13,225,200	83,400	6,770,000	6,371,800	$2.17	01.07.2010 – 30.06.2018
	49,195,130	821,000	14,659,855	33,714,275		

* Following approval by the Company's shareholders of the declaration of a special dividend of $0.05 per share on 26 July 2007, the Committee administering the Plan has approved a $0.05 reduction in the exercise prices of all share options outstanding on 30 July 2007. The exercise prices reflected here are the exercise prices after such adjustment. The Company has accounted for the modification in accordance to FRS102. As the incremental fair value of the share options resulted from the modification is $NIL, no adjustment is made to the share-based payment expenses.

(ii) Restricted Share Plan ("RSP") and Performance Share Plan ("PSP")

At the Extraordinary General Meeting of the Company held on 19 July 2005, the shareholders approved the adoption of two new share plans, namely the RSP and the PSP, in addition to the Employee Share Option Plan.

Depending on the achievement of pre-determined targets over a two-year period for the RSP and a three-year period for the PSP, the final number of restricted shares and performance shares awarded in respect of FY2007-08 and prior years could range between 0% and 120% of the initial grant of the restricted shares and between 0% and 150% of the initial grant of the performance shares. In respect of RSP and PSP grants for FY2008-09 and FY2009-10, the final number of restricted shares and performance shares awarded could range between 0% and 150% of the initial restricted grants and between 0% and 200% of the initial grant of performance shares. In respect of RSP and PSP grants for FY2010-11, the final numbers of restricted shares and performance shares awarded is 100% of the restricted grants and between 0% to 200% of the initial grant of performance shares.

Years prior to 2010-11, based on meeting stated performance conditions over a two-year performance period, 50% of the RSP award will vest. The balance will vest equally over the subsequent two years with fulfilment of service requirements. For year 2010-11, the RSP award will vest over a four-year period; there will be no performance condition for vesting. PSP award will vest based on meeting stated performance conditions over a three-year performance period.

At the date of this report, the Remuneration and Human Resource Committee which administers the RSP and PSP comprises the following Directors:

Edmund Cheng Wai Wing	Chairman
Ng Kee Choe	Member
Yeo Chee Tong	Member
Leo Yip Seng Cheong	Member

5. OPTIONS ON SHARES IN THE COMPANY (cont'd)

(ii) Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") (cont'd)

No shares have been granted to controlling shareholders or their associates under the RSP and PSP.

The details of the shares awarded under the new share plans during the year and since commencement of the RSP and PSP are as follows:

RSP

	Number of ordinary shares				
Date of grant	Balance at 1.4.2010/ later date of grant	Vested	Forfeited	Adjustments #	Balance at 31.3.2011
2.10.2006	26,333	(26,333)	–	–	–
27.7.2007	45,120	(23,760)	(1,760)	–	19,600
1.11.2007	10,200	(5,100)	–	–	5,100
28.7.2008	488,700	(190,500)	(19,800)	(120,000)	158,400
17.11.2008	50,000	(18,800)	–	(12,500)	18,700
12.11.2009	790,000	–	(68,300)	5,000	726,700
02.08.2010	1,046,000	–	(36,000)	–	1,010,000
	2,456,353	(264,493)	(125,860)	(127,500)	1,938,500

PSP

	Number of ordinary shares				
Date of grant	Balance at 1.4.2010/ later date of grant	Vested	Forfeited	Adjustments #	Balance at 31.3.2011
27.7.2007	98,200	(71,300)	–	(26,900)	–
1.11.2007	55,000	(41,300)	–	(13,700)	–
15.4.2008 *	185,616	(185,616)	–	–	–
28.7.2008	92,000	–	–	–	92,000
12.11.2009	72,000	–	–	–	72,000
02.08.2010	746,000	–	(10,000)	–	736,000
	1,248,816	(298,216)	(10,000)	(40,600)	900,000

* These relate to the PSP plan granted under Singapore Food Industries ("SFI") which were converted to SATS Ltd. ("SATS") shares in the financial year ended 31 March 2010.

Adjustments at the end of the two-year and three-year performance period upon meeting/(not meeting) stated performance targets for RSP and PSP respectively.

Based on the Monte Carlo simulation model, the estimated fair value at the date of grant for each share granted during the year under the RSP ranges from $2.44 to $2.78 (2010: $2.01 to $2.18) and the estimated fair value at the date of grant for each share granted during the year under the PSP is $2.78 (2010: $3.03).

The number of contingent shares granted but not released as at 31 March 2011 were 1,938,500 (2010: 1,410,353) and 900,000 (2010: 502,816) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from 1,211,800 (2010: 81,653) to a maximum of 2,301,850 (2010: 2,074,803), and zero to a maximum of 1,800,000 (2010: 743,416) fully-paid ordinary shares of SATS, for RSP and PSP respectively.

6. AUDIT COMMITTEE

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

7. AUDITORS

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

On behalf of the Board,

EDMUND CHENG WAI WING
Chairman

KEITH TAY AH KEE
Director

Dated this 13th day of May 2011

Statement by the Directors

Pursuant to Section 201(15)

We, EDMUND CHENG WAI WING and KEITH TAY AH KEE, being two of the Directors of SATS Ltd., do hereby state that in the opinion of the Directors:

a) the accompanying consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company, together with notes thereto are drawn up 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 2011, the changes in equity of the Group and of the Company, the results of the business and the cash flows of the Group for the financial year ended on that date; and

b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board,

EDMUND CHENG WAI WING
Chairman

KEITH TAY AH KEE
Director

Dated this 13th day of May 2011

Independent Auditors’ Report

To the members of SATS Ltd.

Report on Financial Statements

We have audited the accompanying financial statements of SATS Ltd. (the Company) and its subsidiaries (collectively, the Group) set out on pages 97 to 178, which comprise the balance sheets of the Group and the Company as at 31 March 2011, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the “Act”) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors’ Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, 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 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 2011 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, 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.

ERNST & YOUNG LLP
Public Accountants and Certified Public Accountants

SINGAPORE
Dated this 13th day of May 2011

Consolidated Income Statement

For the Year ended 31 March 2011 (in $ Thousand)

	Note	GROUP 2010-11	GROUP 2009-10
Revenue	4	**1,729,131**	1,538,906
Expenditure			
Staff costs	5	**(646,631)**	(545,417)
Cost of raw materials		**(474,635)**	(409,512)
Licensing fees		**(62,014)**	(56,788)
Depreciation and amortisation charges		**(96,096)**	(90,796)
Company accommodation and utilities		**(104,319)**	(90,790)
Other costs		**(160,950)**	(161,239)
		(1,544,645)	(1,354,542)
Operating Profit	6	**184,486**	184,364
Interest on borrowings	7	**(2,756)**	(5,313)
Interest income	8	**521**	628
Dividend from long-term investment, gross		**957**	–
Share of profits of associated/joint venture companies		**61,188**	41,931
Gain on disposal of property, plant and equipment		**215**	538
Amortisation of deferred income, net of expenses		**870**	929
Loss on sale of short-term non-equity investment		**–**	(5)
Profit Before Tax		**245,481**	223,072
Taxation	9	**(53,656)**	(40,951)
Profit After Taxation		**191,825**	182,121
Profit Attributable to:			
Equity Holders of the Company		**191,450**	181,241
Non-Controlling Interests		**375**	880
Profit for the Year		**191,825**	182,121
Basic earnings per share (cents)	10	**17.4**	16.7
Diluted earnings per share (cents)	10	**17.3**	16.7

The notes on pages 105 to 178 form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

For the Year ended 31 March 2011 (in $ Thousand)

	GROUP	
	2010-11	2009-10
Profit After Taxation	**191,825**	182,121
Other Comprehensive Income, Net of Tax		
Net fair value changes on available-for-sale assets	**(11)**	326
Foreign currency translation	**(44,539)**	(12,012)
	(44,550)	(11,686)
Total Comprehensive Income	**147,275**	170,435
Total Comprehensive Income Attributable to:		
Equity Holders of the Company	**150,929**	170,420
Non-Controlling Interests	**(3,654)**	15
Total Comprehensive Income	**147,275**	170,435

The notes on pages 105 to 178 form an integral part of the financial statements.

Balance Sheets

At 31 March 2011 (in $ Thousand)

	Note	GROUP 31.3.2011	GROUP 31.3.2010	COMPANY 31.3.2011	COMPANY 31.3.2010
Share Capital	12	**324,743**	288,018	**324,743**	288,018
Reserves					
Revenue reserve		**1,272,477**	1,224,444	**925,583**	905,397
Share-based compensation reserve	13	**18,815**	22,601	**18,815**	22,601
Fair value reserve	13	**(11)**	–	**–**	–
Treasury shares		**(1,275)**	–	**(1,275)**	–
Statutory reserve	13	**6,659**	6,477	**–**	–
Foreign currency translation reserve	13	**(100,152)**	(59,642)	**–**	–
		1,196,513	1,193,880	**943,123**	927,998
Equity Attributable to Equity Holders of the Company		**1,521,256**	1,481,898	**1,267,866**	1,216,016
Non-Controlling Interests		**95,295**	18,299	**–**	–
Total Equity		**1,616,551**	1,500,197	**1,267,866**	1,216,016
Deferred Taxation	14	**95,618**	98,591	**28,075**	28,505
Term Loans	15	**12,751**	5,796	**–**	–
Finance Leases	16	**7,907**	4,154	**–**	–
Defined Benefit Plan	17	**55,821**	–	**–**	–
Other Long-Term Liabilities		**8,561**	4,000	**–**	4,000
Deferred Income	18	**17,312**	19,134	**17,312**	19,134
		1,814,521	1,631,872	**1,313,253**	1,267,655
Property, Plant and Equipment	19	**731,972**	594,324	**3,510**	1,592
Investment Properties	20	**15,951**	6,459	**362,554**	385,869
Subsidiary Companies	21	**–**	–	**540,950**	540,754
Long-Term Investment	22	**8,355**	7,905	**7,886**	7,886
Joint Venture Companies	23	**14,083**	–	**12,014**	–
Associated Companies	24	**314,196**	334,781	**270,819**	270,819
Loan to Subsidiaries	21	**–**	–	**123,902**	1,227
Loan to an Associated Company		**–**	140	**–**	140
Intangible Assets	25	**488,838**	461,952	**7,008**	6,021
Other Non-Current Assets	26	**9,125**	12,125	**–**	12,012
Deferred Tax Assets	14	**37,981**	5,687	**–**	680

The notes on pages 105 to 178 form an integral part of the financial statements.

Balance Sheets

At 31 March 2011 (in $ Thousand)

	Note	GROUP 31.3.2011	GROUP 31.3.2010	COMPANY 31.3.2011	COMPANY 31.3.2010
Current Assets					
Trade debtors	27	**284,508**	219,438	**5,586**	7,368
Other debtors	28	**18,699**	16,650	**942**	1,851
Prepayments		**15,890**	9,091	**1,660**	1,263
Related companies	29	**–**	–	**38,574**	22,354
Amount owing by associated companies	24	**5,259**	516	**5,259**	517
Loan to an associated company	24	**–**	560	**–**	560
Loan to a subsidiary	21	**–**	–	**467**	–
Inventories	30	**59,383**	43,161	**267**	360
Fixed deposits	31	**206,288**	132,588	**170,354**	119,053
Cash and bank balances	31	**97,588**	63,761	**10,789**	12,087
		687,615	485,765	**233,898**	165,413
Less:					
Current Liabilities					
Bank overdraft – secured	31	**7,759**	599	**–**	–
Trade and other payables	32	**286,003**	219,230	**37,257**	25,810
Related companies	29	**–**	–	**85,808**	92,179
Provision for taxation		**43,841**	43,858	**7,550**	6,769
Term loans	15	**151,420**	12,841	**118,673**	–
Finance leases – current	16	**4,572**	738	**–**	–
		493,595	277,266	**249,288**	124,758
Net Current Assets/(Liabilities)		**194,020**	208,499	**(15,390)**	40,655
		1,814,521	1,631,872	**1,313,253**	1,267,655

The notes on pages 105 to 178 form an integral part of the financial statements.

Statements of Changes in Equity

For the Year ended 31 March 2011 (in $ Thousand)

		Attributable to Equity Holders of the Company									
	Note	Share Capital	Revenue Reserve	Share-Based Compensation Reserve	Fair Value Reserve	Treasury Shares	Statutory Reserve*	Foreign Currency Translation Reserve	Total	Non-controlling Interests	Total Equity
GROUP											
Balance at 1 April 2010		288,018	1,224,444	22,601	–	–	6,477	(59,642)	1,481,898	18,299	1,500,197
Profit for the year		–	191,450	–	–	–	–	–	191,450	375	191,825
Other comprehensive income for the year		–	–	–	(11)	–	–	(40,510)	(40,521)	(4,029)	(44,550)
Total comprehensive income for the year		–	191,450	–	(11)	–	–	(40,510)	150,929	(3,654)	147,275
Contributions by and Distribution to Owners											
Transfer to statutory reserve		–	(182)	–	–	–	182	–	–	–	–
Share-based payment		–	–	2,406	–	–	–	–	2,406	–	2,406
Share options exercised and lapsed		35,972	260	(5,439)	–	–	–	–	30,793	–	30,793
Award of performance and restricted shares		753	–	(753)	–	–	–	–	–	–	–
Purchase of treasury shares		–	–	–	–	(1,275)	–	–	(1,275)	–	(1,275)
Acquisition of shares in subsidiaries		–	–	–	–	–	–	–	–	80,650	80,650
Dividends, net	11	–	(143,495)	–	–	–	–	–	(143,495)	–	(143,495)
Total contributions by and distribution to owners		36,725	(143,417)	(3,786)	–	(1,275)	182	–	(111,571)	80,650	(30,921)
Balance at 31 March 2011		324,743	1,272,477	18,815	(11)	(1,275)	6,659	(100,152)	1,521,256	95,295	1,616,551

* Certain countries in which some of the subsidiaries and 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.

The notes on pages 105 to 178 form an integral part of the financial statements.

Statements of Changes in Equity

For the Year ended 31 March 2011 (in $ Thousand)

		Attributable to Equity Holders of the Company								
	Note	Share Capital	Revenue Reserve	Share-Based Compensation Reserve	Fair Value Reserve	Statutory Reserve*	Foreign Currency Translation Reserve	Total	Non-controlling Interests	Total Equity
GROUP										
Balance at 1 April 2009		255,177	1,161,762	23,824	(326)	6,123	(48,495)	1,398,065	18,284	1,416,349
Profit for the year		–	181,241	–	–	–	–	181,241	880	182,121
Other comprehensive income for the year		–	–	–	326	–	(11,147)	(10,821)	(865)	(11,686)
Total comprehensive income for the year		–	181,241	–	326	–	(11,147)	170,420	15	170,435
Contributions by and Distribution to Owners										
Transfer to statutory reserve		–	(354)	–	–	354	–	–	–	–
Share-based payment		–	–	4,340	–	–	–	4,340	–	4,340
Share options exercised and lapsed		32,081	740	(4,803)	–	–	–	28,018	–	28,018
Award of performance and restricted shares		760	–	(760)	–	–	–	–	–	–
Dividends, net	11	–	(118,945)	–	–	–	–	(118,945)	–	(118,945)
Total contributions by and distribution to owners		32,841	(118,559)	(1,223)	–	354	–	(86,587)	–	(86,587)
Balance at 31 March 2010		288,018	1,224,444	22,601	–	6,477	(59,642)	1,481,898	18,299	1,500,197

* 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.

The notes on pages 105 to 178 form an integral part of the financial statements.

Statements of Changes in Equity

For the Year ended 31 March 2011 (in $ Thousand)

	Note	Share Capital	Revenue Reserve	Share-Based Compensation Reserve	Treasury Shares	Fair Value Reserve	Total Equity
COMPANY							
Balance at 1 April 2010		288,018	905,397	22,601	–	–	1,216,016
Profit for the year		–	163,421	–	–	–	163,421
Other comprehensive income for the year		–	–	–	–	–	–
Total comprehensive income for the year		–	163,421	–	–	–	163,421
Contributions by and Distribution to Owners							
Share-based payment		–	–	2,406	–	–	2,406
Share options exercised and lapsed		35,972	260	(5,439)	–	–	30,793
Award of performance and restricted shares		753	–	(753)	–	–	–
Purchase of treasury shares		–	–	–	(1,275)	–	(1,275)
Dividends, net	11	–	(143,495)	–	–	–	(143,495)
Total contributions by and distribution to owners		36,725	(143,235)	(3,786)	(1,275)	–	(111,571)
Balance at 31 March 2011		324,743	925,583	18,815	(1,275)	–	1,267,866

	Note	Share Capital	Revenue Reserve	Share-Based Compensation Reserve	Fair Value Reserve	Total Equity
COMPANY						
Balance at 1 April 2009		255,177	907,684	23,824	(326)	1,186,359
Profit for the year		–	115,918	–	–	115,918
Other comprehensive income for the year		–	–	–	326	326
Total comprehensive income for the year		–	115,918	–	326	116,244
Contributions by and Distribution to Owners						
Share-based payment		–	–	4,340	–	4,340
Share options exercised and lapsed		32,081	740	(4,803)	–	28,018
Issuance of shares		760	–	(760)	–	–
Dividends, net	11	–	(118,945)	–	–	(118,945)
Total contributions by and distribution to owners		32,841	(118,205)	(1,223)	–	(86,587)
Balance at 31 March 2010		288,018	905,397	22,601	–	1,216,016

The notes on pages 105 to 178 form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the Year ended 31 March 2011 (in $ Thousand)

	Note	2010-11	2009-10
Cash Flows from Operating Activities			
Profit before taxation		**245,481**	223,072
Adjustments for:			
Interest income		**(521)**	(629)
Interest on borrowings		**2,756**	5,313
Dividend from long-term investment		**(957)**	–
Depreciation and amortisation charges		**96,096**	90,796
Unrealised foreign exchange gain/(loss)		**645**	(1,236)
Gain on disposal of property, plant and equipment		**(215)**	(536)
Share of profits of associated/joint venture companies		**(61,188)**	(41,931)
Share-based payment expense		**2,406**	4,340
Amortisation of deferred income, net of expenses		**(870)**	(929)
Loss on sale of joint venture company		**–**	8
Impairment of property, plant and equipment		**–**	18
Change in fair value reserve		**(11)**	326
Operating profit before working capital changes		**283,622**	278,612
Changes in working capital:			
Increase in debtors		**(14,726)**	(100,846)
(Increase)/decrease in prepayments		**(3,904)**	4,040
(Increase)/decrease in inventories		**(11,474)**	13,463
Decrease in amounts owing by related companies		**–**	96,363
Increase in creditors		**1,396**	11,438
Increase in amounts due from associated companies		**(4,743)**	(268)
Cash generated from operations		**250,171**	302,802
Interest paid to third parties		**(2,746)**	(5,293)
Income taxes paid		**(47,203)**	(44,553)
Net cash from operating activities		**200,222**	252,956
Cash Flows from Investing Activities			
Capital expenditure	31	**(68,075)**	(64,122)
Repayment of loan by associated company		**700**	668
Dividends from associated companies		**39,495**	24,374
Dividends from long-term investment, gross		**957**	–
Proceeds from disposal of property, plant and equipment		**352**	2,837
Interest received from deposits		**530**	828
Proceeds from disposal of short-term non-equity investments		**–**	20,400
Investment in joint venture company		**(1,886)**	–
Acquisition of shares in subsidiary	21	**(66,742)**	–
Proceeds from sale of joint venture company		**–**	255
Net Cash Used in Investing Activities		**(94,669)**	(14,760)
Cash Flows from Financing Activities			
Repayment of medium-term notes and term loans		**(9,493)**	(228,014)
Repayment of finance leases and related charges		**(2,613)**	(2,514)
Drawdown of term loan		**124,078**	3,377
Proceeds from exercise of share options		**30,793**	28,018
Dividends paid		**(143,495)**	(118,945)
Purchase of treasury shares		**(1,275)**	–
Net Cash Used in Financing Activities		**(2,005)**	(318,078)
Net increase/(decrease) in cash and cash equivalents		**103,548**	(79,882)
Effect of exchange rate changes		**(3,181)**	(107)
Cash and cash equivalents at beginning of financial year		**195,750**	275,739
Cash and Cash Equivalents at End of Financial Year	31	**296,117**	195,750

The notes on pages 105 to 178 form an integral part of the financial statements.

Notes to the Financial Statements

31 March 2011

1. GENERAL

SATS Ltd. (the "Company") is a limited liability company incorporated in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company is an associated company of Venezio Investments Pte. Ltd., a subsidiary of Temasek Holdings (Private) Limited, both incorporated in the Republic of Singapore.

The registered office of the Company is at 20 Airport Boulevard, SATS Inflight Catering Centre 1,Singapore 819659.

The Company is principally an investment holding company. Its other activities include rental of premises and provision of management services to related companies.

The principal activities of the subsidiaries are disclosed in Note 21 to the financial statements.

The consolidated financial statements for the financial year ended 31 March 2011 were authorised for issue in accordance with a resolution of the Directors on 13 May 2011.

2. ACCOUNTING POLICIES

The main accounting policies of the Group, which have been consistently applied except where indicated otherwise, are described in the following paragraphs.

a. Basis of Preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Singapore Dollars ($) and all values in the tables are rounded to the nearest thousands ($ thousand) as indicated.

b. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2010. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except as disclosed below:

FRS 103 Business Combinations (revised) and FRS 27 Consolidated and Separate Financial Statements (revised)

The revised FRS 103 *Business Combinations* and FRS 27 *Consolidated and Separate Financial Statements* are applicable for annual periods beginning on or after 1 July 2009. As of 1 April 2010, the Group adopted both revised standards at the same time in accordance with their transitional provisions.

2. ACCOUNTING POLICIES (cont'd)

b. Changes in Accounting Policies (cont'd)

FRS 103 Business Combinations (revised)

The revised FRS 103 introduces a number of changes to the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Changes in significant accounting policies resulting from the adoption of the revised FRS 103 include:

- Transaction costs would no longer be capitalised as part of the cost of acquisition but will be expensed immediately;
- Consideration contingent on future events are recognised at fair value on the acquisition date and any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss;
- The Group elects for each acquisition of a business, to measure non-controlling interest at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, and this impacts the amount of goodwill recognised; and
- When a business is acquired in stages, the previously held equity interests in the acquiree is remeasured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss, and this impacts the amount of goodwill recognised.

According to its transitional provisions, the revised FRS 103 has been applied prospectively. Assets and liabilities that arose from business combinations whose acquisition dates are before 1 April 2010 are not adjusted.

FRS 27 Consolidated and Separate Financial Statements (revised)

Changes in significant accounting policies resulting from the adoption of the revised FRS 27 include:

- A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss recognised in profit or loss;
- Losses incurred by a subsidiary are allocated to the non-controlling interest even if the losses exceed the non-controlling interest in the subsidiary's equity; and
- When control over a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.

According to its transitional provisions, the revised FRS 27 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interests, attribution of losses to non-controlling interests and disposal of subsidiaries before 1 April 2010. The changes will affect future transactions with non-controlling interests.

2. ACCOUNTING POLICIES (cont'd)

c. Standards Issued but Not Yet Effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

			Effective date (Annual periods beginning on or after)
INT FRS 119	:	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Amendments to FRS 101	:	First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 107 Disclosures for First-time Adopters	1 July 2010
Revised FRS 24	:	Related Party Disclosures	1 January 2011
Amendments to INT FRS 114	:	Prepayments of a Minimum Funding Requirement	1 January 2011
INT FRS 115	:	Agreements for the Construction of Real Estate	1 January 2011
Updates to The Conceptual Framework for Financial Reporting 2010 (Chapters 1 and 3)			1 March 2011
Amendments to FRS 107	:	Financial Instruments: Disclosures – Transfers of Financial Assets	1 July 2011
Amendments to FRS 12	:	Income Taxes – Deferred Tax: Recovery of Underlying Assets	1 January 2012
Improvements to FRSs issued in 2010			1 July 2010 (unless otherwise stated)

Except for the revised FRS 24, the Directors expect that the adoption of other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 24 is described below.

Revised FRS 24 Related Party Disclosure

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact on the financial position or financial performance of the Group when implemented in the financial year ending 31 March 2012.

2. ACCOUNTING POLICIES (cont'd)

d. Basis of Consolidation

Business combinations from 1 January 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2 (h)(i). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2. ACCOUNTING POLICIES (cont'd)

d. Basis of Consolidation (cont'd)

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

e. Subsidiary, Associated and Joint Venture Companies

In the Company's separate financial statements, investment in subsidiary and associated companies are accounted for at cost less impairment losses.

A subsidiary company is defined as an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. An investment in a subsidiary company is generally accompanied by a shareholding giving rise to the majority of the voting rights.

An associated company is defined as an entity, not being a subsidiary company or joint venture company, in which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to between and including 20% and 50% of the voting rights. A list of the Group's associated companies is shown in Note 24 to the financial statements.

The Group's investments in associated companies are accounted for using the equity method. Under the equity method, the investment in associated company is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated company. Goodwill relating to an associated company is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of profit or loss of the associated company in the period in which the investment is acquired. The profit or loss reflects the share of the results of operations of the associated company. Where there has been a change recognised in other comprehensive income by the associated company, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associated company are eliminated to the extent of the interest in the associated company.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

2. ACCOUNTING POLICIES (cont'd)

e. Subsidiary, Associated and Joint Venture Companies (cont'd)

A joint venture company is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group's joint venture company is shown in Note 23 to the financial statements.

The Group's share of the results of the joint venture company is recognised in the consolidated financial statements under the equity method on the same basis as associated companies, from the date that joint venture commences until the date it ceases. When the Group's share of losses exceeds the carrying amount of the joint venture company, the carrying amount is reduced to zero and recognition of further losses is discontinued unless the Group has incurred obligations in respect of the joint venture company.

The most recently available audited financial statements of the associated and joint venture companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

f. Transactions with Non-Controlling Interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

g. Functional and Foreign Currencies

(i) Functional currency

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be Singapore dollars. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in Singapore dollars.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the funtional currencies at exchange rates approximating those ruling at the transaction rates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the income statement.

2. ACCOUNTING POLICIES (cont'd)

g. Functional and Foreign Currencies (cont'd)

(iii) Foreign currency translations

For the purposes of the Group financial statements, the net assets of the foreign subsidiary, associated and joint venture companies are translated into Singapore dollars at the exchange rates ruling at the balance sheet date. The financial results of foreign subsidiary, associated and joint venture companies are translated monthly into Singapore dollars at the prevailing exchange rates. The resulting gains or losses on exchange are taken to foreign currency translation reserve.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations, and translated at the closing rate at the balance sheet date.

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in the profit and loss account as a component of the gain or loss on disposal.

h. Intangible Asset

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

The cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit and loss account. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the cash-generating unit retained.

(ii) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

2. ACCOUNTING POLICIES (cont'd)

h. Intangible Asset (cont'd)

(ii) Other intangible assets (cont'd)

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

- *Computer software*

Computer software is stated at cost less accumulated amortisation and impairment losses, if any. The cost is amortised using the straight-line method over the estimated useful life of 5 years.

- *Transferable fishing licences*

Fishing licences are acquired in a business combination. It has indefinite life and is tested annually for impairment or whenever there is indication of impairment, as described in Note 2(aa).

- *Abattoir licence*

The abattoir licence is acquired in a business combination. It is amortised on a straight line basis over its estimated useful life of 14 years.

- *Brand names and customer relationships*

Brand names and customer relationships are acquired in a business combination. The useful lives of some of the brands acquired are estimated to be indefinite because based on the current market share of the brands, the management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash inflows for the Group. For those brand names and customer relationships with finite lives, their useful lives are as follows:

Brand names	–	17 years
Customer relationships	–	3 to 10 years

2. ACCOUNTING POLICIES (cont'd)

i. Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit and loss account. An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the income statement in the year the asset is derecognised.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

j. Depreciation of Property, Plant and Equipment

Property, plant and equipment are depreciated on a straight-line basis at rates which are calculated to write-down their costs to their estimated residual values at the end of their operational lives. Operational lives and residual values are reviewed annually in the light of experience and changing circumstances, and adjusted as appropriate at each balance sheet date. The estimated useful lives are as follows:

Freehold buildings	–	38 to 50 years
Leasehold land and buildings	–	according to the lease period or 30 years whichever is the shorter
Office fittings and fixtures and office and commercial equipment	–	1 to 5 years
Fixed and mobile ground support equipment and motor vehicles	–	1 to 12 years

No depreciation is provided for progress payments.

Fully-depreciated property, plant and equipment are retained in the financial statements until they are no longer in use. No depreciation is charged after assets are depreciated to their residual values.

The residual value, useful life and depreciation methods are reviewed at each financial year end and adjusted prospectively, if appropriate.

k. Investment Properties

Investment properties are stated at cost, net of depreciation and any impairment loss. Depreciation is provided on the straight line basis so as to write off the cost of the leasehold investment properties over its estimated useful lives according to the lease period or 30 years whichever is shorter.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit and loss account in the year of retirement or disposal.

For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2(i) up to the date of change in use.

2. ACCOUNTING POLICIES (cont'd)

l. Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance lease – as lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased asset, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against the profit and loss account.

For sale and finance leaseback, differences between sales proceeds and net book values are taken to the balance sheet as deferred gain on sale and leaseback transactions, included under “deferred income” and amortised over the minimum lease terms.

Operating lease – as lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

Gains arising from sale and operating leaseback of assets are determined based on fair values. Sale proceeds in excess of fair values are deferred and amortised over the minimum lease terms.

Operating lease – as lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2(y).

m. Inventories

Inventories, which consist mainly of equipment spare parts and food supplies, are stated at the lower of cost and net realisable value. Costs are determined using the weighted average cost basis, and comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

2. ACCOUNTING POLICIES (cont'd)

n. Non-current Assets Held for Sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are re-measured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in the profit and loss account. Gains are not recognised in excess of any cumulative losses.

o. Financial Assets

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition, and where allowed and appropriate, re-evaluates this designation at each financial year end.

When financial assets are recognised initially, they are measured at fair value, plus directly attributable costs.

A financial asset is de-recognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the profit and loss account.

All regular way purchases and sales of financial assets are recognised or de-recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Financial assets at fair value through profit and loss

There are two sub-categories: financial assets held for trading, and those designated as fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also classified under this category unless they are designated as hedging derivatives. Gains or losses on financial instruments held at fair value through profit and loss are recognised in the profit and loss account.

Assets in this category are classified as current assets if they are expected to be realised within 12 months after the balance sheet date.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss account when the loans and receivables are de-recognised or impaired, as well as through the amortisation process.

2. ACCOUNTING POLICIES (cont'd)

o. Financial Assets (cont'd)

Available-for-sale financial assets

Available-for-sale investments are non-derivative financial assets that are either designated in this category, or not classified in any other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit and loss.

The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

The fair value of quoted investments is generally determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions or reference to the current market value of another instrument (which is substantially the same). For investments where there is no active market and where fair value cannot be reliably measured, they are measured at cost less impairment loss.

Short-term non-equity investments and unquoted equity investments are classified as available-for-sale investments.

p. Trade Debtors and Other Debtors

Trade debtors, which generally have 30-90 day terms, other debtors and amounts owing by the related companies are classified and accounted for as loans and receivables.

q. Cash and Bank Balances

Cash and bank balances are defined as cash on hand and demand deposits.

Cash on hand, demand deposits and short-term deposits are classified and accounted for as loans and receivables.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash on hand and deposits in banks, net of outstanding bank overdrafts.

r. Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date, in the countries where the Group operates and generates taxable income.

Current income taxes are being recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. ACCOUNTING POLICIES (cont'd)

r. Taxation (cont'd)

Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and

- In respect of temporary differences associated with investments in subsidiary, associated and joint venture companies, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxes are recognised in the profit and loss except that deferred tax relating to items recognised directly in equity is recognised directly in equity and deferred tax arising from a business combination is adjusted against goodwill on consolidation.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2. ACCOUNTING POLICIES (cont'd)

s. Loans, Notes Payable and Borrowings

Loans, notes payable and other borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

t. Borrowing Cost

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use.

u. Employees Benefits

Equity compensation plan

The Group has in place an Employee Share Option Plan (the "Plan") for the granting of share options to senior executives and all other employees to subscribe for ordinary shares in the Company. The exercise price approximates the market value of the ordinary shares on the date of grant.

The Group has also implemented the Restricted Share Plan and Performance Share Plan for awarding of fully paid ordinary shares to key senior management and senior executives, when and after pre-determined performance or service conditions are accomplished. Details of the Plan are disclosed in Note 12 to the financial statements.

Equity-settled transactions

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options or awards at the date on which the share options or awards are granted. In valuing the share options, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company.

This cost is recognised in the profit and loss account, with a corresponding increase in the share-based compensation reserve, over the vesting period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the profit and loss account, with a corresponding adjustment to the share-based compensation reserve over the remaining vesting period.

No expense is recognised for options or awards that do not ultimately vest, except for options or awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The share-based compensation reserve is transferred to revenue reserve upon cancellation or expiry of the vested options or awards. When the options are exercised or awards are released, the share-based compensation reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

2. ACCOUNTING POLICIES (cont'd)

u. Employees Benefits (cont'd)

Defined contribution plan

As required by law, the companies in Singapore make contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Certain of the Group's companies and overseas stations outside Singapore make contributions to their respective countries' pension schemes. Such contributions are recognised as an expense in the period in which the related service is performed.

Defined benefit plan

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting period exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

The past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognised immediately.

The defined benefit asset or liability is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period plus any actuarial gains (less any actuarial losses) not recognised, reduced by past service costs not yet recognised and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognised net actuarial losses and past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

If the asset is measured at the aggregate of cumulative unrecognised net actuarial losses and past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan:

- Net actuarial losses of the current period and past service costs of the current period are recognised immediately to the extent that they exceed any reduction in the present value of those economic benefits. If there is no change or an increase in the present value of the economic benefits, the entire net actuarial losses of the current period and past service costs of the current period are recognised immediately.

- Net actuarial gains of the current period after the deduction of past service costs of the current period exceeding any increase in the present value of the economic benefits stated above are recognised immediately. If there is no change or a decrease in the present value of the economic benefits, the entire net actuarial gains of the period after the deduction of past service costs of the current period are recognised immediately.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information and in the case of quoted securities, it is based on the published bid price.

The Group's right to be reimbursed of some or all of the expenditure requried to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

2. ACCOUNTING POLICIES (cont'd)

v. Financial Liabilities

Financial liabilities include trade creditors, which are normally settled on 30-90 day terms, other creditors, amount owing to related companies and interest-bearing loans and borrowings. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs. Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. For financial liabilities other than derivatives, gains and losses are recognised in the profit and loss account when the liabilities are de-recognised or impaired, and through the amortisation process. Any gains and losses arising from changes in fair value of derivatives are recognised in profit and loss. Net gains or losses on derivatives include exchange differences.

w. Derivative Financial Instruments

The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. The fair value of these instruments is determined by reference to market values for similar instruments. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Derivative financial instruments for the Group are classified as held for trading and any gains or losses arising from changes in fair value on derivative financial instruments are taken to the profit and loss account for the year.

x. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

y. Revenue

Revenue from ground handling, inflight catering, aviation security services, airline laundry and airport cargo delivery management services is recognised upon rendering of services. Revenue from manufacturing and exporting chilled and frozen processed foods is recognised upon delivery and acceptance of goods sold. Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms.

2. ACCOUNTING POLICIES (cont'd)

z. Income from Investments

Dividend income from investments is recognised when the shareholders' right to receive payments is established.

Interest income from investments and fixed deposits is recorded using the effective interest rate method and recognised on a time proportion basis.

aa. Impairment of Non-Financial and Financial Assets

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The impairment loss is charged to the profit and loss account.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. An impairment loss is reversed only if there has been a change in estimates used to determine the recoverable amount, since the last impairment loss was recognised.

Financial assets

Assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit and loss account.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

2. ACCOUNTING POLICIES (cont'd)

aa. Impairment Of Non-Financial And Financial Assets (cont'd)

Financial assets (cont'd)

Assets carried at amortised cost (cont'd)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit and loss account.

Assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss account, is transferred from other comprehensive income to the profit and loss account. Reversals of impairment losses in respect of equity instruments are not recognised in the profit and loss account; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

bb. Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the senior management of the Group. The senior management are responsible for allocating resources and assessing performance of the operating segments. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. ACCOUNTING POLICIES (cont'd)

cc. Treasury Shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received is recognised directly in equity.

dd. Sale and Leaseback

When a series of transactions that involved the legal form of a lease is linked, and the overall economic effect cannot be understood without reference to the series of transactions taken as a whole, these transactions should be accounted for as one transaction. Subsequent to entering into the series of transactions, the Group determines if, in substance, a separate investment account and lease payment obligations meet the definitions of an asset and a liability under the FRS Framework.

Indicators that collectively demonstrate that, in substance, a separate investment account and lease payment obligations do not meet the definitions of an asset and a liability and should not be recognized by the Group include:

- The Group is not able to control the investment account in pursuit of its own objective and is not obligated to pay the lease payments. This occurs when, for example, a prepaid amount is placed in a separate investment account to protect the investor and may only be used to pay the investor. The investor agrees that the lease is to be paid from the fund and the Group has no ability to withhold the payments to the investor from the investment account;

- The Group has only a remote risk of reimbursing the entire amount of any fee received from an investor, as well as, paying an amount under their obligations (eg guarantee);

- Other than the initial cash flows at inception of the arrangement, the only cash flows expected under the arrangement are the lease payments that are satisfied solely from funds withdrawn from the separate investment account established with the initial cashflows.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

Key Sources of Estimation Uncertainty (cont'd)

(a) Carrying value of associated companies

The Group acquired certain investments in associated companies at a premium to their net asset value. As at 31 March 2011, the carrying value of investments in associates exceeded the underlying net asset value by $83.8 million (2010: $92.9 million).

The above carrying value is supported by the value that is expected to be derived from these associated companies in the future or their value-in-use. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from these associated companies and also to adopt a suitable discount rate to calculate the present value of the cash flows. Changes in these estimates could have a significant impact on the value-in-use and therefore the carrying amount of these investments in associated companies.

(b) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Management judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables at 31 March 2011 was $43.8 million (2010: $43.9 million). The Group's deferred tax assets and deferred tax liabilities as of 31 March 2011 was $38.0 million (2010: $5.7 million) and $95.6 million (2010: $98.6 million) respectively.

(c) Useful lives of property, plant and equipment and investment properties

The Group reviews the useful lives of property, plant and equipment and investment properties at each balance sheet date, in accordance with the accounting policy stated in Note 2(i) and Note 2(k) respectively.

Judgement is required in determining the useful lives of property, plant and equipment and investment properties. In determining useful lives, which is based on the period over which an asset is expected to be available for efficient use, the Group considers factors like insurance coverage requirement, maintenance and repair cost, technical or commercial obsolescence and legal or similar limits to the use of the property, plant and equipment and investment properties.

(d) Defined benefit plan

Various actuarial assumptions are required when determining the Group's defined benefit plan obligations. Due to the long-term nature of these plans, such assumptions are subject to significant uncertainty. These assumptions and the related carrying amounts are disclosed in Note 17.

Judgements Made in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made certain judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

Judgements Made in Applying Accounting Policies (cont'd)

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Further details of the key assumptions applied in the impairment assessment of goodwill and brands are given in Note 25 to the financial statements.

Non-financial assets relating to operations in Japan

As disclosed in the Note 21(b), the Group acquired TFK, a subsidiary which operates primarily in Japan, which was accounted for on a provisional basis.

At 31 March 2011, included in the consolidated balance sheet is an amount of $28.1 million (2010: nil), $161.7 million (2010: Nil), and $19.6 million (2010: Nil) relating to the goodwill, property, plant and equipment and intangible assets of TFK.

Based on the current expected cash flows of TFK, no impairment provision is considered necessary for the value of these assets. However, following the chain of disasters from the Great East Japan Earthquake 2011, the aviation industry in Japan was severely affected with an adverse impact on complementary industries, including that of TFK's. As a result, current assumptions used for determining the discounted cash flow of TFK could be affected by the progress of the recovery of the aviation industry in Japan.

4. REVENUE (in $ Thousand)

Revenue represents rental income, gateway services and food solutions by the Company and the Group. Gateway services include ground handling and aviation security services while food solutions refer to inflight catering, food processing and distribution services. It excludes dividends, interest income and, in respect of the Group, intra-Group transactions.

	GROUP	
	2010-11	2009-10
Food Solutions	**1,168,026**	1,031,753
Gateway Services	**551,010**	495,266
Corporate (rental and other services)	**10,095**	11,887
	1,729,131	1,538,906

5. STAFF COSTS (in $ Thousand)

	GROUP	
	2010-11	2009-10
Staff costs:		
Salaries, bonuses and other costs *	**596,548**	523,094
CPF and other defined contributions ^	**46,477**	17,983
Defined benefit plan	**1,200**	–
Share-based compensation expense #	**2,406**	4,340
	646,631	545,417
Number of employees at end of year	**15,301**	12,176

* Included in salaries, bonuses and other costs are contract labour expenses of $74,071,139 (2010: $61,783,856).
^ Included in the Central Provident Fund ("CPF") are job credits from the Government of Singapore $15,026 (2010: $17,134,000).
\# Disclosures relating to share-based compensation expense are in Note 12.

6. OPERATING PROFIT (in $ Thousand)

	GROUP	
	2010-11	2009-10
Operating profit for the financial year is stated after charging/(crediting):		
Directors' emoluments		
– Directors of the Company	**1,030**	1,051
– Directors of subsidiary companies	**1,995**	555
Non-audit fee paid to auditors of the company	**503**	489
Writeback for doubtful debts	**(3,883)**	–
Gain on disposal of property, plant and equipment	**(215)**	(538)
Maintenance of equipment and vehicles	**32,386**	27,940
IT expenses	**16,236**	12,345
Lease of ground support equipment	**5,658**	4,640
Leasehold land rental	**3,553**	7,237
Exchange (gain)/loss, net	**(1,617)**	1,983

7. INTEREST ON BORROWINGS (in $ Thousand)

	GROUP	
	2010-11	2009-10
Interest expenses on:		
Loan from third parties	**2,756**	1,474
Notes payable	**–**	3,839
	2,756	5,313

8 INTEREST INCOME (in $ Thousand)

	GROUP	
	2010-11	2009-10
Interest income from:		
Third parties	**516**	606
Associated companies	**5**	22
	521	628

9. TAXATION (in $ Thousand)

	GROUP	
	2010-11	2009-10
Current taxation:		
Provision in respect of profit for the year	**41,744**	38,993
Over provision in respect of prior years	**(1,675)**	(4,450)
Deferred taxation:		
Movement in temporary differences	**(5,277)**	(5,394)
Under provision of deferred taxation in respect of prior years	**1,895**	171
Share of associated companies' taxation	**15,117**	10,226
Provision for withholding tax expense on share of associated companies' profits	**1,852**	1,405
	53,656	40,951

A reconciliation between taxation expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 March is as follows:

	GROUP	
	2010-11	2009-10
Profit before taxation	**245,481**	223,072
Taxation at statutory tax rate of 17% (2010: 17%)	**41,732**	37,922
Adjustments		
Expenses not deductible for tax purposes	**6,487**	5,526
Effect of different tax rates in other countries	**5,240**	5,893
Over provision of current taxation in respect of prior years	**(1,675)**	(4,450)
Under provision of deferred taxation in respect of prior years	**1,895**	171
Utilisation of previously unrecognised tax losses/capital allowances	**(990)**	(3,871)
Tax exempt income	**(1,391)**	(2,108)
Provision for withholding tax expense on share of associated companies' profits	**1,852**	1,405
Deferred tax benefits not recognised	**1,456**	–
Others	**(950)**	463
Current financial year's taxation charge	**53,656**	40,951

10. EARNINGS PER SHARE

	GROUP 2010-11	GROUP 2009-10
Profit attributable to equity holders of the Company (in $ Thousand)	**191,450**	181,241

	GROUP 31 March 2011	GROUP 31 March 2010
Weighted average number of ordinary shares in issue used for computing basic earnings per share	**1,102,436,265**	1,082,849,836
Adjustment for share options, RSP and PSP	**4,948,236**	3,110,963
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	**1,107,384,501**	1,085,960,799
Basic earnings per share (cents)	**17.4**	16.7
Diluted earnings per share (cents)	**17.3**	16.7

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

For purposes of calculating diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect of share based payment plans of the Company.

15,459,539 (2010: 32,583,467) of the share options granted to employees under the existing employee share option plans have not been included in the calculation of the diluted earnings per share because they are anti-dilutive for the current and previous financial periods presented.

11. DIVIDENDS PAID AND PROPOSED (in $ Thousand)

	GROUP AND COMPANY 2010-11	GROUP AND COMPANY 2009-10
Dividends paid:		
Final dividend of 8 cents (2010: 6 cents) per ordinary share in respect of previous financial year	**88,175**	64,767
Interim dividend of 5 cents (2010: 5 cents) per ordinary share in respect of current financial year	**55,320**	54,178
	143,495	118,945

The Directors proposed the following dividends for the financial year ended 31 March 2011:

	2010-11
Final dividend of 6 cents per ordinary share (one-tier tax exempt)	66,461
Special dividend of 6 cents per ordinary share (one-tier tax exempt)	66,461
	132,922

12. SHARE CAPITAL (in $ Thousand)

	GROUP AND COMPANY 31 March 2010	2009
Issued and fully paid share capital		
Ordinary shares		
Balance at beginning of the year		
1,093,151,046 (2010: 1,079,236,594) ordinary shares	**288,018**	255,177
14,659,855 (2010: 13,592,720) share options exercised during the year	**35,972**	32,081
375,793 (2010: 321,732) restricted and performance shares vested and issued during the year	**753**	760
Balance at end of the year		
1,108,186,694 (2010: 1,093,151,046) ordinary shares	**324,743**	288,018

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

During the financial year, the Company issued 14,659,855 (2010: 13,592,720) ordinary shares upon exercise of options granted under the Employee Share Option Plan. In addition, 375,793 (2010: 321,732) ordinary shares were vested and issued during the financial year under the Restricted Share Plan and Performance Share Plan.

Share Option Plan

The SATS Employee Share Option Plan (the "Plan"), which comprises the Senior Executive Share Option Scheme and the Employee Share Option Scheme for senior executives and all other employees respectively, grants non-transferrable options to selected employees. Options are granted for terms of 10 years to purchase the ordinary shares of the Company at an exercise price equivalent to the average of the last dealt prices of the Company's ordinary shares on the SGX-ST for the five consecutive 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.

There are no cash settlement alternatives. Both the Employee Share Option Scheme and Senior Executive Share Option Scheme have fully vested during the financial year ended 31 March 2011.

12. SHARE CAPITAL (cont'd) (in $ Thousand)

Share Option Plan (cont'd)

Information with respect to the number of options granted under the Plan is as follows:

	GROUP 31 March			
	2011		2010	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of the year	**49,195,130**	**$2.35**	67,001,325	$2.27
Exercised	**(14,659,855)**	**$2.80**	(13,592,720)	$2.54
Lapsed	**(821,000)**	**$2.17**	(4,213,475)	$2.02
Outstanding at end of the year	**33,714,275**	**$2.46**	49,195,130	$2.35
Exercisable at end of the year	**33,714,275**	**$2.46**	35,807,617	$2.41

Fair values of the options

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted each year under the SATS ESOP. The estimate of the fair value of the services received is measured based on a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. There is no option granted during the year. The following table lists the inputs to the model used for the July 2008 grant:

	July 2008 Grant
Expected dividend yield (%)	Management's forecast
Expected volatility (%)	25.1
Risk-free interest rate (%)	2.89
Expected life of options (years)	6.0
Exercise price ($)	2.17
Share price at date of grant ($)	2.21

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. No other features of options were incorporated into the measurement of fair value.

Proceeds received from share options exercised during the year were:

	GROUP	
	2010-11	2009-10
Aggregate proceeds from ordinary shares issued	**30,793**	28,018

Details of share options granted during the financial year:		
Expiry date	**NIL**	NIL
Exercise price	**NIL**	NIL

12. SHARE CAPITAL (cont'd) (in $ Thousand)

Share Option Plan (cont'd)

Terms of share options outstanding as at 31 March 2011:

Exercise period	Exercise Price	Number Outstanding	Number Exercisable
02.07.2002 to 01.07.2011	$1.19	4,350	4,350
02.07.2003 to 01.07.2011	$1.19	167,950	167,950
02.07.2004 to 01.07.2011	$1.19	4,400	4,400
02.07.2005 to 01.07.2011	$1.19	16,200	16,200
01.07.2003 to 30.06.2012	$1.55	6,300	6,300
01.07.2004 to 30.06.2012	$1.55	329,200	329,200
01.07.2005 to 30.06.2012	$1.55	46,350	46,350
01.07.2006 to 30.06.2012	$1.55	50,700	50,700
01.07.2004 to 30.06.2013	$1.42	28,200	28,200
01.07.2005 to 30.06.2013	$1.42	450,450	450,450
01.07.2006 to 30.06.2013	$1.42	57,100	57,100
01.07.2007 to 30.06.2013	$1.42	64,500	64,500
01.07.2005 to 30.06.2014	$2.04	232,050	232,050
01.07.2006 to 30.06.2014	$2.04	1,781,650	1,781,650
01.07.2007 to 30.06.2014	$2.04	240,700	240,700
01.07.2008 to 30.06.2014	$2.04	251,350	251,350
01.07.2006 to 30.06.2015	$2.22	286,125	286,125
01.07.2007 to 30.06.2015	$2.22	4,609,325	4,609,325
01.07.2008 to 30.06.2015	$2.22	292,125	292,125
01.07.2009 to 30.06.2015	$2.22	292,425	292,425
03.07.2007 to 02.07.2016	$2.05	138,987	138,987
03.07.2008 to 02.07.2016	$2.05	4,393,138	4,393,138
03.07.2009 to 02.07.2016	$2.05	142,637	142,637
03.07.2010 to 02.07.2016	$2.05	149,763	149,763
02.07.2008 to 01.07.2017	$3.01	–	–
02.07.2009 to 01.07.2017	$3.01	13,306,500	13,306,500
01.07.2009 to 30.06.2018	$2.17	–	–
01.07.2010 to 30.06.2018	$2.17	6,371,800	6,371,800
		33,714,275 @	33,714,275

@ The total number of options outstanding includes 4,486,050 (2010: 5,127,025) share options not exercised by employees who have retired or ceased to be employed by SATS or any of its subsidiary companies by reason of (i) ill health, injury or disability or death; (ii) redundancy; or (iii) any other reason approved in writing by the Remuneration Committee. The said options are exercisable up to the expiration of the applicable exercise period or the period of five years from the date of retirement or cessation of employment, whichever is earlier.

12. SHARE CAPITAL (in $ Thousand) (cont'd)

Share Option Plan (cont'd)

Details of movements of share options:

Date of grant	Balance at 1.4.2010/ date of grant	Forfeited/ Lapsed	Exercised	Balance at 31.3.2011	Exercise price*	Exercisable period
3.7.2000	1,093,350	300,400	792,950	–	$1.75	03.07.2001 – 02.07.2010
2.7.2001	279,700	7,900	78,900	192,900	$1.19	02.07.2002 – 01.07.2011
1.7.2002	620,750	15,700	172,500	432,550	$1.55	01.07.2003 – 30.06.2012
1.7.2003	775,600	17,800	157,550	600,250	$1.42	01.07.2004 – 30.06.2013
1.7.2004	3,324,400	57,800	760,850	2,505,750	$2.04	01.07.2005 – 30.06.2014
1.7.2005	8,102,000	110,400	2,511,600	5,480,000	$2.22	01.07.2006 – 30.06.2015
3.7.2006	8,273,430	33,400	3,415,505	4,824,525	$2.05	03.07.2007 – 02.07.2016
2.7.2007	13,500,700	194,200	–	13,306,500	$3.01	02.07.2009 – 01.07.2017
1.7.2008	13,225,200	83,400	6,770,000	6,371,800	$2.17	01.07.2010 – 30.06.2018
	49,195,130	821,000	14,659,855	33,714,275		

* Following approval by the Company's shareholders of the declaration of a special dividend of $0.05 per share on 26 July 2007, the Committee administering the Plan has approved a $0.05 reduction in the exercise prices of all share options outstanding on 30 July 2007. The exercise prices reflected here are the exercise prices after such adjustment. The Company has accounted for the modification in accordance to FRS 102. As the incremental fair value of the share options resulted from the modification is $NIL, no adjustment is made to the share-based payment expenses in the current year.

The range of exercise prices for options outstanding at the end of the year is $1.19 – $3.01 (2010: $1.19 – $3.01). The weighted average remaining contractual life for these options is 5.58 years (2010: 6.51 years).

The Company has ceased to issue further grants of share options since the last grant in July 2008.

The weighted average share price for options exercised during the year was $2.80 (2010: $2.54).

Share-Based Incentive Plans

The Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") are share-based incentive plans for senior management staff, which were approved by the shareholders of the Company on 19 July 2005.

The details of the two plans are described below:

	Restricted Share Plan ("RSP")	Performance Share Plan ("PSP")
For grants prior to FY2010/2011		
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on position and individual performance targets set at the start of a two-year performance period based on stretched medium-term Group and Company objectives.	Award of fully-paid ordinary shares of the Company, conditional on performance targets set at the start of a three-year overlapping performance period based on stretched long-term corporate objectives.

12. SHARE CAPITAL (in $ Thousand) (cont'd)

Share-Based Incentive Plans (cont'd)

	Restricted Share Plan ("RSP")	Performance Share Plan ("PSP")
For grants prior to FY2010/2011 (cont'd)		
Performance Conditions	For grants prior to FY2009/2010 At Group level • EBITDA# Margin • Value Added per $ Employment Cost For grants in FY2009/2010 At Group level • PATMI@ • Value Added per $ Employment Cost	• Absolute Total Shareholder Return (TSR) • Absolute Return on Equity (ROE)
Vesting Condition	Based on meeting stated performance conditions over a two-year performance period, 50% of award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.	Vesting based on meeting stated performance conditions over a three-year performance period.
Payout	0% – 150% depending on the achievement of pre-set performance targets over the performance period.	0% – 200% depending on the achievement of pre-set performance targets over the performance period.
For grants in FY2010/2011		
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on both corporate and individual performance achievement based on prior financial year.	Award of fully-paid ordinary shares of the Company, conditional on performance targets set at the start of a three-year overlapping performance period based on stretched long-term corporate objectives.
Performance Conditions	Group PATMI@ performance equal or exceeds the Cost of Capital.	• EVA Improvement • Absolute TSR • Relative TSR
Vesting Condition	Equal vesting over a four-year period.	Vesting based on meeting specified performance conditions over a three-year performance period.
Payout	100% depending on the achievement based on prior financial year.	0% – 200% depending on the achievement of specified performance targets over the performance period.

EBITDA denotes Earnings before Interest, Taxes, Depreciation, Amortisation
@ PATMI denotes Profit after Taxes and Non-controlling interests

12. SHARE CAPITAL (in $ Thousand) (cont'd)

Share-based incentive plans (cont'd)

Fair values of RSP and PSP

The fair value of services received in return for shares awarded is measured by reference to the fair value of shares granted each year under the SATS RSP and PSP. The estimate of the fair value of the services received is measured based on a Monte Carlo simulation model, which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns.

The following table lists the inputs to the model used for the awards:

RSP	Aug 2010	Nov 2009	Nov 2008	Jul 2008
Expected dividend yield (%)		Management's forecast		
Expected volatility (%)	33.2	34.4 – 42.1	22.0 – 25.4	22.0 – 25.4
Risk-free interest rate (%)	0.4-0.6	0.7 – 1.1	1.1 – 1.9	1.1 – 1.9
Expected term (years)	0.9-3.9	1.6 – 3.6	1.9 – 3.9	1.9 – 3.9
Share price at date of grant ($)	2.91	2.37	1.50	2.09

PSP	Aug 2010	Nov 2009	Jul 2008
Expected dividend yield (%)		Management's forecast	
Expected volatility (%)	36.2	38.2	24.1
Risk-free interest rate (%)	0.56	0.83	1.44
Expected term (years)	2.7	2.6	2.9
Cost of equity (%)	N.A.	8.08	8.2
Index (for Relative TSR)	MSCI Asia Pac ex-Japan Industrial Index	N.A.	N.A.
Index Volatility (%)	39.9	N.A.	N.A.
Correlation (%)	37.7	N.A.	N.A.
Share price at date of grant ($)	2.91	2.37	2.09

For non-market conditions, achievement factors are determined based on inputs from the Remuneration and Human Resource Committee for the purpose of accrual for the RSP until the achievement of the targets can be accurately ascertained.

The details of the shares awarded under the new share plans during the year and since commencement of the RSP and PSP are as follows:

12. SHARE CAPITAL (in $ Thousand) (cont'd)

Share-based incentive plans (cont'd)

RSP

	Number of ordinary shares				
Date of grant	Balance at 1.4.2010 / later date of grant	Vested	Forfeited	Adjustments #	Balance at 31.3.2011
02.10.2006	26,333	(26,333)	–	–	–
27.07.2007	45,120	(23,760)	(1,760)	–	19,600
01.11.2007	10,200	(5,100)	–	–	5,100
28.07.2008	488,700	(190,500)	(19,800)	(120,000)	158,400
17.11.2008	50,000	(18,800)	–	(12,500)	18,700
12.11.2009	790,000	–	(68,300)	5,000	726,700
02.08.2010	1,046,000	–	(36,000)	–	1,010,000
	2,456,353	(264,493)	(125,860)	(127,500)	1,938,500

Adjustments at the end of the two-year and three-year performance period upon meeting/(not meeting) stated performance targets for RSP respectively.

Based on the Monte Carlo simulation model, the estimated fair values at date of grant for each share granted during the year under the RSP ranges from $2.44 to $2.78 (2010: $2.01 to $2.18).

PSP

	Number of ordinary shares				
Date of grant	Balance at 1.4.2010/ later date of grant	Vested	Forfeited	Adjustments #	Balance at 31.3.2011
27.07.2007	98,200	(71,300)	–	(26,900)	–
01.11.2007	55,000	(41,300)	–	(13,700)	–
15.04.2008 *	185,616	(185,616)	–	–	–
28.07.2008	92,000	–	–	–	92,000
12.11.2009	72,000	–	–	–	72,000
02.08.2010	746,000	–	(10,000)	–	736,000
	1,248,816	(298,216)	(10,000)	(40,600)	900,000

* These relate to the PSP plan granted under Singapore Food Industries Pte. Ltd. ("SFI") which were converted to SATS Ltd. ("SATS") shares in the financial year ended 31 March 2010.

Adjustments at the end of the two-year and three-year performance period upon meeting/(not meeting) stated performance targets for PSP respectively.

The estimated weighted average fair value at date of grant for each share granted during the year under the PSP is $2.78 (2010: $3.03) based on the Monte Carlo simulation model.

12. SHARE CAPITAL (in $ Thousand) (cont'd)

Share-based incentive plans (cont'd)

For performance share grants with non-market conditions, the Group revises its estimates of the number of share grants expected to vest and corresponding adjustments are made to the profit and loss accounts and share-based compensation reserve.

Under the PSP, eligible key executives are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

The number of contingent shares granted but not released as at 31 March 2011, were 1,938,500 (2010: 1,410,353) and 900,000 (2010: 502,816) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from 1,211,800 (2010: 81,653) to a maximum of 2,301,850 (2010: 2,074,803) and zero to a maximum of 1,800,000 (2010: 743,416) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

For the current financial year, the Group has provided $1,878,161 (2010: $556,518) in respect of the RSP and PSP based on the fair values determined on grant date and estimation of share grants that will ultimately vest.

The total amount recognised in the profit and loss account for share-based compensation transactions with employees can be summarised as follows:

	GROUP	
	2010-11	2009-10
Share-based compensation expense		
Share options expense	**531**	3,306
Restricted share plan	**1,387**	410
Performance share plan	**488**	624
	2,406	4,340

13. OTHER RESERVES (in $ Thousand)

(a) Share-Based Compensation Reserve

Share-based compensation reserve represents the equity-settled share options, restricted and performance shares granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options, restricted and performance shares.

(b) Fair Value Reserve

Fair value reserve records the cumulative fair value changes of available-for-sale financial assets, net of tax, until they are disposed or impaired.

(c) Statutory Reserve

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.

13. OTHER RESERVES (in $ Thousand) (cont'd)

(d) Foreign Currency Translation Reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

14. DEFERRED TAXATION (in $ Thousand)

	GROUP			
	Consolidated Balance Sheet 31-March		Consolidated Profit and Loss Account	
	2011	2010	2010-11	2009-10
Deferred tax liabilities, net				
Differences in depreciation and amortisation	**36,736**	39,710	**(1,934)**	(5,864)
Identified intangible assets	**55,849**	54,667	**(5,779)**	(827)
Unremitted foreign dividend and interest income	**5,883**	5,883	**–**	426
Other temporary differences	**430**	(1,669)	**(325)**	1,750
Provisions	**(3,280)**	–	**–**	–
Balance at end of year	**95,618**	98,591		
Deferred tax assets, net				
Provisions	**27,236**	2,775	**8,137**	(507)
Defined benefit plan	**10,605**	–	**(3,664)**	–
Unutilised tax losses/capital allowances	**140**	2,912	**183**	(201)
Balance at end of year	**37,981**	5,687		
Deferred income tax expense			**(3,382)**	(5,223)

	COMPANY	
	Balance Sheet 31-March	
	2011	2010
Deferred tax liabilities		
Differences in depreciation and amortisation	**24,797**	25,875
Unremitted foreign dividend and interest income	**6,221**	5,883
Other taxable temporary differences	**(2,943)**	(3,253)
Balance at end of year	**28,075**	28,505
Deferred tax assets		
Provisions	**–**	680

Unrecognised Tax Losses

At the end of the reporting period, the Group has tax losses and capital allowances of approximately $4,547,000 (2010: $3,773,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

15. TERM LOANS (in $ Thousand)

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Unsecured:				
Repayable within one year	**140,314**	390	**118,673**	–
Repayable after one year	**4,096**	2,600	**–**	–
	144,410	2,990	**118,673**	–
Secured:				
Repayable within one year	**11,106**	12,451	**–**	–
Repayable after one year	**8,655**	3,196	**–**	–
	19,761	15,647	**–**	–
Total term loans	**164,171**	18,637	**118,673**	–

There are ten unsecured loans held by the Group as at 31 March 2011. The terms and interest rates are as follows:

	Effective interest rate	Maturity date	Outstanding as at 31 March 2011	2010
Unsecured term loans:				
JPY floating rate	1.15% to 1.85%	April 2011 to December 2011	**138,452**	–
JPY fixed rate	1.7%	March 2014	**3,195**	–
SGD fixed rate	4.2%	December 2012	**499**	759
SGD floating rate	4.5%	December 2023	**2,264**	2,231
			144,410	2,990

There are nine secured term loans held by the Group as at 31 March 2011 and they are secured on the property, plant and equipment and other assets of certain subsidiaries with a total carrying value at 31 March 2011 of $35,084,000 (2010: $154,561,000). The terms and interest rates are as follows:

	Effective interest rate	Maturity date	Outstanding as at 31 March 2011	2010
Secured term loans:				
GBP floating rate	1.5% to 2.5%	June 2011 to May 2020	**9,285**	14,727
AUD fixed rate	9.2%	Febuary 2016	**1,280**	–
JPY fixed rate	0.85% to 2.845%	March 2014 to March 2017	**9,196**	–
GBP fixed rate	5.8%	December 2010	**–**	553
EUR floating rate	2.21% to 4.83%	March 2011	**–**	340
AUD floating rate	9.8% to 10.2%	December 2011 to March 2012	**–**	27
			19,761	15,647

Intra-group financial guarantees

There were no intra-group financial guarantees comprising guarantees granted by any group to banks in respect of banking facilities secured by subsidiaries (2010: nil).

16. FINANCE LEASE (in $ Thousand)

The Group entered into a finance lease agreement for the lease of tractors for a period of 10 years from March 2008. The principal is payable by instalments over a period of 120 months, at an interest rate of 5.1% per annum.

In addition, the Group also has finance leases for certain items of plant, machinery, equipment and motor vehicle. These lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

Future minimum lease payments under these finance leases together with the present value of the net minimum lease payments are as follows:

	GROUP 31 March			
	2011		2010	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Not later than one year	**5,041**	**4,572**	1,143	738
Later than one year but not later than five years	**7,467**	**6,427**	3,343	2,210
Later than five years	**1,665**	**1,480**	2,283	1,944
Total future lease payments	**14,173**	**12,479**	6,769	4,892
Amounts representing interest	**(1,694)**	**–**	(1,877)	–
Present value of minimum lease payments	**12,479**	**12,479**	4,892	4,892

The average discount rate implicit in the leases is 9.45% (2010: 9.45%) per annum for the lease of tractors, 1.2% – 10.2% (2010: 3.98% to 10.2%) per annum for the lease of plant, machinery and equipment.

17. DEFINED BENEFIT PLAN (in $ Thousand)

The subsidiaries in Japan operate a defined benefit plan which require contributions to be made to separately administered funds. The plan provides a pension and the amount of benefit is calculated by combination of final salary and total service years, not simply determined by the percentage of salary for each year of service. The benefit plan becomes vested after 3 years of service as lump-sum distribution or vested after 15 years of service as annual payment of plan benefit, and require contributions to be made to separately administered funds.

The following tables summarise the components of net benefit expense recognised in profit or loss and the funded status and amounts recognised in the balance sheets for the plans.

17. DEFINED BENEFIT PLAN (in $ Thousand) (cont'd)

	GROUP	
	31 March	
Funded pension plans	2011	2010
Net benefit expense		
Current service cost	**1,200**	–
Interest cost on benefit obligation	**820**	–
Expected return on plan assets	**(1,035)**	–
Net benefit expense	**985**	–
Defined benefit plan asset/(liability)		
Defined benefit obligation	**(143,552)**	–
Fair value of plan assets	**92,748**	–
	(50,804)	–
Unrecognised net actuarial gain	**(5,017)**	–
Defined benefit liability	**(55,821)**	–
Change in present value of defined benefit obligations are as follows:		
Acquisition of a subsidiary	**155,372**	–
Interest cost	**820**	–
Current service cost	**1,200**	–
Benefits paid	**(2,833)**	–
Actuarial gains on obligation	**(5,447)**	–
Exchange differences	**(5,560)**	–
As at 31 March 2011	**143,552**	–
Change in fair value of plan assets are as follows:		
Acquisition of a subsidiary	**96,499**	–
Expected return on plan assets	**1,035**	–
Contributions by employer	**1,930**	–
Benefits paid	**(2,833)**	–
Actuarial losses	**(430)**	–
Exchange differences	**(3,453)**	–
As at 31 March 2011	**92,748**	–

17. DEFINED BENEFIT PLAN (in $ Thousand) (cont'd)

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

	GROUP 31 March	
	2011	2010
	%	%
Japan equities	**35.7**	–
Offshore equities	**22.7**	–
Japan bonds	**9.9**	–
Offshore bonds	**9.1**	–
Fixed deposit	**22.6**	–
	100.0	–

The principal assumptions used in determining pension benefit obligations for the defined benefit plans are shown below:

	GROUP 31 March	
	2011	2010
	%	%
Discount rates	**2.4**	–
Expected rate of return on assets	**4.5**	–
Future salary increases	**2.0**	–
Future pension increases	**2.0**	–
Post retirement mortality for pensioners at age 60		–
– Male	**0.8**	–
– Female	**0.8**	–

The expected rate of return is calculated by weighing the expected rates of return on individual categories of plan assets in accordance with the anticipated balance in the plan's investment portfolio. These expected rates of return are determined based on the market prevailing on that date, applicable to the period over which the obligation is to be settled.

18. DEFERRED INCOME (in $ Thousand)

The deferred income comprises gain on sale and leaseback arrangement undertaken by the Company.

	GROUP AND COMPANY 31 March	
	2011	2010
Balance as at 1 April	**19,134**	20,957
Amount recognised as income during the year	**(1,822)**	(1,823)
Balance as at 31 March	**17,312**	19,134

19. PROPERTY, PLANT AND EQUIPMENT (in $ Thousand)

GROUP

	Freehold land and buildings	Leasehold land and buildings	Office fittings and fixtures	Fixed ground support equipment	Mobile ground support equipment	Office and commercial equipment	Motor vehicles	Progress payments	Total
Cost									
At 1 April 2010	14,564	739,870	50,444	372,100	56,181	66,175	27,286	29,806	1,356,426
Acquisition of subsidiaries ^ (Note 21)	138,701	–	1,714	–	–	7,521	13,747	–	161,683
Translation	(8,561)	(370)	(61)	(1,831)	(981)	(538)	(547)	(319)	(13,208)
Reclassifications	(1,156)	7,177	15,458	16,399	(11,577)	(6,728)	969	(22,077)	(1,535) *
Additions	320	719	15,590	12,777	3,805	3,994	5,244	20,429	62,878
Disposals	(5)	(834)	(486)	(7,354)	(1,625)	(526)	(2,062)	–	(12,892)
At 31 March 2011	143,863	746,562	82,659	392,091	45,803	69,898	44,637	27,839	1,553,352
Accumulated depreciation									
At 1 April 2010	1,105	324,260	36,386	295,327	41,730	42,839	20,455	–	762,102
Translation	(110)	(88)	(58)	(1,397)	(992)	(51)	(39)	–	(2,735)
Reclassifications	(728)	695	8,524	5,140	(9,476)	(4,182)	(23)	–	(50) *
Depreciation	2,700	27,495	7,283	24,884	3,580	6,081	2,795	–	74,818
Disposals	(5)	(794)	(486)	(7,266)	(1,625)	(521)	(2,058)	–	(12,755)
At 31 March 2011	2,962	351,568	51,649	316,688	33,217	44,166	21,130	–	821,380
Net book value	140,901	394,994	31,010	75,403	12,586	25,732	23,507	27,839	731,972

Net book value of property, plant and equipment under finance lease is $26,190,000 (2010: $39,961,000). In addition to assets held under finance leases, the Group's property, plant and equipment with a carrying amount of $173,785,000 (2010: 57,716,000) are pledged to secure the Group's bank loans and overdrafts.

^ As disclosed in Note 21(b), PPE relating to the TFK Group amounting to $161,683,000 has been recorded on a provisional basis.
* Reclassification to intangible assets (Note 25).

19. PROPERTY, PLANT AND EQUIPMENT(in $ Thousand) (cont'd)

GROUP

	Freehold land and buildings	Leasehold land and buildings	Office fittings and fixtures	Fixed ground support equipment	Mobile ground support equipment	Office and commercial equipment	Motor vehicles	Progress payments	Total
Cost									
At 1 April 2009	14,329	741,170	48,210	370,057	56,052	56,386	29,966	4,864	1,321,034
Translation	(924)	(739)	–	(4,158)	4,131	(413)	22	–	(2,081)
Reclassifications	1,159	(1,216)	1,094	307	293	(3,317)	953	(3,426)	(4,153) *
Additions	–	810	2,050	9,573	3,612	16,270	2,257	28,368	62,940
Disposals	–	(155)	(910)	(3,679)	(7,907)	(2,751)	(5,912)	–	(21,314)
At 31 March 2010	14,564	739,870	50,444	372,100	56,181	66,175	27,286	29,806	1,356,426
Accumulated depreciation									
At 1 April 2009	134	297,420	31,180	278,961	40,645	39,728	24,583	–	712,651
Translation	(144)	(263)	–	(3,444)	4,236	(354)	12	–	43
Reclassifications	728	(745)	–	17	–	–	–	–	–
Depreciation	387	28,003	5,316	23,050	3,944	6,012	1,709	–	68,421
Disposals	–	(155)	(110)	(3,257)	(7,095)	(2,547)	(5,849)	–	(19,013)
At 31 March 2010	1,105	324,260	36,386	295,327	41,730	42,839	20,455	–	762,102
Net book value	13,459	415,610	14,058	76,773	14,451	23,336	6,831	29,806	594,324

Net book value of property, plant and equipment under finance lease is $39,961,000 (2009: $55,414,000). In addition to assets held under finance leases, the Group's property, plant and equipment with a carrying amount of $57,716,000 (2009: $45,951,000) are pledged to secure the Group's bank loans.

* Reclassification to investment properties (Note 20) and intangible assets (Note 25).

COMPANY

	Fixed ground support equipment	Mobile ground support equipment	Office and commercial equipment	Motor vehicles	Progress payments	Total
Cost						
At 1 April 2010	1,224	1,180	4,964	194	1,421	8,983
Reclassifications	–	–	248	–	(127)	121 *
Additions	39	–	678	–	1,308	2,025
Disposals	–	(830)	(27)	(40)	–	(897)
At 31 March 2011	1,263	350	5,863	154	2,602	10,232
Accumulated depreciation						
At 1 April 2010	1,221	1,178	4,842	150	–	7,391
Depreciation	7	1	206	13	–	227
Disposals	–	(829)	(27)	(40)	–	(896)
At 31 March 2011	1,228	350	5,021	123	–	6,722
Net book value	35	–	842	31	2,602	3,510

* Reclassification from intangible assets (Note 25).

19. PROPERTY, PLANT AND EQUIPMENT (in $ Thousand) (cont'd)

COMPANY

	Fixed ground support equipment	Mobile ground support equipment	Office and commercial equipment	Motor vehicles	Progress payments	Total
Cost						
At 1 April 2009	1,221	6,227	4,994	4,017	295	16,754
Reclassifications	–	–	(3,941)	–	(279)	(4,220) *
Additions	4	–	3,966	–	1,405	5,375
Disposals	(1)	(5,047)	(55)	(3,823)	–	(8,926)
At 31 March 2010	1,224	1,180	4,964	194	1,421	8,983
Accumulated Depreciation						
At 1 April 2009	1,221	6,224	4,721	3,960	–	16,126
Reclassifications	–	–	–	–	–	–
Depreciation	1	1	160	13	–	175
Disposals	(1)	(5,047)	(39)	(3,823)	–	(8,910)
At 31 March 2010	1,221	1,178	4,842	150	–	7,391
Net book value	3	2	122	44	1,421	1,592

* Reclassification to investment properties (Note 20) and intangible assets (Note 25).

	GROUP		COMPANY	
Depreciation charge for the financial year	2010-11	2009-10	2010-11	2009-10
Freehold land and buildings	**2,700**	387	**–**	–
Leasehold land and buildings	**27,495**	28,003	**–**	–
Office fittings and fixtures	**7,283**	5,316	**–**	–
Fixed ground support equipment	**24,884**	23,050	**7**	1
Mobile ground support equipment	**3,580**	3,944	**1**	1
Office and commercial equipment	**6,081**	6,012	**206**	160
Motor vehicles	**2,795**	1,709	**13**	13
	74,818	68,421	**227**	175

	GROUP		COMPANY	
Reclassification of property, plant and equipment (to)/from:	2010-11	2009-10	2010-11	2009-10
Intangible assets (Note 25)	**(1,485)**	(4,153)	**226**	(4,063)
Investment property (Note 20)	**–**	–	**(105)**	(157)
	(1,485)	(4,153)	**121**	(4,220)

20. INVESTMENT PROPERTIES (in $ Thousand)

	GROUP	COMPANY
At Cost		
Balance at 1 April 2010	16,293	720,241
Reclassification (Note 19)	–	105
Acquisition of subsidiaries ^	10,034	–
Additions	–	2,093
Disposals	–	(301)
Balance at 31 March 2011	26,327	722,138
Accumulated Depreciation		
Balance at 1 April 2010	9,834	334,372
Depreciation	542	25,212
Balance at 31 March 2011	10,376	359,584
Net book value	15,951	362,554
At Cost		
Balance at 1 April 2009	16,293	719,186
Reclassification (Note 19)	–	157
Addition	–	882
Transfer from subsidiary companies	–	67
Disposal	–	(51)
Balance at 31 March 2010	16,293	720,241
Accumulated Depreciation		
Balance at 1 April 2009	9,292	308,803
Depreciation	542	25,502
Transfer from subsidiary companies	–	67
Balance at 31 March 2010	9,834	334,372
Net book value	6,459	385,869

The property rental income earned by the Group and Company for the year ended 31 March 2011 from its investment properties which are leased out under operating leases, amounted to $2,663,000 and $46,360,000 (2010: $2,529,000 and $44,152,000) respectively.

Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties amounted to $416,000 and $35,405,000 (2010: $801,000 and $33,557,000) for the Group and Company respectively.

Most of the investment properties of the Company are rented to the subsidiaries in the Group for their operational needs and are accounted for as property, plant and equipment at the Group.

^ As disclosed in Note 21(b), investment properties relating to the TFK Group amounting to $10,034,000 has been recorded on a provisional basis.

21. SUBSIDIARY COMPANIES (in $ Thousand)

	COMPANY 31 March 2011	2010
Unquoted shares, at cost	**540,950**	540,754

The subsidiary companies are:

Name of companies (Country of incorporation)	Principal activities (Place of business)	Cost to Company 2011	2010	Percentage of equity held 2011 %	2010 %
Held by the Company					
SATS Airport Services Pte Ltd * (Singapore)	Airport ground handling services (Singapore)	**16,500**	16,500	**100**	100
SATS Catering Pte Ltd * (Singapore)	Inflight catering services (Singapore)	**14,000**	14,000	**100**	100
SATS Security Services Private Limited * (Singapore)	Security handling services (Singapore)	**3,000**	3,000	**100**	100
Aero Laundry And Linen Services Private Limited * (Singapore)	Providing and selling laundry and linen services (Singapore)	**2,515**	2,515	**100**	100
Aerolog Express Pte Ltd * (Singapore)	Airport cargo delivery management services (Singapore)	**1,260**	1,260	**70**	70
Country Foods Pte. Ltd. * (Singapore)	Manufacturing and sale of chilled and frozen food, and providing food catering services (Singapore)	**11,030**	11,030	**100**	100
Asia-Pacific Star Private Limited * (Singapore)	Airport ground handling services (Singapore)	**#**	#	**100**	100
SATS HK Limited ^ (Hong Kong)	Airport ramp, handling and passenger services (Hong Kong)	**5,157**	5,157	**100**	100
Singapore Food Industries Pte. Ltd. * (Singapore)	Food processing and distribution services (Singapore)	**487,260**	487,260	**100**	100

21. SUBSIDIARY COMPANIES (in $ Thousand) (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	Cost to Company 2011	Cost to Company 2010	Percentage of equity held 2011 %	Percentage of equity held 2010 %
Held by the Company (cont'd)					
SATS Investment Pte. Ltd. * (Singapore)	Investment holding (Singapore)	**#**	#	**100**	100
SATS (India) Co. Private Limited (formerly known as Singapore Airport Terminal Services (India) Co. Private Limited ^ (India)	Business Development and Marketing and Product Development (India)	**228**	32	**100**	100
		540,950	540,754		
Held through Country Foods Pte. Ltd.					
Country Foods Macau, Limited ^ (Macau)	Food Catering and Food Services (Macau)	**–**	–	**51**	51
Held through Singapore Food Industries Pte. Ltd.					
International Cuisine Limited and its subsidiaries ^ (United Kingdom)	Production and marketing of chilled ready cooked food (United Kingdom)	**–**	–	**100**	100
– Cresset Limited ^ (Republic of Ireland)	Investment holding (Republic of Ireland)	**–**	–	**100**	100
– Swissco Manufacturing Limited ^ (Republic of Ireland)	Inactive (Republic of Ireland)	**–**	–	**100**	100
– Swissco Limited ^ (Republic of Ireland)	In process of liquidation (Republic of Ireland)	**–**	–	**100**	100
Singfood Pte. Ltd. * (Singapore)	Contract manufacturing of food products and food distribution (Singapore)	**–**	–	**100**	100
Myanmar ST Food Industries Limited (Myanmar)	In process of liquidation (Myanmar) @	**–**	–	**100**	100

21. SUBSIDIARY COMPANIES (in $ Thousand) (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	COMPANY 31 March Cost to Company 2011	2010	Percentage of equity held 2011 %	2010 %
Held through Singapore Food Industries Pte. Ltd. (cont'd)					
Primary Industries Private Limited and its subsidiaries * (Singapore)	Provision of abattoir services (Singapore)	**–**	–	**78.5**	78.5
– Farmers Abattoir Pte Ltd * (Singapore)	Meat processing and other related activities (Singapore)	**–**	–	**78.5**	78.5
– Hog Auction Market Pte Ltd * (Singapore)	Auctioneers of pigs (Singapore)	**–**	–	**78.5**	78.5
Primary Industries (Qld) Pty Ltd and its subsidiary ^ (Australia)	Provision of land logistics and food solutions (Australia)	**–**	–	**100**	100
– Urangan Fisheries Pty Ltd ^ (Australia)	Processing and sale of seafood (Australia)	**–**	–	**51**	51
Shanghai ST Food Industries Co., Limited (People's Republic of China)	Manufacture and sale of frozen foodstuffs (People's Republic of China)	**–**	–	**96**	96
Singapore Food Development Pte Ltd * (Singapore)	Investment holding (Singapore)	**–**	–	**100**	100
SFI Food Pte. Ltd. * (Singapore)	Provision of technical and management services for agri-food business (Singapore)	**–**	–	**100**	100
SFI Manufacturing Private Limited * (Singapore)	Supply of food products and catering services (Singapore)	**–**	–	**100**	100
SATS Investments (Middle East I) Pte. Ltd. (Singapore) *	Inactive (Singapore)	**–**	–	**100**	–

21. SUBSIDIARY COMPANIES (in $ Thousand) (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	COMPANY 31 March Cost to Company 2011	2010	Percentage of equity held 2011 %	2010 %
Held through Singapore Food Industries Pte. Ltd. (cont'd)					
S Daniels Plc and its subsidiaries ^ (United Kingdom)	Investment holding (United Kingdom)	**–**	–	**100**	100
– Farmhouse Fare Limited ^ (United Kingdom)	Manufacture and sale of pudding (United Kingdom)	**–**	–	**100**	100
– All Square Foods Limited ^ (United Kingdom)	Inactive (United Kingdom)	**–**	–	**100**	100
– Bilash Foods Limited ^ (United Kingdom)	Inactive (United Kingdom)	**–**	–	**100**	100
– Brash Brothers Limited ^ (United Kingdom)	Inactive (United Kingdom)	**–**	–	**100**	100
– Daniels Chilled Foods Limited ^ (United Kingdom)	Production and marketing of chilled soup, freshly squeezed juices, smoothies and prepared fruits (United Kingdom)	**–**	–	**100**	100
– Daniels Group Limited ^ (United Kingdom)	Inactive (United Kingdom)	**–**	–	**100**	100
– Get Fresh Limited ^ (United Kingdom)	Inactive (United Kingdom)	**–**	–	**100**	100
– Johnsons Fresh Products Limited ^ (United Kingdom)	Inactive (United Kingdom)	**–**	–	**100**	100
– Johnsons Freshly Squeezed Juice Limited ^ (United Kingdom)	Inactive (United Kingdom)	**–**	–	**100**	100
– New Covent Garden Food Company Limited ^ (United Kingdom)	Inactive (United Kingdom)	**–**	–	**100**	100
– Sun-Ripe Limited ^ (United Kingdom)	Inactive (United Kingdom)	**–**	–	**100**	100
– The New Covent Garden Soup Company Limited ^ (United Kingdom)	Inactive (United Kingdom)	**–**	–	**100**	100

21. SUBSIDIARY COMPANIES (in $ Thousand) (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	COMPANY 31 March Cost to Company 2011	2010	Percentage of equity held 2011 %	2010 %
Held through SATS Investment Pte. Ltd.					
TFK Corporation ^ (Japan)	Inflight catering services (Japan)	**–**	–	**53.8 ##**	–
Held through TFK Corporation					
Inflight Foods Co., Ltd. (Japan)	Preparation and sale of inflight meals, frozen foods, seafood, meat and rice products and vegetables and fruits (Japan)	**–**	–	**53.8 ##**	–
Narita Dry Ice Co., Ltd (Japan)	Manufacture and sale of dry ice, ice cubes and sale of refrigerant and packaging material (Japan)	**–**	–	**53.8 ##**	–
Narita Tokyo Service Co., Ltd (Japan)	Inflight catering services, despatch of workers to Inflight catering operators (Japan)	**–**	–	**53.8 ##**	–
Tokyo Flight Kitchen Restaurantes LTDA (Brazil)	Real estate management (Brazil)	**–**	–	**53.8 ##**	–
TFK International (N.Z.) Limited (Japan)	Restaurant and inflight meal (in process of liquidation) (Japan)	**–**	–	**53.8 ##**	–

Amount is $2.
@ Dissolved on 2 May 2011.
* Audited by Ernst & Young LLP, Singapore.
^ Audited by member firms of Ernst & Young Global in the respective countries.
Excluding Treasury Shares held by TKF Corporation.

21. SUBSIDIARY COMPANIES (in $ Thousand) (cont'd)

(a) Loan to Subsidiaries

Loans to subsidiaries consists of an amount of $467,000 which is unsecured, bears interest at SIBOR + 1.7% per annum and is repayable in six monthly instalments beginning 1 November 2010. Remaining loans are unsecured, non-interest bearing, repayable on demand and not expected to be repaid in the next 12 months.

(b) Acquisition of Subsidiaries

On 20 December 2010, the Group through its subsidiary, SATS Investments Pte. Ltd. (SIPL), acquired 53.8% equity interest in TFK Corporation (TFK). Upon the acquisition, TFK and its subsidiaries (collectively known as TFK Group) became subsidiaries of the Group.

The Group has acquired TFK Corporation to enter into the Japanese airline catering market and to strengthen existing relationship with key customers operating in Japan. The acquisition is also expected to increase the Group's capability to serve its core group of customers at new locations.

The fair values of the identifiable assets and liabilities of TFK Group as at the date of acquisition were:

	Fair value recognised on acquisition
Property, plant and equipment	161,683
Investment properties	10,034
Intangible assets	19,624
Other non-current assets	14,159
Trade and other receivable	51,439
Other current assets	7,643
Cash and bank balances	63,295
Deferred tax assets	30,497
	358,374
Borrowings	(52,232)
Defined benefit plan	(57,905)
Other long term liabilities	(9,696)
Current liabilities	(63,973)
	(183,806)
Total net identifiable assets at fair value	174,568
Non-controlling interest measured at the non-controlling interest's proportionate share of TFK Group's net identifiable assets	(80,650)
Goodwill arising from acquisition	28,071
Purchase consideration paid in cash	121,989

Effect of the acquisition of TFK Corporation on cash flows:

Consideration settled in cash	121,989
Less: Cash and cash equivalent of subsidiary acquired	(55,247)
Net cash outflow on acquisition	66,742

21. SUBSIDIARY COMPANIES (in $ Thousand) (cont'd)

Transaction costs

Transactions costs related to the acquisition of $3,700,000 have been recognised in the "other costs" in the Group's consolidated income statement for the year ended 31 March 2011.

Goodwill arising from acquisition

Goodwill of $28,071,000 arose from the acquisition of 53.8% equity interest in TFK Corporation and is attributable to the fair value of improved resilience to sector specific volatilities and significant synergies expected to arise after the acquisition.

Provisional accounting of the acquisition

The Group has engaged independent valuers to determine the fair value of the acquired property and intangible assets. As at 31 March 2011, the fair values of these assets have been determined on a provisional basis as the final results of the valuations have not been ascertained by the date the financial statements were authorised for issue. Goodwill arising from this acquisition, the carrying amount of the property, plant and equipment and identifiable intangible assets and deferred tax liability might be adjusted accordingly on a retrospective basis when the valuations of the assets and liabilities are finalised.

22. LONG-TERM INVESTMENT (in $ Thousand)

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Unquoted equity investment, at cost	**8,355**	7,905	**7,886**	7,886

The long-term investment is classified as available-for-sale investment.

23. JOINT VENTURE COMPANIES (in $ Thousand)

	GROUP 31 March	
	2011	2010
Unquoted ordinary shares, at cost	**13,898**	–
Share of post-acquisition reserves	**183**	–
	14,081	–

23. JOINT VENTURE COMPANIES (in $ Thousand) (cont'd)

Details of the joint venture companies are as follows:

Name of joint venture company	–	Air India SATS Airport Services Private Limited *
Principal activities	–	Provision of ground handling and cargo handling services.
Place of incorporation and business	–	India
Effective equity held by the group	–	50% (2010 : NIL)

* Audited by Deloitte Haskins & Sells (Mumbai, India)

Name of joint venture company	–	Jilin Zhong Xin Cheng Food Co., Ltd #
Principal activities	–	Operate and manage pig farming, abattoir, pork-processing, feed mill and other projects
Place of incorporation and business	–	People's Republic of China
Effective equity held by the group	–	30% (2010 : NIL)

\# Audited by JiLin HuaTai Certified Public Accountants Co., Ltd (People's Republic of China)

The aggregate amounts of each of current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the Group's interests in the jointly-controlled entities are as follows:

	GROUP 31 March	
	2011	2010
Assets and liabilities:		
Current assets	**59,886**	–
Non-current assets	**19,590**	–
Total assets	**79,476**	–
Current liabilities	**47,703**	–
Non-current liabilities	**438**	–
Total liabilities	**48,141**	–
Income and expenses:		
Income	**103,542**	–
Expenses	**94,340**	–

24. ASSOCIATED COMPANIES (in $ Thousand)

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Unquoted shares, at cost	**278,341**	275,554	**275,554**	275,554
Impairment loss	**(3,313)**	(3,313)	**(4,735)**	(4,735)
Share of post-acquisition profits of associated companies	**159,753**	156,141	**–**	–
Accumulated amortisation of goodwill and intangible assets	**(39,087)**	(39,087)	**–**	–
Share of statutory reserves of associated companies	**6,405**	6,239	**–**	–
Foreign currency translation adjustments	**(80,851)**	(54,538)	**–**	–
Deferred tax liabilities	**(7,052)**	(6,215)	**–**	–
	314,196	334,781	**270,819**	270,819

Intangible assets

The customer-related intangible assets arose from the acquisition of associated companies. The Company engaged an independent third party to perform a fair valuation of these separately identified intangible assets. The useful life of these intangible assets was determined to be 5 years and the assets are amortised on a straight-line basis over the useful life. The amortisation expense is included in the “share of profits of associated companies” account in the consolidated income statement.

Amount owing by associated companies (current account)

The amounts owing by associated companies are unsecured, trade-related and are repayable on demand.

The associated companies are:

Name of companies (Country of incorporation)	Principal activities (Place of business)	Cost to Company 2011	Cost to Company 2010	Percentage of equity held 2011 %	Percentage of equity held 2010 %
Held by the Company					
Maldives Inflight Catering Pte Ltd (Republic of Maldives)	Inflight catering services (Republic of Maldives)	**287**	287	**35.0**	35.0
Beijing Airport Inflight Kitchen Ltd (Peoples’ Republic of China)	Inflight catering services (Peoples’ Republic of China)	**13,882**	13,882	**40.0**	40.0
Beijing Aviation Ground Services Co., Ltd (Peoples’ Republic of China)	Airport ground handling services (Peoples’ Republic of China)	**5,710**	5,710	**40.0**	40.0
Aviserv Limited (Ireland)	Inflight catering services (Pakistan)	**3,313**	3,313	**49.0**	49.0
Tan Son Nhat Cargo Services Ltd (Vietnam)	Air cargo handling services (Vietnam)	**1,958**	1,958	**30.0**	30.0

24. ASSOCIATED COMPANIES (in $ Thousand) (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	Cost to Company 2011	Cost to Company 2010	Percentage of equity held 2011 %	Percentage of equity held 2010 %
Held by the Company					
Asia Airfreight Terminal Co Ltd (Hong Kong)	Air cargo handling services (Hong Kong)	**92,662**	92,662	**49.0**	49.0
Servair–SATS Holding Company Pte Ltd (Singapore)	Investment holding company (Singapore)	**509**	509	**49.0**	49.0
MacroAsia Catering Services, Inc (Philippines)	Inflight catering services (Philippines)	**2,027**	2,027	**20.0**	20.0
Taj Madras Flight Kitchen Pvt Limited (India)	Inflight catering services (India)	**1,901**	1,901	**30.0**	30.0
Singapore Airport Duty-Free Emporium (Pte) Ltd (Singapore)	Inactive (Singapore)	**1,560**	1,560	**24.0**	24.0
Evergreen Airline Services Corporation (Taiwan)	Airport ground handling services (Taiwan)	**5,404**	5,404	**20.0**	20.0
Evergreen Air Cargo Services Corporation (Taiwan)	Air cargo handling services (Taiwan)	**16,163**	16,163	**25.0**	25.0
Taj SATS Air Catering Limited (India)	Catering services (India)	**24,646**	24,646	**49.0**	49.0
PT Jasa Angkasa Semesta Tbk (Indonesia)	Ground and cargo handling (Indonesia)	**105,532**	105,532	**49.8**	49.8
Held through TFK Corporation					
Tasco Foods Co., Ltd. (Japan)	Production and sales of confectionery (Japan)	**–**	–	**26.8**	–
International Airport Cleaning Co., Ltd. (Japan)	Providing laundry services (Japan)	**–**	–	**14.9 ***	–
		275,554	275,554		

* International Airport Cleaning Co., Ltd. is held through TFK Corporation (a subsidiary) which has an equity stake of 27.7% in the associated company.

24. ASSOCIATED COMPANIES (in $ Thousand) (cont'd)

The summarised financial information of the associated companies, not adjusted for the proportion of ownership interest held by the Group, are as follows:

	GROUP 31 March	
	2011	2010
Assets and Liabilities		
Current assets	**434,445**	394,960
Non-current assets	**528,516**	609,174
	962,961	1,004,134
Current liabilities	**236,404**	269,915
Non-current liabilities	**46,568**	63,048
	282,972	332,963
	2010-11	2009-10
Results		
Revenue	**706,374**	637,870
Profit for the year	**106,792**	82,233

25. INTANGIBLE ASSETS (in $ Thousand)

GROUP

	Software Development	Advance and progress payment	Goodwill	Fishing licences	Brand name	Customer relationships	Total
Cost							
At 1 April 2010	45,944	4,408	247,147	27,320	121,677	75,415	521,911
Acquisition of subsidiary	2,031	616	28,071	–	–	16,978	47,696
Additions	277	4,919	–	–	–	–	5,196
Reclassification	1,351	184	–	–	–	–	1,535
Translation adjustments	(73)	(22)	–	(158)	(4,684)	(2,007)	(6,944)
At 31 March 2011	49,530	10,105	275,218	27,162	116,993	90,386	569,394
Accumulated Amortisation							
At 1 April 2010	38,838	–	–	2,235	215	18,671	59,959
Acquisition of subsidiary	–	–	–	–	–	–	–
Amortisation	2,750	13	–	1,915	179	15,879	20,736
Reclassification	50	–	–	–	–	–	50
Translation adjustments	–	–	–	–	(11)	(178)	(189)
At 31 March 2011	41,638	13	–	4,150	383	34,372	80,556
Net book value	7,892	10,092	275,218	23,012	116,610	56,014	488,838

25. INTANGIBLE ASSETS (in $ Thousand) (cont'd)

GROUP

	Software Development	Advance and progress payment	Goodwill	Fishing licences	Brand name	Customer relationships	Total
Cost							
At 1 April 2009	39,282	2,592	247,147	27,320	125,041	77,074	518,456
Additions	621	3,137	–	–	–	–	3,758
Reclassification	5,474	(1,321)	–	–	–	–	4,153
Translation adjustments	567	–	–	–	(3,364)	(1,659)	(4,456)
At 31 March 2010	45,944	4,408	247,147	27,320	121,677	75,415	521,911
Accumulated Amortisation							
At 1 April 2009	35,341	–	–	320	36	2,943	38,640
Amortisation	2,930	–	–	1,915	198	16,790	21,833
Translation adjustments	567	–	–	–	(19)	(1,062)	(514)
At 31 March 2010	38,838	–	–	2,235	215	18,671	59,959
Net book value	7,106	4,408	247,147	25,085	121,462	56,744	461,952

Brands, customer relationships and licences

Brands relate to the “New Covent Garden”, “Johnsons” and “Farmhouse Fare” brand names (acquired in January 2009) for the Group’s food preparation, manufacturing and processing operations that were acquired in the acquisition of SFI Group. As explained in Note 2(i)(ii), the useful life of the first two brands is estimated to be indefinite while “Farmhouse Fare” brand name has an estimated useful life of 17 years.

The customer relationships relate to the economic benefits that are expected to derive from business dealings with the existing customers in the Singapore, United Kingdom and Japan operations. These are acquired as part of the acquisition of the subsidiaries. The relationships include catering and supply contracts with customers as well as other non-contractual customer relationships which past transactions provide evidences that the Group is able to benefit from the future economic inflows from such relationships.

Licenses refer to the only abattoir and hog auction licence granted by the AVA in Singapore and transferable fishing licence in Australia.

Amortisation expense

The amortisation of brands, licences and customer relationships is included in the “Depreciation and amortisation charges” line item in the consolidated income statement.

Impairment testing of goodwill and brands

Goodwill arising from business combinations and brands with indefinite useful lives have been allocated to the following cash-generating units (CGU) for impairment testing:

– Food Solutions
– New Covent Garden products
– Johnsons products
– TFK Group

25. INTANGIBLE ASSETS (in $ Thousand) (cont'd)

The carrying amounts of goodwill and brands allocated to each CGU are as follows:

	Food solutions		New Covent Garden Products		Johnsons Products		TFK Group	
	31 March		31 March		31 March		31 March	
	2011	2010	2011	2010	2011	2010	2011	2010
Goodwill	**247,147**	247,147	**–**	–	**–**	–	**28,071**	–
New Covent Garden brand	**–**	–	**100,300**	100,300	**–**	–	**–**	–
Johnsons brand	**–**	–	**–**	–	**18,300**	18,300	**–**	–

The New Covent Garden Products CGU and the Johnsons products CGU are part of the food solutions CGU for impairment testing purposes.

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial forecast approved by management covering a five-year period. The discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the forecast are as follows:

	Food solutions		New Covent Garden Products		Johnsons Products		TFK Group	
	31 March		31 March		31 March		31 March	
	2011	2010	2011	2010	2011	2010	2011	2010
	%	%	%	%	%	%	%	%
Growth rate	**1**	1	**1**	1	**1**	1	**1**	-
Discount rate	**9**	9	**9**	9	**10**	10	**7**	-

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Forecasted revenue and gross margins – Revenue and gross margins are based on average values achieved in the recent years preceding the start of the forecast period. These are increased over the forecast period for anticipated expansion in business, synergies and efficiency improvements.

Growth rates – The forecasted growth rates are based on relevant industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Discount rates – Discount rates reflect the current market assessment of the risks specific to each CGU. This is the benchmark used by the Group to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for each CGU, consideration has been given to the yield on a ten-year government bond at the beginning of the forecasted year.

Market share assumptions – In addition to using industry data to estimate the growth rates (as noted above), the Group assesses how the CGU's position, relative to its competitors, might change over the forecast period. The Group expects its share of the food solutions segment in Singapore and UK to be stable over the forecast period.

25. INTANGIBLE ASSETS (in $ Thousand) (cont'd)

	Software	Others	Total
COMPANY			
At cost			
Balance at 1 April 2010	8,671	–	8,671
Reclassification (Note 19)	(226)	–	(226)
Addition	1,898	268	2,166
Balance at 31 March 2011	**10,343**	**268**	**10,611**
Accumulated amortisation			
Balance at 1 April 2010	2,650	–	2,650
Amortisation	947	6	953
Balance at 31 March 2011	**3,597**	**6**	**3,603**
Net book value	**6,746**	**262**	**7,008**
At cost			
Balance at 1 April 2009	3,442	–	3,442
Reclassification (Note 19)	4,063	–	4,063
Addition	1,166	–	1,166
Disposal	–	–	–
Balance at 31 March 2010	8,671	–	8,671
Accumulated amortisation			
Balance at 1 April 2009	2,296	–	2,296
Amortisation	354	–	354
Balance at 31 March 2010	2,650	–	2,650
Net book value	6,021	–	6,021

The remaining amortisation period of the software ranged from 1 to 5 years.

26. OTHER NON-CURRENT ASSETS

Other non-current assets relate mainly to guarantee and lease deposits.

27. TRADE DEBTORS (in $ Thousand)

The table below is an analysis of trade debtors:

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Not past due and not impaired	**187,908**	133,393	**409**	1,236
Past due but not impaired *	**101,658**	91,071	**5,177**	6,132
	289,566	224,464	**5,586**	7,368
Impaired trade debts – collectively assessed	**438**	199	**–**	–
Less: Accumulated impairment losses	**(542)**	(199)	**–**	–
	(104)	–	**–**	–
Other impaired trade debts – individually assessed	**1,986**	4,167	**1**	1,666
Less: Accumulated impairment losses	**(1,986)**	(4,167)	**(1)**	(1,666)
	–	–	**–**	–
Less: Allowance for trade discount	**(4,954)**	(5,026)	**–**	–
Total trade debtors, net	**284,508**	219,438	**5,586**	7,368

* Aging of trade debtors that are past due but not impaired

	GROUP 2011	GROUP 2010	COMPANY 2011	COMPANY 2010
Less than 30 days	**77,958**	66,920	**1,295**	203
30 days to 60 days	**9,642**	10,766	**487**	776
61 days to 90 days	**5,089**	3,120	**324**	525
More than 90 days	**8,969**	10,265	**3,071**	4,628
	101,658	91,071	**5,177**	6,132

Trade receivables denominated in foreign currencies at 31 March are as follows:

	GROUP		COMPANY	
	2011	2010	2011	2010
Euro	**1,591**	2,314	**–**	–
United States Dollar	**4,932**	5,095	**3,497**	3,460

The carrying amount of trade debtors impaired by credit losses is reduced through the use of an allowance account unless on the date the impairment loss is recognised, the Group ascertains the amount to be uncollectible whereby it would be reduced directly. In subsequent periods when a trade debtor is ascertained to be uncollectible, it is written off against the allowance account.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days aging of debtor balances) are considered indicators that the debt owing by the trade debtor is impaired. Individual trade debtor amount is written off when management deems the amount not collectible.

27. TRADE DEBTORS (in $ Thousand) (cont'd)

Trade debtors are stated after impairment. Analysis of the impairment account is as follows:

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Balance at 1 April	**4,366**	2,865	**1,666**	–
Acquisition of a subsidiary	**41**	–	**–**	–
Exchange differences	**(29)**	(577)	**–**	–
Charge/(write-back) to profit and loss account	**(1,850)**	2,078	**(1,665)**	1,666
Balance at 31 March	**2,528**	4,366	**1**	1,666
Bad debts written-off directly to profit and loss account	**861**	935	**(1,665)**	–

28. OTHER DEBTORS (in $ Thousand)

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Staff loans	**1,084**	313	**95**	299
Sundry receivables	**17,615**	16,337	**847**	1,552
	18,699	16,650	**942**	1,851

These loans were granted in accordance with schemes approved by the shareholders of the Company. The interest rate on the staff loans is 1.475% to 3% (2010: 3%).

29. RELATED COMPANIES (in $ Thousand)

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Amounts owing by subsidiary companies	**–**	–	**38,574**	22,354
Deposits placed by subsidiary companies	**–**	–	**(85,808)**	(92,179)
	–	–	**(47,234)**	(69,825)
Disclosed as:				
Current assets	**–**	–	**38,574**	22,354
Current liabilities	**–**	–	**(85,808)**	(92,179)
	–	–	**(47,234)**	(69,825)

The amounts owing by subsidiary companies are unsecured, interest-free and are repayable on demand. The deposits placed by subsidiary companies bear no interest rate for the current financial year (2010: 0.12% to 0.44% per annum).

30. INVENTORIES (in $ Thousand)

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Balance Sheet:				
Food supplies and dry stores	**49,112**	36,560	**–**	–
Technical spares	**8,877**	3,293	**–**	–
Other consumables	**1,394**	3,308	**267**	360
Total inventories at lower of cost and net realisable value	**59,383**	43,161	**267**	360
Income Statement:				
Inventories recognised as an expense	**398,898**	349,248	**–**	–
Inclusive of the following (credit)/charge:				
– Inventories written down	**918**	2,970	**–**	–
– Reversal of write-down of inventories	**(79)**	–	**–**	–

31. CASH AND CASH EQUIVALENTS (in $ Thousand)

(a) Cash and cash equivalents included in the Group's consolidated cash flow statement comprise the following balance sheet amounts:

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Fixed deposits	**206,288**	132,588	**170,354**	119,053
Cash and bank balances	**97,588**	63,761	**10,789**	12,087
Bank overdraft	**(7,759)**	(599)	**–**	–
	296,117	195,750	**181,143**	131,140

(b) Analysis of capital expenditure cash flows:

	GROUP	
	2010-11	2009-10
Addition of property, plant and equipment	**62,879**	62,940
Addition of intangible assets	**5,196**	3,758
Adjustment for property, plant and equipment acquired under credit terms	**–**	(2,576)
Cash invested in property, plant and equipment and intangible assets	**68,075**	64,122

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.010% to 3% (2010: 0.015% to 1.75%) per annum. Short-term deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate for short-term deposits is 0.082% to 0.115% (2010: 0.34%) per annum.

The bank overdraft is part of the secured banking facilities of the Group and it is secured on the property, plant and equipment and other assets of certain subsidiaries with a total carrying value at 31 March 2011 of $220,555,000 (2010: $165,137,000).

31. CASH AND CASH EQUIVALENTS (in $ Thousand) (cont'd)

(c) Cash and short-term deposits denominated in foreign currencies at 31 March are as follows:

	GROUP		COMPANY	
	2011	2010	2011	2010
Australian Dollar	**5,082**	986	**–**	–
Euro	**1,501**	1,218	**–**	–
Great Britain Pound	**556**	797	**–**	–
United States Dollar	**2,343**	24,481	**7,381**	18,340
Renminbi	**–**	47	**67**	47

32. TRADE AND OTHER PAYABLES (in $ Thousand)

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Trade Creditors	**160,111**	107,152	**21,591**	13,139
Other payables:				
Tender deposits	**2,150**	2,422	**1,342**	1,057
Accrued expenses	**98,106**	107,718	**1,980**	1,902
Purchase of property, plant and equipment	**–**	1,718	**292**	187
Others – Staff Costs	**22,291**	220	**12,052**	9,525
Others	**3,345**	–	**–**	–
	125,892	112,078	**15,666**	12,671
Trade and other payables	**286,003**	219,230	**37,257**	25,810

Trade and other payables denominated in foreign currencies at 31 March are as follows:

	GROUP		COMPANY	
	2011	2010	2011	2010
Australian Dollar	**703**	492	**–**	–
Euro	**1,834**	2,015	**–**	–
United States Dollar	**1,162**	1,127	**–**	–

33. RELATED PARTY TRANSACTIONS (in $ Thousand)

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Singapore Airlines Limited and companies owned and controlled by it were considered as related companies, before the Company was divested from Singapore Airlines Limited on 31 August 2009.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant related party transactions took place at terms agreed between the parties during the financial year:

	GROUP		COMPANY	
	2010-11	2009-10	2010-11	2009-10
Services rendered by:				
Subsidiary companies	**–**	–	**–**	173
Related companies	**–**	104	**–**	–
	–	104	**–**	173
Sales to:				
Subsidiary companies	**–**	–	**38,574**	64,230
Related companies	**–**	59,780	**–**	1,130
Associated companies	**5,259**	1,436	**5,259**	1,436
	5,259	61,216	**43,833**	66,796

Directors' and key executives' remuneration of the Company:

	COMPANY	
	2010-11	2009-10
Key Executives		
Salary, bonuses and other costs	**2,519**	2,425
CPF and other defined contributions	**51**	74
Share-based compensation expense	**478**	189
	3,048	2,688
Directors		
Directors' fees (Note 6)	**1,030**	1,051

33. RELATED PARTY TRANSACTIONS (in $ Thousand) (cont'd)

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

Name of participant	Aggregate options granted since commencement of scheme to end of financial year	Aggregate options exercised since commencement of scheme to end of financial year	Aggregate options outstanding at end of financial year
Tan Chuan Lye	624,500	(350,000)	274,500

Shares awarded under the new share plans during the year and since the commencement of the Restricted Share Plan and Performance Share Plan are as follows:

Name of participant	Shares granted during financial year	Aggregate shares granted since commencement of plan to end of financial year	Aggregate shares vested/ adjusted since commencement of plan to end of financial year	Aggregate shares not released at end of financial year
Clement Woon Hin Yong	180,000	524,000	(123,400)	400,600
Lim Chuang	55,000	132,000	(31,300)	100,700
Tan Chuan Lye	110,000	204,500	(55,400)	149,100
Robert Burnett	68,000	95,000	–	95,000
Chi Ping Huey	33,000	33,000	–	33,000

34. CAPITAL AND OTHER COMMITMENTS (in $ Thousand)

(a) The Group and the Company have commitments for capital expenditure. Such commitments aggregated to $53.0 million (2010: $32.5 million) for the Group and $9.0 million (2010: $6.3 million) for the Company. In aggregate, these commitments are not at prices in excess of current market prices.

(b) The Group has entered into operating lease agreements for ground support equipment and leasehold land and buildings. The Group leases several pieces of leasehold land under lease agreements. The lease periods ranged from 13 to 999 years. The remaining lease periods ranged from one to 975 years. The leases of the leasehold properties contain provision for rental adjustments. The future minimum lease payments under non-cancellable operating leases are as follows:

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Within one year	**14,408**	12,607	**1,515**	1,515
After one year but not more than five years	**33,410**	26,802	**6,062**	6,062
Later than five years	**54,289**	46,786	**10,927**	12,442
	102,107	86,195	**18,504**	20,019

34. CAPITAL AND OTHER COMMITMENTS (in $ Thousand) (cont'd)

(c) In the year 2002, the Group entered into a sale and leaseback arrangement with two investors whereby two subsidiary companies sold and leaseback certain fixed ground support equipment. The net book value of these equipment as at 31 March 2011 is $22.8 million (2010: $36.2 million). The gain arising from this sale and leaseback is deferred and amortised over the lease period of 18 years commencing on October 2002. As at 31 March 2011, the balance of the deferred gain is $17,312,000 (2010: $19,134,000) (Note 18).

Under the terms of the agreement, the subsidiary companies have, in 2002, prepaid an amount equivalent to the present value of their future lease obligations to two financial institutions who act as payment undertaking agents. The Company has also guaranteed the repayment of these future lease obligations by the financial institutions to the investors.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in $ Thousand)

The Group operates principally in Singapore and generates revenue mainly in Singapore dollars. The Group also has investments overseas and operates in more than ten countries. The Group's operations carry certain financial and commodity risks, including the effects of changes in foreign exchange rates and interest rates. The Group's overall risk management approach is to minimise the effects of such volatility on its financial performance. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments for specific exposures where appropriate and cost-efficient. While the Group currently has not used any forward contracts to hedge its foreign exchange exposure, it would consider using derivative instruments, depending on their merits, as valid and appropriate risk management tools. The Group has entered into an interest rate cap and floor contract to hedge its interest rate exposure. The Group and the Company do not apply hedge accounting.

Financial risk management policies are periodically reviewed and approved by the Board of Directors.

(a) Foreign Currency Risk

The Group is exposed to the effect of foreign exchange rate fluctuation because of its foreign currency denominated operating revenue and expenses. However, the effects of foreign exchange rate fluctuations on the Group's operations are not significant because the Group's sales and purchases are mainly denominated in the respective functional currencies of the Group's entities.

The tax effects on profit before taxation and equity on a 5% strengthening or weakening of SGD against foreign currencies (United States Dollar, Euro and Hong Kong Dollar) in which the Group has major transactions in are as follows:

	GROUP		COMPANY	
	31 March		31 March	
	2011	2010	2011	2010
Effect of strengthening of SGD				
Profit before taxation	**5,493**	(1,882)	**5,934**	(1,414)
Equity	**4,559**	(1,562)	**4,925**	(1,174)
Effect of weakening of SGD				
Profit before taxation	**(5,493)**	1,882	**(5,934)**	1,414
Equity	**(4,559)**	1,562	**(4,925)**	1,174

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in $ Thousand) (cont'd)

(b) Interest Rate Risk

The Group's earnings are affected by changes in interest rates due to the impact that such changes have on its interest income from cash, short-term deposits and associated companies, and its interest expense on bank overdraft and term loans.

The Group's interest-bearing assets and interest-bearing liabilities are predominantly denominated in SGD, GBP and JPY. Fixed deposits earned interest rates ranging from 0.085% to 0.115% (2010: 0.015% to 1.75%). Information relating to other interest-bearing assets and liabilities are disclosed in the notes on associated companies, cash and bank balances and term loans.

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or finance charges of variable interest financial instruments.
- Changes in market interest rates affect the carrying value of financial instruments with fixed interest rates if these are recognised at their fair value.

Under these assumptions, an increase or decrease in market interest rates of 50 basis points for all currencies in which the Group had borrowings at 31 March would have the following effects:

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Effect of an increase in 50 basis points in market interest rates				
Profit before taxation	**780**	(77)	**–**	4
Equity	**647**	(64)	**–**	3
Effect of a decrease in 50 basis points in market interest rates				
Profit before taxation	**(780)**	77	**–**	(4)
Equity	**(647)**	64	**–**	(3)

(c) Counter-Party Risk

The Group's maximum exposure to credit risk in the event that counter-parties fail to perform their obligations as at 31 March 2011 in relation to each class of recognised financial assets was the carrying amount of those assets as indicated in the balance sheet.

The Group only transacts with credit-worthy counter-parties. Surplus funds are placed as interest-bearing deposits with reputable financial institutions and the immediate holding company, or invested in high quality short-term liquid investments. Counter-party risks are managed by limiting aggregate exposure on all outstanding financial instruments to any individual counter-party, taking into account its credit rating. Such counter-party exposures are regularly reviewed, and adjusted as necessary. This mitigates the risk of material loss arising in the event of non-performance by counter-parties.

Concentration of credit risk exists when changes in economic, industry or geographical factors similarly affect the group of counter-parties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in $ Thousand) (cont'd)

(c) Counter-Party Risk (cont'd)

The Group determines concentrations of credit risk by monitoring the industry, country and credit rating of its counter-parties. The table below shows an analysis of credit risk exposures that exceed 5% of the financial assets of the Group and the Company as at 31 March:

GROUP

	Outstanding balance		Percentage of total Financial assets	
Counter-party profiles	2011	2010	2011	2010
By Industry				
Airlines	**201,649**	117,539	**32.5%**	26.6%
Financial institutions	**299,879**	196,350	**48.3%**	44.5%
Others	**113,910**	101,899	**18.4%**	23.1%
	615,438	415,788	**99.2%**	94.2%
By Region				
Singapore	**405,563**	342,565	**65.3%**	77.6%
Europe	**73,790**	58,484	**11.9%**	13.2%
Others	**136,085**	14,739	**21.9%**	3.3%
	615,438	415,788	**99.2%**	94.2%
By Moody's Credit Ratings				
Investment grade (A to AAA)	**316,402**	156,436	**51.0%**	35.4%
Investment grade (Baa)	**3,170**	-	**0.5%**	-
Non-rated	**295,866**	259,352	**47.7%**	58.7%
	615,438	415,788	**99.2%**	94.2%

COMPANY

	Outstanding balance		Percentage of total Financial assets	
Counter-party profiles	2011	2010	2011	2010
By Industry				
Airlines	**13,154**	4,768	**7.0%**	2.8%
Financial institutions	**181,143**	131,140	**89.0%**	75.7%
Others	**1,361**	24,954	**1.0%**	14.4%
	195,658	160,862	**97.0%**	92.8%
By Region				
Singapore	**176,759**	153,293	**88.0%**	88.5%
Others	**18,899**	7,569	**9.0%**	4.4%
	195,658	160,862	**97.0%**	92.8%
By Moody's Credit Ratings				
Investment grade (A to AAA)	**186,830**	131,140	**93.0%**	75.7%
Non-rated	**8,828**	29,722	**4.0%**	17.2%
	195,658	160,862	**97.0%**	92.8%

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in $ Thousand) (cont'd)

(d) Liquidity Risk

As at 31 March 2011, the Group had at its disposal, cash and cash equivalents amounting to $296.1 million (2010: $195.8 million). In addition, the Group has available short-term credit facilities of approximately $175.4 million (2010: $171.8 million) from open-ended revolving credit facilities granted by commercial banks. The Group also has an alternative facility to issue notes up to $500 million (2010: $500 million), with maturity dates between one month to ten years, under the Medium Term Note Programme.

The Group's holdings of cash, short-term deposits and investments, together with non-committed funding facilities and net cash flow from operations, are expected to be sufficient to cover the cost of all capital expenditure due in the next financial year. The shortfall, if any, could be met by bank borrowings or public market funding.

The maturity profile of the financial liabilities of the Group and the Company is shown in the table that follows. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying amounts as the impact of discounting is insignificant.

GROUP	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
2011							
Other long-term liability	–	58	57	24	10	8,412	8,561
Term loans	151,533	3,737	3,769	1,912	1,492	2,368	164,811
Finance lease commitments	5,041	3,251	2,178	1,157	881	1,665	14,173
Trade and other payables	286,003	–	–	–	–	–	286,003
Bank overdraft	7,759	–	–	–	–	–	7,759
	450,336	7,046	6,004	3,093	2,383	12,445	481,307
2010							
Other long-term liability	–	–	–	–	–	4,000	4,000
Term loans	13,197	3,084	559	314	313	2,197	19,664
Finance lease commitments	1,143	931	890	772	750	2,283	6,769
Trade and other payables	219,230	–	–	–	–	–	219,230
Bank overdraft	599	–	–	–	–	–	599
	234,169	4,015	1,449	1,086	1,063	8,480	250,262

COMPANY	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years	Total
2011							
Related companies	85,808	–	–	–	–	–	85,808
Trade and other payables	37,257	–	–	–	–	–	37,257
	123,065	–	–	–	–	–	123,065
2010							
Other long-term liability	–	–	–	–	–	4,000	4,000
Related companies	92,179	–	–	–	–	–	92,179
Trade and other payables	25,810	–	–	–	–	–	25,810
	117,989	–	–	–	–	4,000	121,989

36. FINANCIAL INSTRUMENTS (in $ Thousand)

(a) Classification of Financial Instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the balance sheet by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

GROUP	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortised costs	Total
2011				
Assets				
Long term investment	–	8,355	–	8,355
Trade debtors	284,508	–	–	284,508
Other debtors	18,699	–	–	18,699
Amounts owing by associated companies	5,259	–	–	5,259
Fixed deposits	206,288	–	–	206,288
Cash and bank balances	97,588	–	–	97,588
	612,342	8,355	–	620,697
Total non-financial assets				1,687,419
Total assets				2,308,116
Liabilities				
Other long-term liability	–	–	8,561	8,561
Term loans	–	–	164,171	164,171
Finance lease commitments	–	–	12,479	12,479
Trade and other payables	–	–	286,003	286,003
Bank overdrafts	–	–	7,759	7,759
	–	–	478,973	478,973
Total non-financial liabilities				212,592
Total liabilities				691,565

36. FINANCIAL INSTRUMENTS (in $ Thousand) (cont'd)

(a) Classification of Financial Instruments (cont'd)

GROUP	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortised costs	Total
2010				
Assets				
Long term investment	–	7,905	–	7,905
Loan to an associated company	700	–	–	700
Trade debtors	219,438	–	–	219,438
Other debtors	16,650	–	–	16,650
Amounts owing by associated companies	516	–	–	516
Fixed deposits	132,588	–	–	132,588
Cash and bank balances	63,761	–	–	63,761
	433,653	7,905	–	441,558
Total non-financial assets				1,467,580
Total assets				1,909,138
Liabilities				
Other long-term liability	–	–	4,000	4,000
Term loans	–	–	18,637	18,637
Finance lease commitments	–	–	4,892	4,892
Trade creditors	–	–	154,758	154,758
Other liabilities	–	–	64,472	64,472
Bank overdrafts	–	–	599	599
	–	–	247,358	247,358
Total non-financial liabilities				161,583
Total liabilities				408,941

36. FINANCIAL INSTRUMENTS (in $ Thousand) (cont'd)

(a) Classification of financial instruments (cont'd)

COMPANY	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortised costs	Total
2011				
Assets				
Long term investment	–	7,886	–	7,886
Trade debtors	5,586	–	–	5,586
Other debtors	942	–	–	942
Loan to subsidiaries	124,369	–	–	124,369
Amount owing by associated companies	5,259	–	–	5,259
Related companies	38,574	–	–	38,574
Fixed deposits	170,354	–	–	170,354
Cash and bank balances	10,789	–	–	10,789
	355,873	7,886	–	363,759
Total non-financial assets				1,198,782
Total assets				1,562,541
Liabilities				
Term loans	118,673	–	–	118,673
Related companies	–	–	85,808	85,808
Trade creditors	–	–	21,591	21,591
Other liabilities	–	–	15,666	15,666
	118,673	–	123,065	241,738
Total non-financial liabilities				52,937
Total liabilities				294,675

36. FINANCIAL INSTRUMENTS (in $ Thousand) (cont'd)

(a) Classification of financial instruments (cont'd)

COMPANY	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortised costs	Total
2010				
Assets				
Long term investment	–	7,886	–	7,886
Loan to an associated company	700	–	–	700
Loan to a subsidiary company	1,227	–	–	1,227
Related companies	22,354	–	–	22,354
Trade debtors	7,625	–	–	7,625
Other debtors	1,851	–	–	1,851
Amounts owing by associated companies	517	–	–	517
Fixed deposits	119,053	–	–	119,053
Cash and bank balances	12,087	–	–	12,087
	165,414	7,886	–	173,300
Total non-financial assets				1,219,371
Total assets				1,392,671
Liabilities				
Other long-term liability	–	–	4,000	4,000
Related companies	–	–	92,179	92,179
Trade creditors	–	–	22,921	22,921
Other liabilities	–	–	3,146	3,146
	–	–	122,246	122,246
Total non-financial liabilities				54,409
Total liabilities				176,655

(b) Fair Values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

A. *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value*

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

The fair value of the secured term loan is obtained from discounting the estimated cash flows using current market interest rate.

The carrying value of the unquoted equity instrument held as a long-term investment is stated at a cost of $8,355,000 because the fair value cannot be measured reliably. These equity instruments represent ordinary shares in a company that is not quoted on any market and does not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of this investment in the foreseeable future. The fair value of this investment is expected to be above its carrying values.

36. FINANCIAL INSTRUMENTS (in $ Thousand) (cont'd)

(b) Fair Values (cont'd)

B. *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

Trade and other debtors (Note 27 and 28), Amounts owing by/(to) associated and related companies (Note 24 and 29), Loan to an associated company (Note 24), Cash and cash equivalents (Note 31), Trade creditors and other payables (Note 32), Term loans, floating rate (Note 15), Finance leases – current (Note 16) and Other long-term liabilities.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

Fixed rate term loan (Note 15) and Finance leases – non-current (Note 16).

The carrying amounts of these financial liabilities are reasonable approximation of fair values as their interest rates approximate the interest rates for such liabilities at balance sheet date.

37. CAPITAL MANAGEMENT (in $ Thousand)

The primary objective of management of the Group's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Directors have reviewed the Group's capital structure. The Directors will continue to regularly review the Group's capital structure in line with this objective.

For the financial years ended 31 March 2011 and 31 March 2010, no changes were made in the objectives, policies or processes relating to the management of the Group's capital structure.

The Group monitors capital based on the total debt equity ratio, which is total debt divided by equity attributable to equity holders of the Company. The Group keeps the total debt equity ratio at a level above the required ratio under its debt covenants. The Group includes within total debt, loans and borrowings, finance lease commitments and bank overdraft.

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Term loans (Note 15)	**164,171**	18,637	**–**	–
Finance leases (Note 16)	**12,479**	4,892	**–**	–
Bank overdraft (Note 31)	**7,759**	599	**–**	–
Total debt	**184,409**	24,128	**–**	–
Equity attributable to equity holders of the Company	**1,521,256**	1,481,898	**1,267,866**	1,216,016
Total debt equity ratio	**0.12**	0.02	**–**	–

38. SEGMENT REPORTING (in $ Thousand)

For management purposes, the Group's operating businesses are organised and managed according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and services. The Group has three reportable operating segment as follows:

1. The food solutions segment provides mainly inflight catering, food processing and distribution services.
2. The gateway services segment provides mainly airport terminal services, such as airfreight handling services, passenger services, aviation security services, baggage handling services and apron services to the Group's airline customers.
3. The corporate segment provides rental of premises.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue and profit after taxation.

Segment accounting policies are the same as the policies described in Note 2. Segment assets comprise primarily of property, plant and equipment, investment properties, intangible assets, inventories receivables, operating cash and other investments. Segment liabilities comprise primarily of operating liabilities, defined benefit plan and term loans.

Capital expenditure comprises additions to property, plant and equipment and intangible assets, excluding those acquired through business combinations and finance leases.

The Group generally accounts for inter-segment sales and transfers as if the sales and transfers were to third parties at current market prices.

BY BUSINESS

	Food Solutions	Gateway Services	Corporate	Eliminations	Total
Financial year ended 31 March 2011					
Revenue					
External revenue	1,168,026	551,010	10,095	–	1,729,131
Operating profit	130,872	51,678	1,936	–	184,486
Interest income	290	–	231	–	521
Interest on borrowings	(1,317)	(7)	(1,432)	–	(2,756)
Gross dividend from long-term investment	–	–	957	–	957
Share of profits of associated/ joint venture companies	3,780	57,408	–	–	61,188
Gain on disposal of property, plant and equipment	74	59	82	–	215
Amortisation of deferred income, net of expenses	–	–	870	–	870
Profit before taxation	133,699	109,138	2,644	–	245,481
Taxation	(24,065)	(24,570)	(5,021)	–	(53,656)
Profit / (loss) after taxation	109,634	84,568	(2,377)	–	191,825

38. SEGMENT REPORTING (in $ Thousand) (cont'd)

BY BUSINESS (cont'd)

	Food Solutions	Gateway Services	Corporate	Eliminations	Total
As at 31 March 2011					
Segment assets	888,180	419,581	145,257	–	1,453,018
Associated/joint venture companies	67,951	260,127	201	–	328,279
Deferred tax assets	35,549	2,432	–	–	37,981
Intangibles (include goodwill)	476,377	5,452	7,009	–	488,838
Total assets	1,468,057	687,592	152,467	–	2,308,116
Current liabilities	234,861	65,054	149,839	–	449,754
Long-term liabilities	81,551	3,489	17,312	–	102,352
Tax liabilities	86,033	17,801	35,625	–	139,459
Total liabilities	402,445	86,344	202,776	–	691,565
Capital expenditure	30,908	30,877	6,290	–	68,075
Depreciation and amortisation charges	58,050	35,403	2,643	–	96,096
Financial Year Ended 31 March 2010					
Revenue					
External revenue	1,031,753	495,266	11,887	–	1,538,906
Operating profit	125,851	57,795	718	–	184,364
Interest income	252	87	478	(189)	628
Interest on borrowings	(1,491)	(4)	(4,007)	189	(5,313)
Share of profits of associated companies	5,104	36,829	1	–	41,934
Share of loss of joint venture company	(3)	–	–	–	(3)
Gain on disposal of property, plant and equipment	179	334	25	–	538
Amortisation of deferred income	–	–	929	–	929
Loss on sale of short-term non-equity investment	(5)	–	–	–	(5)
Profit before taxation	129,887	95,041	(1,856)	–	223,072
Taxation	(21,674)	(19,385)	108	–	(40,951)
Profit after taxation	108,213	75,656	(1,748)	–	182,121

38. SEGMENT REPORTING (in $ Thousand) (cont'd)

BY BUSINESS (cont'd)

	Food Solutions	Gateway Services	Corporate	Eliminations	Total
As at 31 March 2010					
Intangible (include goodwill)	451,776	4,155	6,021	–	461,952
Segment assets	618,113	387,722	100,883	–	1,106,718
Associated companies	69,956	264,633	192	–	334,781
Deferred tax assets	2,296	2,711	680	–	5,687
Total assets	1,142,141	659,221	107,776	–	1,909,138
Current liabilities	152,818	53,534	27,056	–	233,408
Long-term liabilities	6,009	3,941	23,134	–	33,084
Tax liabilities	86,965	20,218	35,266	–	142,449
Total liabilities	245,792	77,693	85,456	–	408,941
Capital expenditure	43,055	16,220	7,423	–	66,698
Depreciation and amortisation charges	53,210	35,631	1,955	–	90,796

BY GEOGRAPHICAL LOCATION

	Singapore	UK	Others	Total
Financial Year Ended 31 March 2011				
Revenue	1,206,162	371,283	151,686	1,729,131
As at 31 March 2011				
Segment assets	984,399	156,417	312,202	1,453,018
Associated/joint venture companies	201	–	328,078	328,279
Deferred tax assets	440	722	36,819	37,981
Intangibles (include goodwill)	296,029	145,019	47,790	488,838
Total assets	1,281,069	302,158	724,889	2,308,116
Capital expenditure	53,798	10,484	3,793	68,075
Financial Year Ended 31 March 2010				
Revenue	1,118,082	366,100	54,724	1,538,906
As at 31 March 2010				
Intangible (include goodwill)	299,782	161,426	744	461,952
Segment assets	942,499	144,722	19,497	1,106,718
Associated companies	189	–	334,592	334,781
Deferred tax assets	1,618	705	3,364	5,687
Total assets	1,244,088	306,853	358,197	1,909,138
Capital expenditure	43,508	22,297	893	66,698

Information about a major customer

Revenue from one major customer amount to $583 million (2010: $557 million), arising from sales by all segments.

39. SUBSEQUENT EVENTS

On 27 April 2011, SATS Ltd., through its wholly-owned subsidiary, SATS Investments Pte. Ltd., completed the acquisition of a 40% equity stake in Adel Abuljadayel Flight Catering Company Limited (AAFC) for US$18,483,000. AAFC is an inflight caterer operating out of Jeddah and Riyadh in Saudi Arabia.

Subsequent to the year end, TFK Corporation and its subsidiaries reached an agreement with its employees to change the terms of the defined benefit plan. The revised terms reduced the benefits payable to the employees and the reduction arising from this change of approximately S$17.3 million will be recorded in the financial statements for the year ending 31 March 2012.

Additional Information

1. INTERESTED PERSON TRANSACTIONS (in $ Thousand)

The interested person transactions entered into during the financial year ended 31 March 2011 are as follows:

Name of interested person	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)
Singapore Airlines Limited	–	30,068
Singapore Airlines Cargo Pte Ltd	–	800
SilkAir (Singapore) Private Limited	–	590
Singapore Telecommunications Limited	–	962
NCS Pte Ltd	–	385
Sembcorp Gas Pte Ltd	–	575
ST Synthesis Pte Ltd	–	100,100
ST Electronics (Info Comm System) Pte Ltd	–	168
Total	–	133,648

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.

2. MATERIAL CONTRACTS

Except as disclosed above and in the financial statements for the financial year ended 31 March 2011, there were no material contracts entered into by the Company and its subsidiaries involving the interests of its President and Chief Executive Officer, Directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

Five-year Financial Summary of the Group

(in Singapore Dollars)

	2011-10	2009-10	2008-09	2007-08	2006-07
Profit and loss account ($ million)					
Total revenue	**1,729.1**	1,538.9	1,062.1	958.0	945.7
Expenditure	**(1,544.6)**	(1,354.5)	(891.2)	(783.7)	(792.5)
Operating profit	**184.5**	184.4	170.9	174.3	153.2
Other income	**61.0**	38.6	12.6	57.1	66.6
Profit before tax and exceptional items	**245.5**	223.0	183.5	231.4	219.8
Exceptional items	**–**	–	–	17.3	–
Profit before tax	**245.5**	223.0	183.5	248.7	219.8
Profit after tax	**191.8**	182.1	148.5	195.2	179.0
Profit attributable to equity holders of the Company	**191.4**	181.2	146.8	194.9	178.2
Balance sheet ($ million)					
Share capital	**324.7**	288.0	255.2	250.1	215.6
Revenue reserve	**1,271.1**	1,224.4	1,161.8	1,166.0	1,111.3
Share-based compensation reserve	**18.8**	22.6	23.8	16.8	13.0
Foreign currency translation reserve	**(100.0)**	(59.6)	(48.5)	(54.2)	(31.2)
Statutory reserve	**6.6**	6.4	6.1	5.9	5.6
Fair value reserve	**–**	–	(0.3)	(0.7)	(0.1)
Equity holders' funds	**1,521.2**	1,481.8	1,398.1	1,383.9	1,314.2
Deferred taxation	**95.7**	98.6	104.2	47.9	53.5
Deferred income	**17.3**	19.1	21.0	22.8	24.6
Minority interests	**95.3**	18.3	18.3	4.0	3.9
Fixed assets	**731.9**	594.4	608.4	564.8	600.4
Investment properties	**15.9**	6.5	7.0	–	21.3
Other non-current assets	**47.1**	17.8	17.2	8.2	–
Loan to an associated company	**–**	0.1	–	–	–
Associated companies	**314.2**	334.8	334.3	334.5	342.7
Long-term investments	**22.4**	7.9	8.2	7.9	7.9
Intangible assets	**488.9**	461.9	479.8	7.5	9.9
Current assets	**687.7**	485.7	600.4	926.6	822.0
Total assets	**2,308.1**	1,909.1	2,055.2	1,849.5	1,804.2
Long-term liabilities	**85.0**	14.0	20.9	207.2	202.5
Current liabilities	**493.6**	277.3	492.8	183.7	205.5
Total liabilities	**578.6**	291.3	513.7	390.9	408.0
Net liquid assets	**140.1**	182.7	64.0	744.6	651.3

Five-year Financial Summary of the Group

(in Singapore Dollars)

		2011-10	2009-10	2008-09	2007-08	2006-07
Cash Flow Statement ($ million)						
Cash flow from operations		**250.2**	304.0	238.0	200.0	257.2
Internally generated cash flow	[Note 1]	**290.0**	331.9	262.5	258.2	275.8
Capital expenditure		**68.1**	64.1	32.7	20.6	13.7
Profitability Ratios (%)						
Return on equity holders' funds		**12.7**	12.6	10.6	14.4	14.2
Return on total assets		**9.1**	9.2	7.6	10.7	10.2
Return on turnover		**11.1**	11.8	14.0	20.4	18.9
Productivity and Employee Data						
Value added ($ million)		**916.9**	802.8	639.3	682.5	675.1
Value added per employee ($)		**69,200**	67,283	69,524	85,979	90,477
Value added per $ employment costs (times)		**1.60**	1.66	1.66	1.85	1.76
Revenue per employee ($)		**130,500**	128,974	115,495	120,691	126,747
Staff cost per employee ($)		**43,212**	40,533	41,814	46,410	51,390
Average employee strength		**13,250**	11,932	9,196	7,938	7,461
Per Share Data (cents)						
Earnings before tax		**22.2**	20.6	17.0	23.2	20.9
Earnings after tax						
- Basic		**17.4**	16.7	13.6	18.2	17.0
- Diluted		**17.3**	16.7	13.6	17.9	16.9
Net asset value		**137.3**	136.9	129.5	128.6	123.8
Dividends						
Gross Dividends (cents per share)	[Note 2]	**17.0**	13.0	10.0	14.0	15.0 *
Dividend cover (times)		**1.0**	1.3	1.4	1.3	1.4

Notes:

1. Internally generated cash flow comprises cash generated from operations, dividends from associated companies, and proceeds from sale of fixed assets.
2. * include special dividend of 5 cents per share.

Five-Year Operational Summary of the Group

	2010-11	2009-10	2008-09	2007-08	2006-07
Airfreight throughput (million tonnes)	1.49	1.41	1.46	1.57	1.55
Passengers served (million)	35.38	32.99	30.91	31.65	29.27
Inflight meals prepared (million)	*25.06	23.47	25.19	25.72	24.74
Flights handled (thousand)	103.73	96.28	88.16	85.95	84.52

* Not inclusive of TFK meals produced

Quarterly Results of the Group

(in Singapore Dollars)

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Total Revenue						
2010-11	($ million)	**382.1**	**401.2**	**440.9**	**504.9**	**1,729.1**
2009-10	($ million)	351.7	362.2	434.4	390.6	1,538.9
Expenditure						
2010-11	($ million)	**340.9**	**360.2**	**388.7**	**454.7**	**1,544.6**
2009-10	($ million)	308.0	319.9	376.3	350.3	1,354.5
Operating Profit						
2010-11	($ million)	**41.2**	**41.0**	**52.2**	**50.2**	**184.5**
2009-10	($ million)	43.7	42.4	58.0	40.3	184.4
Profit Before Tax						
2010-11	($ million)	**55.2**	**57.8**	**67.3**	**65.2**	**245.5**
2009-10	($ million)	51.8	50.9	67.5	52.9	223.0
Profit Attributable to Equity Holders of the Company						
2010-11	($ million)	**44.3**	**45.2**	**51.2**	**50.7**	**191.4**
2009-10	($ million)	40.4	40.9	53.4	46.5	181.2
Earnings (After Tax) Per Share - Basic						
2010-11	(cents)	**4.0**	**4.1**	**4.6**	**4.6**	**17.4**
2009-10	(cents)	3.7	3.8	4.9	4.3	16.7

Quarterly Operational Summary of the Group

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Flights Handled						
2010-11	(thousands)	**25.23**	**25.70**	**26.12**	**26.69**	**103.73**
2009-10	(thousands)	23.52	23.72	24.68	24.37	96.28
Cargo and Mail Processed						
2010-11	(thousand tonnes)	**367.55**	**377.69**	**389.40**	**360.03**	**1,494.66**
2009-10	(thousand tonnes)	325.81	350.17	377.33	353.57	1,406.88
Passenger Served						
2010-11	(millions)	**8.65**	**8.87**	**9.07**	**8.79**	**35.38**
2009-10	(millions)	7.60	8.00	8.88	8.51	32.99
Meals Produced						
2010-11	(millions)	**6.02**	**6.33**	**6.44**	**6.27**	**25.06**
2009-10	(millions)	5.44	5.87	6.18	5.98	23.47

Information on Shareholdings

As at 23 May 2011

Number of Issued Shares	:	1,108,492,860
Number of Issued Shares (excluding Treasury Shares)	:	1,107,492,860
Class of Shares	:	Ordinary Shares
Number / Percentage of Treasury Shares	:	1,000,000 / 0.09% *
Voting rights (excluding Treasury Shares)	:	1 vote per Share

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%*
1 – 999	7,609	20.52	4,335,573	0.39
1,000 – 10,000	26,183	70.61	75,416,107	6.80
10,001 – 1,000,000	3,268	8.81	109,178,939	9.85
1,000,001 and above	21	0.06	919,562,241	82.96
Total	37,081	100.00	1,108,492,860	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares Held	%*
1	Venezio Investments Pte. Ltd.	479,096,858	43.26
2	DBS Nominees Pte Ltd	127,510,406	11.51
3	Citibank Nominees Singapore Pte Ltd	114,562,543	10.35
4	DBSN Services Pte Ltd	59,247,839	5.35
5	HSBC (Singapore) Nominees Pte Ltd	50,459,586	4.56
6	United Overseas Bank Nominees Pte Ltd	23,362,060	2.11
7	Raffles Nominees (Pte) Ltd	23,279,140	2.10
8	BNP Paribas Securities Services Singapore	17,398,862	1.57
9	OCBC Nominees Singapore Pte Ltd	2,652,718	0.24
10	UOB Kay Hian Pte Ltd	2,557,655	0.23
11	BNP Paribas Nominees Singapore Pte Ltd	2,428,252	0.22
12	Merrill Lynch (Singapore) Pte Ltd	2,143,591	0.19
13	Bank of Singapore Nominees Pte Ltd	2,039,677	0.19
14	Capital Intelligence Limited	2,000,000	0.18
15	Tan Leng Yeow	1,905,470	0.17
16	DBS Vickers Securities (S) Pte Ltd	1,865,507	0.17
17	DB Nominees (S) Pte Ltd	1,558,789	0.14
18	Kurt R M Lindblad	1,486,000	0.14
19	Phillip Securities Pte Ltd	1,482,288	0.13
20	Sing Chung Hui @ Sing Chung Sui	1,370,000	0.12
		918,407,241	82.93

* The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Company as at 23 May 2011, excluding any ordinary shares held in treasury as at that date.

Information on Shareholdings

As at 23 May 2011

SUBSTANTIAL SHAREHOLDERS

As at 23 May 2011, 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 shareholders	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	–	479,577,172** (approximately 43.30%*)	479,577,172 (approximately 43.30%*)
Tembusu Capital Pte. Ltd.	–	479,096,858** (approximately 43.26%*)	479,096,858 (approximately 43.26%*)
Napier Investments Pte. Ltd.	–	479,096,858** (approximately 43.26%*)	479,096,858 (approximately 43.26%*)
Venezio Investments Pte. Ltd.	479,096,858 (approximately 43.26%*)	–	479,096,858 (approximately 43.26%*)

** Derived mainly through the direct interest of Venezio Investments Pte. Ltd.

* The shareholding percentages have been calculated based on the number of issued ordinary shares of the Company as at 23 May 2011, excluding any ordinary shares held in treasury as at that date.

SHAREHOLDINGS HELD BY THE PUBLIC

Based on information available to the Company as at 23 May 2011, approximately 56% of the issued shares of the Company is held by the public (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST")). The Company hence confirms that Rule 723 of the Listing Manual of the SGX-ST has been complied with.

Notice of Annual General Meeting

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

NOTICE IS HEREBY GIVEN that the 38th Annual General Meeting of SATS Ltd. (the "**Company**") will be held at the Marina Mandarin Ballroom, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594, on Wednesday 27 July 2011 at 2.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts for the financial year ended 31 March 2011 and the Auditors' Report thereon.

2. To declare a final ordinary tax-exempt (one-tier) dividend of 6 cents per share and a special tax-exempt (one-tier) dividend of 6 cents per share for the financial year ended 31 March 2011.

3. To re-appoint Mr David Zalmon Baffsky as a Director under Section 153(6) of the Companies Act, Cap. 50 of Singapore (the "**Companies Act**"), to hold office from the date of this Annual General Meeting until the next Annual General Meeting.

4. To re-elect Mr Yeo Chee Tong, 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 a Director.

5. To re-elect Mr Leo Yip Seng Cheong, who will retire in accordance with Article 90 of the Company's Articles of Association and who, being eligible, will offer himself for re-election as a Director.

6. To appoint Mr Alexander Charles Hungate as a Director pursuant to Article 89 of the Company's Articles of Association.

7. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company to hold office until the next Annual General Meeting and to authorise the Directors to fix their remuneration.

8. To approve payment of Directors' fees of up to $1,300,000 for the financial year ending 31 March 2012 (2011: up to $1,308,200).

SPECIAL BUSINESS

Ordinary Resolutions

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:

9. That authority be and is hereby given to the Directors of the Company to:

    (a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

    (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

    at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

    (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

    provided that:

    (i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 5% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(aa) new shares arising from the conversion or exercise of any convertible securities or employee share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(bb) any subsequent bonus issue, consolidation or subdivision of shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(iv) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

10. That the Directors be and are hereby authorised to:

(a) grant awards in accordance with the provisions of the SATS Performance Share Plan (the "**Performance Share Plan**") and/or the SATS Restricted Share Plan (the "**Restricted Share Plan**"); and

(b) allot and issue from time to time such number of ordinary shares in the capital of the Company ("**Shares**") as may be required to be issued pursuant to the exercise of options under the SATS Employee Share Option Plan ("**Share Option Plan**") and/or such number of fully paid Shares as may be required to be issued pursuant to the vesting of awards under the Performance Share Plan and/or the Restricted Share Plan (the Share Option Plan, the Performance Share Plan and the Restricted Share Plan, together the "**Share Plans**"),

provided that:

(i) the aggregate number of new Shares to be allotted and issued pursuant to the Share Plans shall not exceed 15% of the total number of issued Shares (excluding treasury shares) from time to time; and

(ii) the aggregate number of Shares under awards to be granted pursuant to the Performance Share Plan and/or the Restricted Share Plan during the period commencing from the date of this Annual General Meeting of the Company and ending on the date of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, shall not exceed 1% of the total number of issued Shares (excluding treasury shares) from time to time.

11. That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of the SGX-ST, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to the Letter to Shareholders dated 22 June 2011 (the "**Letter to Shareholders**") with any party who is of the class of interested persons described in the Appendix to the Letter to Shareholders, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

(b) the approval given in paragraph (a) above (the "**IPT Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

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

12. That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the SGX-ST; and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the five consecutive trading days on which the Shares are transacted on the SGX-ST immediately preceding the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action that occurs after the relevant five-day period;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the basis set out below) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

"**Maximum Limit**" means that number of issued Shares representing 2% of the issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed, in the case of both a market purchase of a Share and an off-market purchase of a Share, 105% of the Average Closing Price of the Shares; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

13. To transact any other business which may arise and can be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Leow Chiap Seng
Company Secretary

Dated this 22nd day of June 2011
Singapore

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

EXPLANATORY NOTES

1. (a) In relation to Ordinary Resolution No. 3, Mr David Zalmon Baffsky will be retiring from office at the Annual General Meeting in accordance with Section 153 of the Companies Act, and will be standing for re-appointment at the Annual General Meeting. Please refer to the sections on "**Board of Directors**" and "**Corporate Governance**" in the SATS Annual Report for FY2010-11 for more information relating to Mr Baffsky. Mr Baffsky will, upon re-appointment, continue to serve as a member of the Audit Committee. The Nominating Committee has considered Mr Baffsky to be an independent Director.

   (b) In relation to Ordinary Resolution No. 4, Mr Yeo Chee Tong will 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. Please refer to the sections on "**Board of Directors**" and "**Corporate Governance**" in the SATS Annual Report for FY2010-11 for more information relating to Mr Yeo. Mr Yeo is a member of both the Audit Committee and Remuneration and Human Resource Committee. The Nominating Committee has considered Mr Yeo to be an independent Director.

   (c) Dr Rajiv Behari Lall and Mr Mak Swee Wah are also due to retire by rotation under Article 83 of the Company's Articles of Association, but will not be offering themselves for re-election.

   (d) In relation to Ordinary Resolution No. 5, Mr Leo Yip Seng Cheong will be retiring from office at the Annual General Meeting in accordance with Article 90 of the Company's Articles of Association, and will be standing for re-election at the Annual General Meeting. Please refer to the sections on "**Board of Directors**" and "**Corporate Governance**" in the SATS Annual Report for FY2010-11 for more information relating to Mr Yip. Mr Yip is a member of the Remuneration and Human Resource Committee. Mr Yip is considered by the Nominating Committee to be an independent Director.

   (e) In relation to Ordinary Resolution No. 6. Mr Alexander Charles Hungate is proposed to be appointed as an additional Director pursuant to Article 89 of the Company's Articles of Association. Please refer to the section on "**Board of Directors**" in the SATS Annual Report for FY2010-11 for more information relating to Mr Hungate. Upon his appointment, the Nominating Committee will consider Mr Hungate to be an independent Director.

   (f) Mr Khaw Kheng Joo has elected to retire from office at the 38th Annual General Meeting.

2. Ordinary Resolution No. 8 is to approve the payment of Directors' fees of up to $1,300,000 for the current financial year ("**FY2011-12**"). If approved, the proposal will facilitate the payment of Directors' fees during the financial year in which such fees are incurred. The amount of Directors' fees has been computed on the basis of the anticipated number of Board and Board Committee meetings for FY2011-12, assuming attendance in person by all the Directors at such meetings, at the scale of fees set out in the section on "**Corporate Governance**" in the SATS Annual Report for FY2010-11, and also caters for additional fees (if any) which may be payable due to additional Board or Board Committee members being appointed in the course of FY2011-12. If, for unforeseen reasons, payments are required to be made to the Directors in excess of the amount proposed, the Company will revert to shareholders for approval at the subsequent Annual General Meeting before any such payments are made.

3. Ordinary Resolution No. 9, if passed, will empower Directors to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments. The number of shares which the Directors may issue under this Resolution will not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company with a sub-limit of 5% for issues other than on a *pro rata* basis. The 5% sub-limit for non *pro rata* issues is lower than the 20% sub-limit allowed under the Listing Manual of the SGX-ST and the Articles of Association of the Company. For the purpose of determining the aggregate number of shares which may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or employee share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares.

4. Ordinary Resolution No. 10, if passed, will empower the Directors to grant awards pursuant to the Performance Share Plan and/or the Restricted Share Plan and to allot and issue Shares pursuant to the Share Option Plan, the Performance Share Plan and the Restricted Share Plan, provided that:

   (a) the aggregate number of new Shares which may be issued under the Share Option Plan, the Performance Share Plan and the Restricted Share Plan is limited to 15% of the total number of issued Shares (excluding treasury shares) from time to time; and

(b) the aggregate number of Shares under awards which may be granted pursuant to the Performance Share Plan and/or the Restricted Share Plan from this Annual General Meeting to the next Annual General Meeting shall not exceed 1% of the total number of issued Shares (excluding treasury shares) from time to time.

The Share Option Plan was adopted by the Company in February 2000 and the last grant of options thereunder was made on 1 July 2008. The Performance Share Plan and the Restricted Share Plan were adopted at an Extraordinary General Meeting of the Company held on 19 July 2005 and were amended in 2006 and 2010.

5. Ordinary Resolution No. 11 is to renew the mandate to allow the Company, its subsidiaries and associated companies that are entities at risk (as the term is used in Chapter 9 of the Listing Manual) or any of them, to enter into certain interested person transactions with certain classes of interested persons as described in the Letter to Shareholders. The authority will, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company. Please refer to the Letter to Shareholders for more details.

6. Ordinary Resolution No. 12 is to renew the mandate to allow the Company to purchase or otherwise acquire Shares, on the terms and subject to the conditions set out in the Resolution.

   The Company intends to use its internal sources of funds to finance the purchase or acquisition of the Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of Shares purchased or acquired, the price at which such Shares were purchased or acquired and whether the Shares purchased or acquired are held in treasury or cancelled.

   Based on the existing issued Shares as at 23 May 2011 (the "**Latest Practicable Date**"), the purchase by the Company of 2% of its issued Shares (excluding Shares which are held as treasury Shares) will result in the purchase or acquisition of a maximum number of 22,149,857 Shares.

   In the case of both market purchases and off-market purchases by the Company and assuming that the Company purchases or acquires the maximum number of 22,149,857 Shares at the maximum price of $2.80 for one Share (being the price equivalent to 5% above the average closing prices of the Shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 22,149,857 Shares is approximately $62,019,599.60.

   The financial effects of the purchase or acquisition of such Shares by the Company pursuant to the proposed Share Purchase Mandate on the audited financial statements of the Company and its subsidiaries for the financial year ended 31 March 2011 are based on certain assumptions and are set out in paragraph 3.7 of the Letter to Shareholders.

   Please refer to the Letter to Shareholders for more details.

NOTES

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two 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 the office of the Company's Share Registrar, M & C Services Private Limited, 138 Robinson Road #17-00, The Corporate Office, Singapore 068906 not less than 48 hours before the time appointed for the Meeting.

CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN that, subject to the approval of shareholders for the proposed final and special dividends being obtained at the 38th Annual General Meeting of the Company to be held on 27 July 2011, the Transfer Books and Register of Members of the Company will be closed on 5 August 2011 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 138 Robinson Road #17-00, The Corporate Office, Singapore 068906, up to 5.00 p.m. on 4 August 2011 will be registered to determine shareholders' entitlements to the proposed final and special dividends. 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 4 August 2011 will be entitled to the proposed final and special dividends.

The proposed final and special dividends, if approved by shareholders, will be paid on 17 August 2011.

Proxy Form

SATS Ltd.
(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.

*I/We ______________________ (NRIC/Passport No. __________)

of ______________________ (Address)

being a *member/members of SATS Ltd. (the "**Company**") hereby appoint

Name	Address	NRIC/ Passport No.	No. of Shares Represented	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	No. of Shares Represented	Proportion of Shareholdings (%)

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 27 July 2011 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 Resolutions to be proposed at the AGM as indicated hereunder, for *me/us and on *my/our behalf and, if necessary, to demand a poll, at the AGM and at any adjournment thereof.

No.	Resolution	**For	**Against
	Ordinary Business		
1	Adoption of the Directors' Report, Audited Accounts and the Auditors' Report		
2	Declaration of a final dividend and a special dividend		
3	Re-appointment of Mr David Zalmon Baffsky as Director		
4	Re-election of Mr Yeo Chee Tong as Director		
5	Re-election of Mr Leo Yip Seng Cheong as Director		
6	Appointment of Mr Alexander Charles Hungate as Director		
7	Re-appointment and remuneration of Auditors		
8	Approval of Directors' fees for the financial year ending 31 March 2012		
	Special Business		
9	Authority for Directors to issue additional shares and convertible instruments pursuant to Section 161 of the Companies Act, Cap 50		
10	Authority for Directors to grant awards and issue shares in accordance with the provisions of the SATS Performance Share Plan and SATS Restricted Share Plan and to allot and issue shares pursuant to the SATS Employee Share Option Plan		
11	To approve the proposed renewal of the Mandate for Interested Person Transactions		
12	To approve the proposed renewal of Share Purchase Mandate		
13	Any other business		

* Delete accordingly
** Indicate your vote "For" or "Against" with a (✓) within the box provided.

Total Number of Shares Held

Dated this ______ day of ______________ 2011.

____
Signature(s) of Member(s) or Common Seal

Important: Please read notes on the reverse side

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, Chapter 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 the office of the Company's Share Registrar, M & C Services Private Limited, 138 Robinson Road #17-00, The Corporate Office, Singapore 068906 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, Chapter 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 certifed by The Central Depository (Pte) Limited to the Company.

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2nd fold along this line

Please
Affix
Postage
Stamp

3rd fold along this line and glue overleaf. Do not staple

The Company Secretary
SATS Ltd.
c/o M & C Services Private Limited
138 Robinson Road #17-00
The Corporate Office
Singapore 068906

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