CREATING SUSTAINABLE GROWTH

SATS LTD.

ANNUAL REPORT 2012-13

VISION

We are one of the largest services companies in the world.

We are driven by our capabilities in gateway services and food solutions to delight users and exceed customers' expectations.

We inspire employees, partners and associates with a passion to excel.

We are socially and environmentally responsible, creating sustainable value for all stakeholders.

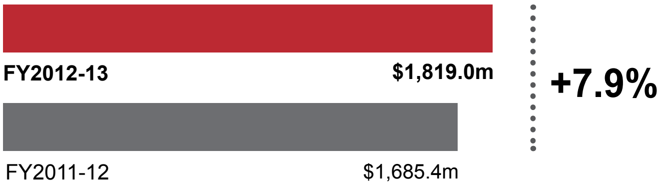
MISSION

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

CONTENTS

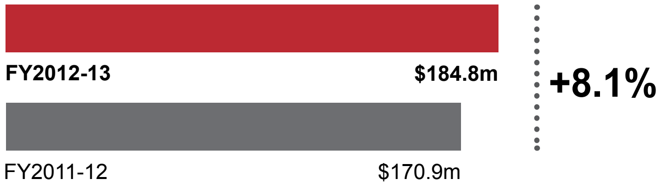
KEY FIGURES

Revenue



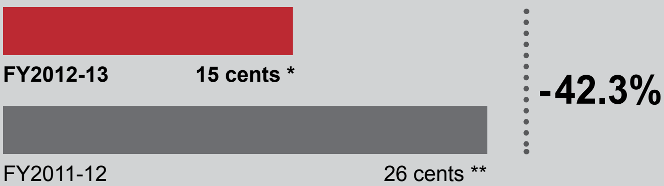
Revenue increased 7.9% to $1.82 billion due to organic growth in both gateway services (+7.6%) and food solutions (+8.1%) businesses.

Profit Attributable to Owners of the Company



Profit attributable to owners of the Company increased as a result of higher business volumes, improved operating margins and higher profit contributions from Associates and Joint Ventures. Excluding Daniels Group and all one-off items, underlying net profit grew at a higher rate of 13.8% to $202 million.

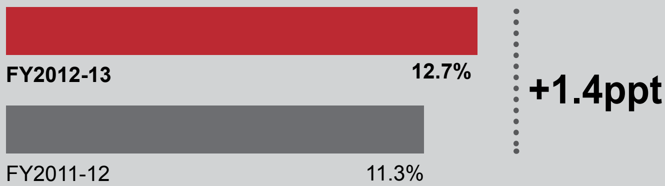
Dividend Per Share



Proposed ordinary dividend per share remains at 11 cents, representing a payout ratio of 66.2% of profit attributable to owners of the Company for FY2012-13. Including the proposed special dividend of 4 cents per share, the total dividend will be 15 cents per share, representing a payout ratio of 90.3%.

* Proposed ordinary dividend of 11 cents and special dividend of 4 cents
** Ordinary dividend of 11 cents and special dividend of 15 cents

Return on Equity



Return on equity improved 1.4ppt to 12.7% due to higher profit attributable to owners of the Company for FY2012-13.

Our focus is to continue doing what we do best, by growing and extending our capabilities in both gateway and food to deliver best-in-class solutions to our customers.

GROWING OUR CAPABILITIES

GROWING OUR EXPERTISE

Our success today can be attributed to the unwavering commitment of our people. As one team, we continue to be relentless in our pursuit of operational excellence and sustainable performance across our businesses.

From creating nutritious food menus to developing new service offerings, we take pride in delivering innovative solutions and creating seamless, delightful experiences for our guests.

GROWING
THROUGH INNOVATION

GROWING
IN TRUST AND CONFIDENCE

Our partnerships with our customers are built on a foundation of trust and confidence. With an attention to detail and a commitment to serve with our hearts, we deliver customised solutions that exceed expectations time after time.

To grow our business and better serve our customers, we are extending our regional footprint through strategic and value-creating acquisitions and joint ventures.

GROWING
OUR REGIONAL PRESENCE

GROWING
THROUGH OPPORTUNITIES

Leveraging our expertise in gateway and food, we continue to access new opportunities here and overseas, to deliver sustainable returns to our shareholders.

CHAIRMAN'S STATEMENT

Dear Shareholders,

For the financial year in review, SATS continued to operate under difficult economic conditions. The global economy was weak amidst the Eurozone sovereign debt crisis and fears over the US fiscal cliff. Demand for air cargo, a leading indicator of economic growth, remained soft while inflationary pressure continued to weigh on the domestic labour market.

Notwithstanding these headwinds, we delivered a good set of operating results, improving on our performance over the previous year. This is the result of our relentless focus on creating sustainable growth by strengthening our core capabilities in gateway services and food solutions, while seeking and capturing strategic opportunities to grow our business and expand our footprint in Asia Pacific and the Middle East.

Creating sustainable growth requires us to forge strong partnerships with our customers to develop solutions that continually meet their evolving business needs. The renewal of our ground handling and inflight catering contracts with Singapore Airlines is testament to the successful partnership we have built with our major customer of over 40 years. This underscores our strong position at Singapore Changi Airport. Our strategic goals remain unchanged. We are focused on growing our core businesses of gateway and food, pushing for further productivity improvements through innovation, and sharing the benefits of operational excellence with our customers and employees.

To drive the Group's momentum into its next phase of growth, we have planned for succession and announced that Tan Chuan Lye, our President and Chief Executive Officer, will retire at the end of this year while Alex Hungate will succeed him. Alex, who has served on the Board since July 2011, brings a depth of global financial, strategic and people development expertise and I am confident that he will ably steer SATS to achieve its long-term vision.

FY2012-13 Results and Dividends

For FY2012-13, I am pleased to report that our Group revenue grew 7.9% year-on-year to $1.82 billion. Our gateway and food revenue improved 7.6% and 8.1% respectively, led by increased flights and higher meal volumes. Excluding TFK, our inflight catering unit in Japan, our food revenue grew at a slower rate of 7.2%.

Group operating profit rose 13.8% to $192.3 million due mainly to better performance of our food business, including the turnaround in TFK's operating results. Operating expenses increased 7.3% to $1.63 billion, with higher staff and raw material costs being the key contributors to the increase.

"Notwithstanding these headwinds, we delivered a good set of operating results, improving on our performance over the previous year. This is the result of our relentless focus on creating sustainable growth by strengthening our core capabilities in gateway services and food solutions, while seeking and capturing strategic opportunities to grow our business and expand our footprint in Asia Pacific and the Middle East."

Profit contributions from Associates and Joint Ventures, net of tax, rose 27.9% to $52.7 million, led by good profit growth from associates in the North Asia and Southeast Asia regions.

In the fourth quarter, we took a $16.8 million provision for impairment of the deferred consideration due on the sale of Daniels Group. The deferred consideration receivable is contingent on Daniels' performance over the two years to March 2013. As its performance has been below expectations due to seasonal factors and the general UK economy, an impairment provision has been made against the deferred consideration receivable.

Consequently, profit attributable to owners of the Company increased 8.1% to $184.8 million. Excluding this impairment and all one-off items, our underlying net profit from continuing operations improved 13.8% to $202 million.

As at 31 March 2013, our total assets stood at $2 billion. Cash and cash equivalents fell from $470.1 million last year to $404.2 million while total equity declined from $1.62 billion to $1.5 billion due mainly to dividend payment of $288.6 million. Free cash flow generated during the year amounted to $208.1 million while debt-to-equity ratio was a healthy 0.09 times.

In view of our financial performance and strong balance sheet, and taking into account capital management considerations, the Directors are pleased to recommend for shareholders' approval, a final ordinary dividend of 6 cents per share and a special dividend of 4 cents per share. Including the interim ordinary dividend of 5 cents per share paid on 5 December 2012, the total dividend will be 15 cents per share, compared to 26 cents per share last year. This represents a dividend payout ratio of 90.3% of profit attributable to owners of the Company.

If approved at the forthcoming Annual General Meeting of the Company on 26 July 2013, the proposed dividend of 10 cents per share will be paid on 16 August 2013.

Maintaining Momentum, Achieving Milestones

SATS is the leading ground handler and airline caterer at Singapore Changi Airport, with an approximately 80% market share. In FY2012-13, we served close to 125,000 flights at the airport and produced a total of 28 million inflight meals.

The renewal of our ground handling and inflight catering contracts with Singapore Airlines for a firm five-year tenure, with an option to extend for another five years, further cements our position as the first-choice service provider at Singapore Changi Airport.

In gateway services, we secured contracts with new customers such as Air India Express, FedEx, Lufthansa Cargo, Scoot and United Airways. We also renewed our ground and cargo handling contracts with existing customers including Asiana Airlines Cargo, China Eastern Airlines, China Southern Airlines, EVA Airways, Korean Air, Qantas Airways and United Airlines.

Our subsidiary in Hong Kong, SATS HK, successfully added eight new airlines to its customer base. These include Air India, Air Seychelles and Ethiopian Airlines. It also renewed several contracts with customers such as Malaysia Airlines, Singapore Airlines, Spring Airlines and Turkish Airlines.

During the year, we achieved several milestones in the non-aviation gateway sector. The Marina Bay Cruise Centre Singapore (MBCCS), managed and operated by SATS-Creuers Cruise Services (SATS-Creuers), commenced operations on 26 May 2012. This 28,000-square-metre terminal is now the home port to seven cruise ships including Voyager of the Seas, Diamond Princess, Celebrity Millennium and Costa Atlantica.

In its first year of operations, SATS-Creuers handled more than 80 ship calls and over 230,000 passengers at MBCCS. To further anchor Singapore's position as the leading cruise hub in Asia, we will continue to strengthen our capabilities and offerings in the cruise sector.

The growth momentum in our food solutions business continued in FY2012-13. This was mainly supported by higher airline meal volumes and better performance recorded by TFK.

At Singapore Changi Airport, we secured new contracts with Air Mauritius and Drukair – Royal Bhutan Airlines while renewing contracts with All Nippon Airways, Myanmar Airways, Qantas Airways and Singapore Airlines.

TFK turned around and reported an operating profit of $12.1 million in FY2012-13, following its recovery from the March 2011 disasters in Japan. It renewed contracts with Qantas Airways and Lufthansa German Airlines, and clinched new contracts from customers including AirAsia Japan, Finnair, Scoot and Swiss International Air Lines.

Our institutional catering business secured several contract wins during the year. They include a three-year catering contract from the Home Team Academy – a department under the Ministry of Home Affairs which trains officers in homefront security and safety – as well as the Singapore Sports Hub catering contract. The tenure of the Sports Hub contract is 21 years. Together with our joint venture partner Delaware North Companies, we expect to commence delivering hospitality and catering services in April 2014 for the Sports Hub's retail concessions, corporate suites, members' dining areas, MICE and special events across five of its venues.

On the remote catering front, our joint venture Food and Allied Support Services Corporation broke new ground when it won a contract to provide catering and housekeeping services for a pipe-laying barge as well as a jack-up rig to be deployed in Indian waters.

In Pursuit of Excellence

In our continuous pursuit of excellence, we are gratified that our efforts have been widely recognised. In FY2012-13, we achieved the following accolades, among others:

- We won the 'Best Air Cargo Terminal in Asia' title for the 15th time at the Asian Freight & Supply Chain Awards 2013 organised by Cargonews Asia;
- We won a joint Silver Award for Best Managed Board at the Singapore Corporate Awards 2012. This award is testament to our efforts in building a strong corporate governance framework; and
- We clinched the Distinction Award at the inaugural Human Capital Breakthrough Award for being one of Singapore's boldest and most innovative companies in the field of people management.

Creating Sustainable Growth

While the global economy remains uncertain, the outlook for Singapore's aviation industry continues to be positive, underpinned by robust intra-Asia passenger traffic. This presents growth opportunities for both our gateway and food businesses. Airfreight demand, however, is anticipated to remain weak.

The continuing labour crunch in Singapore and its impact on operating costs remains a major challenge for us. To deliver sustained growth amidst these challenges, we must adopt a long-term approach and ensure we are not just expanding the business but also building up our strengths internally. We must remain nimble and flexible, and embrace a culture of constant innovation to enhance our business performance.

In light of this strategic need, the Innovation and Productivity Committee chaired by Chuan Lye, will explore how the Group can leverage automation and technology to re-engineer our processes, improve our productivity and sustain our offerings. To date, close to 10 projects in key operation areas have been identified and are now in the implementation phase, while another four are currently under review.

Increasingly, we view innovation as not just something that we undertake on our own. We also need to pursue innovation in partnership with our customers, as greater benefits can be realised and shared when we work closely together. In implementing our productivity enhancement measures, we also recognise that our people, in many instances, have taken on increased responsibilities or even new roles that contribute to higher efficiencies. As such, we believe in showing our appreciation for their commitment and effort, through sharing part of the resulting productivity gains with them.

Continuing to enhance our strong track record in Singapore is also paramount to positioning ourselves for sustainable growth here. Aviation remains core to us and our leading position at Singapore Changi Airport continues to open doors for us in the region. Furthermore, MBCCS' potential as a regional cruise hub presents significant opportunities to extend our cruise sector business beyond Singapore.

Our strong balance sheet and net cash position allows us to grow through inorganic opportunities and joint ventures with specialist partners and industry leaders in the Asia Pacific and Middle East regions. We will continue to seek value-creating acquisitions to grow our business in both aviation and non-aviation segments.

Acknowledgements

As Chuan Lye retires later this year from his role as President and Chief Executive Officer, on behalf of the Board and Management, I would like to extend to him our deep gratitude for his dedicated service and sterling contributions to SATS over the past 36 years.

Chuan Lye has served the Group loyally and has contributed significantly in growing and transforming SATS to what it is today. During his tenure, he has played a pivotal role in aligning the Group's strategy and in championing its innovation and productivity drive. I am delighted that he has agreed to stay on as Executive Advisor with effect from 1 January 2014. I am sure the Group will continue to benefit from his extensive expertise and experience.

I also wish to thank my fellow Board members for their wise counsel and invaluable support. I would like to put on record my deep appreciation to Ng Kee Choe and Yeo Chee Tong, who stepped down from the Board at the last Annual General Meeting. Kee Choe served on the Board Executive Committee and the Remuneration and Human Resource Committee for the past 12 years, while Chee Tong served as an independent director, chaired the Board Risk Committee and was a member of the Nominating Committee for six years. I wish to thank them for their invaluable contributions during their time with us.

I would also like to extend my sincere thanks to our customers, business partners, staff unions and shareholders for your continued confidence and support.

Last but not least, I would like to thank our talented team of employees. SATS' ability to deliver outstanding performance and sustainable value depends on our people's commitment, expertise and creativity in providing customers with superior levels of service. I am grateful for their steadfast contribution and dedication. As SATS grows in a sustainable way, this committed team will remain the foundation of our company's success.

Edmund Cheng Wai Wing
Chairman

23 May 2013

IN CONVERSATION WITH PCEO

How would you describe SATS' FY2012-13 performance?

Against the backdrop of continuing economic uncertainty and cost inflation, SATS has achieved a reasonably good set of results. Our revenue and profit attributable to owners of the Company grew by 7.9% and 8.1% respectively while our underlying net profit, excluding all one-offs, improved by 13.8%. I am immensely proud of our staff who have undoubtedly put in their commitment and hard work to achieve these results.

In our core aviation business, we secured new clients including Air Mauritius, FedEx, Lufthansa German Airlines and Scoot while achieving high levels of contract renewals. We renewed our ground handling and inflight catering contracts with Singapore Airlines for a firm five-year tenure, with an option to extend for another five years. This contract renewal, together with many others, endorses SATS as a strategic partner of choice for many notable airline customers such as Singapore Airlines, All Nippon Airways, China Eastern Airlines, EVA Airways and Korean Air.

Outside of Singapore, our Japanese subsidiary TFK made a remarkable turnaround in FY2012-13. Despite the cross-strait tensions, TFK's operating profit grew $11.8 million to $12.1 million. It also won several new inflight catering contracts during the year.

In our non-aviation segment, we have had an exciting first year in cruise handling and terminal management. SATS-Creuers Cruise Services handled more than 80 ship calls and processed over 230,000 passengers at the Marina Bay Cruise Centre Singapore in its first year of operations. The terminal is now a home port for seven cruise vessels.

Just before the end of the financial year, we were appointed as the catering and hospitality partner for the latest addition to Singapore's national infrastructure – the Sports Hub. This is a significant milestone and a large undertaking, in terms of expected revenue, scale and contract tenure. We are very honoured to take on such a key role in creating a memorable event experience for every visitor to this iconic venue. SATS has an experienced partner, Delaware North Companies, in this undertaking and we look forward to growing our trusted relationship which first started three years ago at the Commonwealth Games in Delhi.

Beyond strengthening our core and growing new businesses, we continue to drive cost efficiency in order to improve our operating margins and reinvest for further growth. While we have made progress in managing our costs, there are still more to be done to drive further efficiencies and improvements in productivity in order to protect our business and margins.

As external costs continue to rise, how best do you think SATS can manage this cost pressure in the medium to long term?

We recognise that to win market share and protect our margins in today's challenging business environment, we must have a relentless focus on being the least-cost, most efficient service provider whom our customers can turn to.

With the curb on foreign labour hiring, increase in foreign worker levies as well as continued wage inflation, managing rising labour costs in our domestic market is a critical challenge for SATS. Food inflation is also on the rise, but its impact is not as pronounced as the increase in labour costs.

We have been proactively exploring the use of automation and technology to enhance our process efficiency and maximise our deployment of manpower. During the year in review, we launched the mobile Airwaybill Manifesting System on tablets for checking export airwaybill manifests – a first in an Asian airfreight terminal. This system which leverages web-based, device-independent Wi-Fi technology has enabled us to achieve greater efficiency, traceability and higher accuracy in our handling of airwaybills.

In addition, we successfully concluded a trial to introduce automation in three commercial cookhouses of the Singapore Armed Forces. This initiative involved the installation of automated kitchen equipment to simplify and lighten the manual workload of our matured employees. Coupled with retraining, it resulted in a 12% improvement in workplace productivity and a reduction in manpower, with the extra headcount being redeployed to other cookhouses to ease the current labour crunch. Looking ahead, we have many such projects in the pipeline to further improve our productivity and operational efficiency.

Our employees are our main source of ideas for improving productivity and containing costs. It is critical to involve them right from the start of implementing our productivity enhancement measures, a process which also encompasses staff retraining and upskilling. More importantly, we believe in showing our appreciation for their commitment and sacrifice, by sharing part of the resulting productivity gains with them.

With each potential new initiative, we work closely with our labour unions to communicate the rationale for change and to seek feedback from our people. This proactive engagement helps drive a sense of shared ownership and buy-in amongst our employees, and align them with the management to reach a common goal. We are very thankful for the ongoing support from our staff and unions, and this harmonious relationship is something that we do not take for granted.

Finally, the key to ensuring that we can continue managing costs in a sustainable way and for the long term also lies in working together with our customers to drive joint projects and sharing the resultant benefits with them. In the current climate where cost inflation is the norm, we must collaborate with our customers to seek smart ways to work more efficiently, for example, by integrating our systems with those of our customers such that we can provide customised and cost-effective solutions that will create new revenue opportunities for them.

What will be management's focus in the new financial year?

Innovation and productivity enhancements will continue to be an integral part of our efforts. We must constantly strive to improve what we do, from more efficient and sustainable ways of meeting our customer needs to maintaining and adopting best practice standards. This gives our customers and passengers greater choice and the highest level of service. The Innovation and Productivity Committee – comprising our senior management team – is taking the lead to drive this.

While the routing of Qantas Airways' long-haul flights via Dubai instead of Singapore will undoubtedly impact our aviation volumes, we continue to look for ways to strengthen our core business. We must continue to build stickiness with our key customers and offer valued propositions to support their needs. At the same time, we must remain vigilant of our costs.

Besides reinforcing our core business, a key focus is to grow adjacent businesses to strengthen our offerings in gateway and food. We will continue to expand our aviation presence in Asia and the Middle East. We already have a strong presence in several major cities such as Tokyo, Hong Kong, Delhi and Bangalore. We aim to replicate our Singapore hub operations overseas, providing both food solutions and gateway services as a one-stop complete service package.

Given our capabilities in food solutions, we aim to capture a bigger slice of the institutional catering market. We expect more outsourced opportunities from institutions such as hospitals and event venues. As such, it is important that we stay nimble and be ready to benefit from this growing outsourcing opportunity with our proven food and logistics competence. Whether they are in the mining, construction or offshore oil and gas industries, companies operating in remote sites can also come to rely on SATS to provide essential services including nutritious hot meals and freshly laundered workwear.

SATS recently won the Human Capital Breakthrough Award as one of Singapore's boldest and most innovative companies. What has contributed to your winning of this award and what more can be done in the area of talent development and management?

We are proud and honoured to be recognised for our human capital practices through this prestigious Award.

Training and talent development programmes are important, both for our employees to fulfil their potential and to help our business achieve its goals.

SATS is a service company with over 14,000 employees. Our success rests in the hands of our people to deliver the best possible service to our customers. Having well-trained, motivated and productive employees, guided by our core values of Safety and Security, Excellence, Innovation, Trust and Collaboration, are vital to our business success.

Accordingly, nurturing talent is a priority for us and we have established a talent development framework to assess, mentor and coach our people. Underpinned by the Development Assessment Centre (DAC) programme comprising the LEAP (Learn, Excel, Aspire and Propel) modules that target at the various job levels within the Group, this framework prepares our talents to lead SATS into the future. Pleasantly for us, the DAC programme has aided in securing a talent pipeline to meet our future succession needs.

Furthermore, we strongly encourage our people to take full responsibility for their own development and provide them with the necessary tools to do so. For instance, we have set up a vibrant learning centre called '*My Space*' to facilitate training and sharing of ideas. We have also mapped our in-house training programmes to national standards set by the Singapore Workforce Development Agency.

Another training initiative which our Human Capital team has launched is a two-day SATS Ambassador Programme to give our people a deeper insight of our core values and the desired behaviours at work that exemplify these values. We strongly believe that our people are the ambassadors of our service and the flag bearers of our brand. It is hence important that all employees live the brand by delivering their service through passion and bringing delight to our customers and passengers.

Tan Chuan Lye
President and Chief Executive Officer

23 May 2013

FINANCIAL CALENDAR

FINANCIAL YEAR ENDED 31 MARCH 2013

25 July 2012
Announcement of 1Q FY2012-13 results
Results conference call with live webcast

15 August 2012
Payment of final and special dividends

6 November 2012
Announcement of 2Q FY2012-13 results
Results conference call with live webcast

5 December 2012
Payment of interim dividend

30 January 2013
Announcement of 3Q FY2012-13 results
Results conference call with live webcast

15 May 2013
Announcement of 4Q FY2012-13 results
Results briefing for analysts and media with live webcast

21 June 2013
Despatch of Summary Report to shareholders

5 July 2013
Despatch of Annual Report to shareholders

26 July 2013
40th Annual General Meeting

7 August 2013
Book closure date

16 August 2013
Proposed payment of final and special dividends

FINANCIAL YEAR ENDING 31 MARCH 2014

25 July 2013
Proposed announcement of 1Q FY2013-14 results

5 November 2013
Proposed announcement of 2Q FY2013-14 results

January/February 2014
Proposed announcement of 3Q FY2013-14 results

May 2014
Proposed announcement of 4Q FY2013-14 results

BOARD OF DIRECTORS

AS AT 23 MAY 2013

MR EDMUND CHENG WAI WING

Chairman
Non-executive and
independent Director

Date of first appointment as a Director
22 May 2003
Date of last re-election as a Director
26 July 2012
Length of service as a Director
10 years 0 months

Board committee(s) served on
- Chairman, Board Executive Committee
- Chairman, Remuneration and Human Resource Committee

Present directorships
Listed companies
- Deputy Chairman, Wing Tai Holdings Limited
- Executive Director, Wing Tai Malaysia Berhad

Others
- Chairman, Mapletree Investments Pte Ltd
- Chairman, TFK Corporation

Major appointments (other than directorships)
- Chairman, National Arts Council
- Member, Presidential Council of Real Estate Developers' Association of Singapore (REDAS)
- Member, International Council for Asia Society

Past directorships in listed companies held over the preceding three years
- Nil

Past key appointments
- Founding Chairman, DesignSingapore Council
- Chairman, Singapore Tourism Board
- Chairman, The Esplanade Co Ltd
- Director, Singapore Airlines Limited
- Director, Urban Redevelopment Authority
- Member, Board of Trustees, Nanyang Technological University

Achievements
- The Public Service Star (BAR) from the Singapore Government
- The Public Service Star (BBM) from the Singapore Government
- "Officier de l'Ordre des Arts et des Lettres" by the Government of the Republic of France
- "Outstanding Contribution to Tourism Award" from the Singapore Government

Academic and professional qualification(s)
- Bachelor of Science degree in Civil Engineering, Northwestern University, USA
- Master of Architecture, Carnegie Mellon University, USA

MR DAVID ZALMON BAFFSKY

Non-executive and
independent Director

Date of first appointment as a Director
15 May 2008
Date of last re-appointment as a Director
26 July 2012
Length of service as a Director
5 years 0 months

Board committee(s) served on
- Chairman, Nominating Committee
- Audit Committee

Present directorships
Listed companies
- Chairman, Ariadne Australia Limited

Others
- Chairman, Food And Allied Support Services Corporation Pte. Ltd.
- Chairman, Investa Funds Management Limited
- Chairman, Voyages Indigenous Tourism Australia Limited
- Indigenous Land Corporation
- Sydney Olympic Park Authority

Major appointments (other than directorships)
- Honorary Chairman, Accor Asia Pacific
- Trustee and Chairman, Risk Management Committee, Art Gallery of New South Wales
- Deputy Chairman, Audit, Risk and Compliance Committee, Sydney Olympic Park Authority
- Founding Director and Life Member, Australian Tourism Task Force
- Member, Australian Government's Advisory Group on National Security

Past directorships in listed companies held over the preceding three years
Nil

Past key appointments
- Executive Chairman, Accor Asia Pacific
- Chairman, Citistate Corporation Limited
- Founder and Director, Tourism Asset Holdings Limited
- Director, Edenred Pte Ltd
- Director, Singapore Tourism Board

Achievements
- Officer, General Division of the Order of Australia (AO)
- Centenary Medal for "Service to Australian Society through Business Indigenous Affairs and the Arts"
- Chevalier in l'Ordre National de la Legion d'Honneur
- "Asia Pacific Hotelier of the Year" by Jones Lang LaSalle

Academic and professional qualification(s)
- Bachelor of Law, University of Sydney, Australia

MR DAVID HENG CHEN SENG

Non-executive and
non-independent Director

Date of first appointment as a Director
15 October 2009
Date of last re-election as a Director
26 July 2012
Length of service as a Director
3 years 7 months

Board committee(s) served on
- Board Executive Committee
- Board Risk Committee

Present directorships
Listed companies
Nil

Others
- Duxton Investments Pte Ltd
- Perikatan Asia Sdn Bhd
- TFK Corporation
- Fung Brands Limited

Major appointments (other than directorships)
- Co-Head, Markets Group; Senior Managing Director, Investment; and Head, SEA, Temasek International Pte. Ltd.

Past directorships in listed companies held over the preceding three years
Nil

Past key appointments
- Director, Bugis Investments (Mauritius) Pte Ltd
- Director, Chartwell Investments Pte. Ltd.
- Director, Olyn Investments Limited
- Director, Sorak Financial Holdings Pte. Ltd.
- Vice-President, Investment Banking, Deutsche Bank AG

Academic and professional qualification(s)
- Bachelor of Engineering, University of Canterbury, New Zealand
- Master of Business Administration, University of Hull, UK

MR ALEXANDER CHARLES HUNGATE

Non-executive and
independent Director

Date of first appointment as a Director
27 July 2011
Date of last re-election as a Director
N.A.
Length of service as a Director
1 year 9 months

Board committee(s) served on
- Remuneration and Human Resource Committee
- Nominating Committee

Present directorships
Listed companies
Nil

Others
- Food And Allied Support Services Corporation Pte. Ltd.

Major appointments (other than directorships)
- Member, National Youth Achievement Award Association Advisory Board

Past directorships in listed companies held over the preceding three years
Nil

Past key appointments
- Chairman, HSBC Bank Turkey A.S.
- Chief Executive Officer, The Hongkong and Shanghai Banking Corporation Limited, Singapore
- Director, The Hongkong and Shanghai Banking Corporation Limited and its group of companies
- Director, Hang Seng Asset Management Pte Ltd
- Director, HSBC Trustee (Singapore) Limited
- Council Member, The Association of Banks in Singapore
- Member, HSBC Group Management Board and Risk Management Committee
- Director, HSBC Bank Egypt S.A.E.
- Global Head, Personal Financial Services and Marketing, HSBC
- Managing Director, Reuters, Asia Pacific
- Non-Executive Chairman, Factiva
- Strategy Consultant, Booz Allen & Hamilton

Academic and professional qualification(s)
- Master of Arts in Engineering, Economics and Management, Oxford University, UK
- Master of Business Administration (Baker Scholar), Harvard Business School, USA

MR NIHAL VIJAYA DEVADAS KAVIRATNE CBE
Non-executive and independent Director

Date of first appointment as a Director
30 July 2010
Date of last re-election as a Director
N.A.
Length of service as a Director
2 years 10 months

Board committee(s) served on
- Audit Committee
- Board Risk Committee

Present directorships
Listed companies
- Chairman, Akzo Nobel India Limited
- Chairman, Strategy Committee, Starhub Ltd.
- DBS Group Holdings Ltd
- GlaxoSmithKline Pharmaceuticals Limited, India

Others
- President Commissioner, PT TVS Motor Company, Indonesia
- DBS Bank Limited
- TVS Motor (Singapore) Pte. Ltd.
- Wildlife Reserves Singapore Pte Ltd
- Member, Strategy Committee, Nucleus Connect Pte. Ltd.

Major appointments (other than directorships)
- Patron, Indian Cancer Society
- Founder, St Jude India ChildCare Centres
- Founder President, International Wine & Food Society, Bombay Branch
- Member, International Advisory Panel, Global Alliance for Improved Nutrition

Past directorships in listed companies held over the preceding three years
- Agro Tech Foods Limited, India (an affiliate of ConAgra Foods Inc)
- Titan Industries Limited, India

Past key appointments
- Chairman and Chief Executive Officer, PT Unilever, Indonesia
- Chairman, Home & Oral Care, Unilever Asia
- Director, TVS Motor Company (Europe) BV, The Netherlands
- Managing Director, Unilever Argentina

Achievements
- Stars of Asia Award, one of the “25 leaders at forefront of change” by Businessweek
- Queen’s 2004 New Year Honours List and conferred the Commander of the British Empire (CBE), UK
- Chevalier du Tastevin

Academic and professional qualification(s)
- Bachelor of Arts (Honours), Bombay University, India
- Advanced Management Program, Harvard Business School, USA
- Advanced Executive Program, Northwestern University, USA

MR KOH POH TIONG
Non-executive and independent Director

Date of first appointment as a Director
1 November 2011
Date of last re-election as a Director
26 July 2012
Length of service as a Director
1 year 6 months

Board committee(s) served on
- Chairman, Board Risk Committee
- Audit Committee

Present directorships
Listed companies
- Chairman and Senior Adviser, Ezra Holdings Limited
- Director and Adviser, Fraser and Neave Limited
- Petra Foods Limited
- The Great Eastern Life Assurance Company
- Raffles Medical Group Limited
- United Engineers Limited

Others
- Chairman, National Kidney Foundation
- PSA Corporation Limited
- PSA International Pte Ltd

Major appointments (other than directorships)
- Chairman, Singapore Kindness Movement

Past directorships in listed companies held over the preceding three years
Nil

Past key appointments
- Chairman, Agri-Food & Veterinary Authority
- Chairman, Advisory Committee, Gan Eng Seng School
- Chief Executive Officer, Food and Beverage, Fraser and Neave, Limited
- Chief Executive Officer, Asia Pacific Breweries Limited
- Member, Organising Committee, Singapore Youth Olympic Games
- Member, MBA Advisory Board, Nanyang Technological University
- Member, Resource Panel, Government Parliamentary Committee (Finance, Trade and Industry)
- Director, National Healthcare Group Pte Ltd
- Director, Wildlife Reserves Singapore Pte Ltd

Achievements
- The Public Service Medal from the Singapore Government
- Service to Education Award by the Ministry of Education
- Outstanding CEO Award from DHL/The Business Times

Academic and professional qualification(s)
- Bachelor of Science, University of Singapore

MR KEITH TAY AH KEE
Non-executive and
independent Director

Date of first appointment as a Director
26 July 2007
Date of last re-election as a Director
30 July 2010
Length of service as a Director
5 years 10 months

Board committee(s) served on
- Chairman, Audit Committee
- Board Executive Committee

Present directorships
Listed companies
- FJ Benjamin Holdings Ltd
- Rotary Engineering Limited
- Singapore Post Limited
- Singapore Reinsurance Corporation Limited

Others
- Chairman, Stirling Coleman Capital Limited
- Food And Allied Support Services Corporation Pte. Ltd.
- TFK Corporation
- YTL Starhill Global REIT Management Limited

Major appointments (other than directorships)
- Board member, Singapore International Chamber of Commerce

Past directorships in listed companies held over the preceding three years
- Allgreen Properties Ltd
- Aviva Limited
- Singapore Power Limited

Past key appointments
- Chairman and Managing Partner, KPMG Peat Marwick Singapore
- President, Institute of Certified Public Accountants of Singapore (ICPAS)
- Adjunct Professor, Nanyang Technological University
- Member, Governing Council (and Founding Member), Singapore Institute of Directors

Achievements
- The Public Service Star Award (BBM) from the Singapore Government
- First International Award for Outstanding Contribution to the Profession by the Institute of Chartered Accountants in England & Wales
- Gold Medal for distinguished service to the profession by ICPAS

Academic and professional qualification(s)
- Fellow, Institute of Chartered Accountants in England & Wales
- Honorary Fellow, Institute of Certified Public Accountants of Singapore
- Associate Member, The Chartered Institute of Taxation, UK

MR LEO YIP SENG CHEONG
Non-executive and
independent Director

Date of first appointment as a Director
1 September 2010
Date of last re-election as a Director
27 July 2011
Length of service as a Director
2 years 8 months

Board committee(s) served on
- Nominating Committee
- Remuneration and Human Resource Committee

Present directorships
Listed companies
Nil

Others
- Chairman, EDB Investments Pte Ltd
- Chairman, EDBI Pte. Ltd.
- Deputy Chairman, Human Capital Leadership Institute
- Lucasfilm Animation Singapore Pte. Ltd.

Major appointments (other than directorships)
- Chairman, Singapore Economic Development Board
- Member, National Research Foundation

Past directorships in listed companies held over the preceding three years
Nil

Past key appointments
- Permanent Secretary, Ministry of Manpower
- Chief Executive, Singapore Workforce Development Agency
- Principal Private Secretary to then Senior Minister Lee Kuan Yew
- Director (Operations), Singapore Police Force

Achievements
- The Public Administration Medal (Gold) from the Singapore Government
- The Public Administration Medal (Silver) from the Singapore Government

Academic and professional qualification(s)
- Bachelor of Arts (Economics), University of Cambridge, UK
- Masters of Business Administration, University of Warwick, UK
- Masters in Public Administration, JFK School of Government, Harvard University, USA

EXECUTIVE MANAGEMENT

Seated, from left:
WONG HONG
FERRY CHUNG QING AN

Standing, from left:
ANDREW LIM CHENG YUEH
RONALD YEO YOON CHOO
HELEN CHAN YIN FOONG
PREMA SUBRAMANIAM
LEONG KOK HONG

Seated, from left:
TAN CHUAN LYE
YACOOB BIN AHMED PIPERDI

Standing, from left:
DENIS SURESH KUMAR MARIE
CHANG SEOW KUAY
TAN LI LIAN
PETER TAY KAY PHUAN
POON CHOON LIANG
TONY GOH AIK KWANG

EXECUTIVE MANAGEMENT

TAN CHUAN LYE

Mr Tan is the President and Chief Executive Officer of SATS. He was appointed to his present position in April 2012. Prior to this, he was Acting Chief Executive Officer since July 2011. He was also concurrently Executive Vice President, Food Solutions since October 2009, overseeing and growing SATS' aviation and non-aviation food businesses.

Mr Tan joined SATS in May 1976. In a career spanning over 37 years, he held managerial positions in SIA Ground Services and SATS Airport Services Pte Ltd, and was responsible for both SIA and SATS' Changi Airport Terminal 2 operations. He was appointed Senior Vice President, Catering in February 2000.

Mr Tan is the Chairman of Singapore Food Industries Pte. Ltd., SFI Manufacturing Private Limited, SATS-Creuers Cruise Services Pte. Ltd. and Asia Airfreight Terminal Co Ltd. He is also the Vice Chairman of Beijing Airport Inflight Kitchen Ltd and Aviserv Limited. In addition, he sits on various Boards of SATS' subsidiaries and associates.

Mr Tan graduated from the University of Singapore with a Bachelor of Social Science (Honours) degree, majoring in Economics.

FERRY CHUNG QING AN

Mr Chung joined SATS in August 2011 as Executive Vice President, Enterprise Development. He oversees SATS' corporate strategy and planning, business development, sales and marketing, information technology, the centre of excellence, property, central purchasing, and enterprise risk management.

Prior to this, Mr Chung was the Global Vice President with CISCO Systems Inc, a global networking and telecommunications company. He was based in Singapore and Shanghai for the position. He was instrumental in setting up the Integrated Solutions Group in the Asia Pacific region and China, focusing on major enterprise customers brought about by the huge urbanisation opportunities in China. Mr Chung also held other key senior positions in Cap Gemini Ernst & Young, KPMG Consulting Asia Pacific, Deloitte & Touche Consulting and Accenture.

Mr Chung is the Vice President Commissioner of PT Jasa Angkasa Semesta Tbk and the Vice Chairman of Tan Son Nhat Cargo Services Ltd. He sits on various Boards of SATS' subsidiaries and associates. He graduated from the University of Auckland with a Bachelor of Computer Science degree.

YACOOB BIN AHMED PIPERDI

Mr Piperdi is the Executive Vice President, Food Solutions of SATS since April 2012. Prior to this, he was holding the concurrent appointments of Acting Executive Vice President, Gateway Services and Senior Vice President, Cargo Services.

Mr Piperdi joined SATS in April 1981 and assumed various positions including Vice President, Cargo, Vice President, SATS Inflight Catering Centre 2 as well as other managerial positions in apron and baggage, passenger services, and marketing. He also worked in SIA Ground Services, where he was responsible for network procedures and contracts.

Mr Piperdi is the Chairman of Sports Catering Services Pte. Ltd. He sits on various Boards of SATS' subsidiaries and associates. He also currently serves as a member of the Customs Advisory Council in Singapore. Mr Piperdi graduated from the National University of Singapore with a Bachelor of Arts (Honours) degree, majoring in English.

WONG HONG

Mr Wong is the Executive Vice President, Gateway Services of SATS. He joined SATS in July 2012. He is responsible for further developing the Group's Gateway Services competencies to support its expansion into the region as well as developing key strategic alliances and securing new business in this area.

Prior to this, Mr Wong was Regional Director, Asia Pacific for Industry Distribution and Financial Services at the International Air Transport Association (IATA). He was responsible for managing IATA's airline settlement systems and its accreditation program covering passenger and cargo agents across the Asia Pacific region. Before IATA, he spent three years with MasterCard International and 13 years with SIA, holding various senior appointments.

Mr Wong sits on the Boards of a number of SATS' subsidiaries and associates. An SIA Scholar, he holds a Bachelor's degree (Honours) in Electrical Engineering from the National University of Singapore. He is also a Harvard Business School alumnus, having completed the General Management Program (2011).

CHANG SEOW KUAY

Mr Chang is the Senior Vice President, Institutional Catering of Singapore Food Industries Pte Ltd, a wholly-owned subsidiary of SATS. He joined SATS in June 1990 and was appointed to his present position in November 2012. Prior to this, he was the Senior Vice President, Gateway and Food (Overseas Operations) and Senior Vice President, Food Solutions (Overseas Operations).

He also held other senior positions including Chief Executive Officer of Country Foods Pte. Ltd., Senior Vice President, Special Projects, and Vice President, Business Planning and Development. He assumed other managerial positions in catering production and marketing, and was seconded to Beijing Airport Inflight Kitchen Ltd in May 1995 to start up its catering operations.

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

TONY GOH AIK KWANG

Mr Goh is the Senior Vice President, Sales and Marketing of SATS. He is responsible for network and relationship marketing (airlines), management of key accounts and Singapore ground handling contracts.

He joined SATS in July 1978 and assumed his current position in July 2008. Prior to this, he held various executive and managerial positions in SATS.

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

LEONG KOK HONG

Mr Leong is the Senior Vice President, Greater China (Gateway) of SATS. He joined SATS in July 1976 and was appointed to his present position in June 2012. Prior to this, he was Senior Vice President, Corporate Business Development.

He also served as Senior Vice President, Strategic Partnership, Senior Vice President, Apron Services, Senior Vice President, Cargo Services, Senior Vice President, North Asia and Chief Representative China, responsible for business development and joint ventures for the North Asia region. Previously, he held several managerial positions covering catering, cargo, IT Systems and corporate planning.

Mr Leong is concurrently the Executive Director of Asia Airfreight Terminal Co Ltd and Board Director of SATS HK Ltd. He also sits on various Boards of SATS' associates. He graduated from the University of Singapore with a Bachelor of Science (Honours) degree in Physics.

ANDREW LIM CHENG YUEH

Mr Lim is the Senior Vice President, Passenger Services of SATS since June 2012. He joined SATS in May 1979. Prior to his current position, he was based in Hong Kong as Senior Vice President, Greater China and was also Senior Vice President, Apron and Passenger Services. Previously, he held other managerial positions in SATS covering cargo, security services, passenger services, human resources and training and in SIA Cargo.

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

DENIS SURESH KUMAR MARIE

Mr Marie is the Senior Vice President, Apron Services of SATS. He concurrently oversees the operations of Asia-Pacific Star Private Limited and SATS Security Services Private Limited. He joined SATS in October 2001 and assumed his present position since June 2012. Prior to this, he was Senior Vice President, Passenger Services.

With 18 years of experience in security and law enforcement, he held senior positions in training and security management. He left with the rank of Deputy Assistant Commissioner with CISCO and in 2001 was appointed as General Manager of SATS Security Services Private Limited.

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

POON CHOON LIANG

Mr Poon is Advisor to Singapore Food Industries Pte Ltd (SFI), a wholly-owned subsidiary of SATS. He is also the Managing Director of SFI Manufacturing Private Limited. He joined SFI in 1998 and was appointed to his current position in November 2012. Prior to this, he was its Chief Operating Officer and General Manager, Catering Division.

Mr Poon was formerly a senior military officer with the Singapore Armed Forces, specialising in supply and transportation. He is the Chairman of Primary Industries (Qld) Pty Ltd and Urangan Fisheries Pty Ltd. He also 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.

PREMA SUBRAMANIAM

Ms Subramaniam is the General Counsel and Senior Vice President, Legal and Secretariat of SATS. She joined SATS in July 2012 and was concurrently appointed as Joint Company Secretary of SATS and its various subsidiaries. She is responsible for all legal and corporate secretarial affairs and supports the Board of Directors and the various Board Committees in ensuring that all legal, corporate governance and regulatory matters are in compliance with the SGX Listing Manual as well as the Companies Act.

Ms Subramaniam brings with her a wealth of experience in the legal and corporate secretarial fields. She was formerly the General Counsel of Fortis Healthcare International Pte Limited, Vice President, Corporate Secretariat and Legal of SMRT Corporation Ltd and Vice President, Legal of Singapore Technologies Kinetics Ltd.

She graduated from the National University of Singapore with a Bachelor of Laws (Honours) degree and is a member of the Singapore Academy of Law.

TAN LI LIAN

Ms Tan is the Senior Vice President, Human Capital of SATS. She joined SATS in August 2010 as Vice President, Human Capital and was promoted to her current position in April 2012. Ms Tan leads the Human Capital team in talent attraction and resource planning, rewards and performance management, human capital development, employee relations, organisation development, and all other human capital related programmes at the group level.

Prior to joining SATS, Ms Tan held various senior human capital appointments in KPMG Consulting Asia Pacific, Singapore Computer Systems Limited and Singapore Telecommunications Ltd. She has a wealth of experience in the field of human capital and is currently holding the role of treasurer at the Human Capital Board of Singapore. Ms Tan graduated from Texas A&M University with a Bachelor's degree in Business Administration, majoring in Finance.

PETER TAY KAY PHUAN

Mr Tay is the Senior Vice President, Inflight Catering 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, responsible for designing, developing and managing operations at SATS Airfreight Terminals.

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

RONALD YEO YOON CHOO

Mr Yeo is the Senior Vice President, Cargo Services of SATS. He was appointed to this position in April 2012. Prior to this, he was Senior Vice President, Gateway Services (Overseas Operations), responsible for the performance of SATS' overseas operating units. Mr Yeo joined SATS in November 1978. He held various 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' subsidiaries and associates. He graduated from the University of Singapore with a Bachelor of Engineering (Honours) degree.

HELEN CHAN YIN FOONG

Ms Chan is the Acting Chief Financial Officer of SATS since August 2012. She is also concurrently the Group Financial Controller. She joined SATS in August 2011.

Ms Chan has more than 20 years of experience in the field of finance. Prior to joining SATS, she held various senior finance positions including Finance Director, NCS Pte Ltd and Financial Controller, Singapore Computer Systems Limited.

Ms Chan graduated from the National University of Singapore with a Bachelor Degree in Accountancy. She is a CPA, Singapore and a member of the Institute of Certified Public Accountants of Singapore.

INVESTOR RELATIONS

SATS Corporate Relations aims to communicate pertinent information to shareholders, investors, analysts and the media on a regular and timely basis and in a clear, forthcoming and detailed manner, taking into consideration their views and addressing their concerns. We also ensure that the dissemination of material, price-sensitive information is made publicly available on a non-selective basis.

Information is disseminated via:

- Media releases and announcements, which are issued through the SGXNet. They relate to the Group's financial performance, business and strategic developments. They are also uploaded on SATS corporate website at www.sats.com.sg; and
- SATS corporate website, which has a dedicated section on Investor Relations (IR). Annual reports, quarterly financial results, webcasts of quarterly earnings briefings, the latest corporate presentations and other information considered to be of interest to shareholders and the investment community are readily available in this section.

We also maintain a database comprising shareholders, the investment community and the media 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 shareholders, the investment community and the media on our financial performance as well as key business and corporate developments. For the fourth quarter, we have a face-to-face briefing for both analysts and the media, with live audio webcast. An on-demand audio webcast is made available on our website on the same day of each earnings conference call and briefing.

SATS Corporate Relations, together with the President and Chief Executive Officer, and the Group Financial Controller, actively engage shareholders and the investment community through regular meetings, conference calls, roadshows, investment conferences and site visits to help them better understand our business model and environment as well as our growth strategies. During the year, we held close to 90 face-to-face meetings and conference calls with more than 180 investors from Singapore and overseas. We also organised site visits to the Marina Bay Cruise Centre Singapore and our catering facilities to provide better insight into our operations and capabilities.

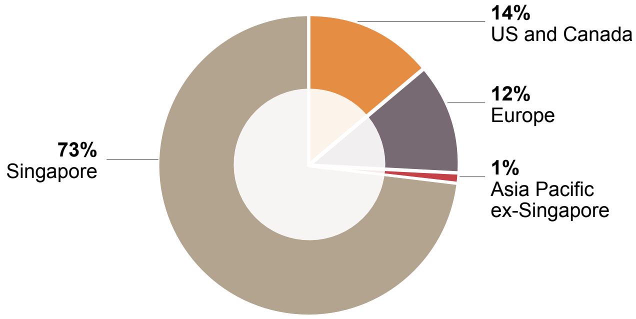
To grow and achieve a wider geographical spread in our shareholder base, we track changes in our share register on a regular basis. We participated in several investment conferences in Singapore during the year to increase SATS' visibility amongst shareholders and investors, providing them direct access to our management. In our bid to reach out to retail shareholders, we also participated in a seminar organised by the Securities Investors Association Singapore (SIAS).

Held every July, our Annual General Meeting (AGM) provides an opportunity for us to communicate directly with shareholders. Our Board of Directors and key members of Management are present to address shareholders' queries during the AGM.

There are currently 13 sell-side analysts covering SATS. While we continue to engage them to enhance their understanding of our business and strategies, we also maintain dialogues with other brokerages to initiate coverage on SATS.

At end-March 2013, Temasek Holdings remained our largest shareholder with a shareholding interest of 43%. Other Singapore shareholders accounted for 30% of SATS' shareholdings. Outside of Singapore, investors from the US and Canada, and Europe held the most number of shares.

Breakdown of Shareholdings by Geography



IR CALENDAR FOR FY2012-13

First Quarter (1 April – 30 June 2012)

- FY2011-12 results briefing for media and analysts
- Post-results luncheon hosted by HSBC
- Deutsche Bank Access Asia Conference
- SIAS Corporate Profile and Investment Seminar

Second Quarter (1 July – 30 September 2012)

- 1Q FY2012-13 earnings conference call with live audio webcast
- 39th AGM
- Post-results luncheon hosted by Deutsche Bank
- Analysts site visit to the Marina Bay Cruise Centre Singapore

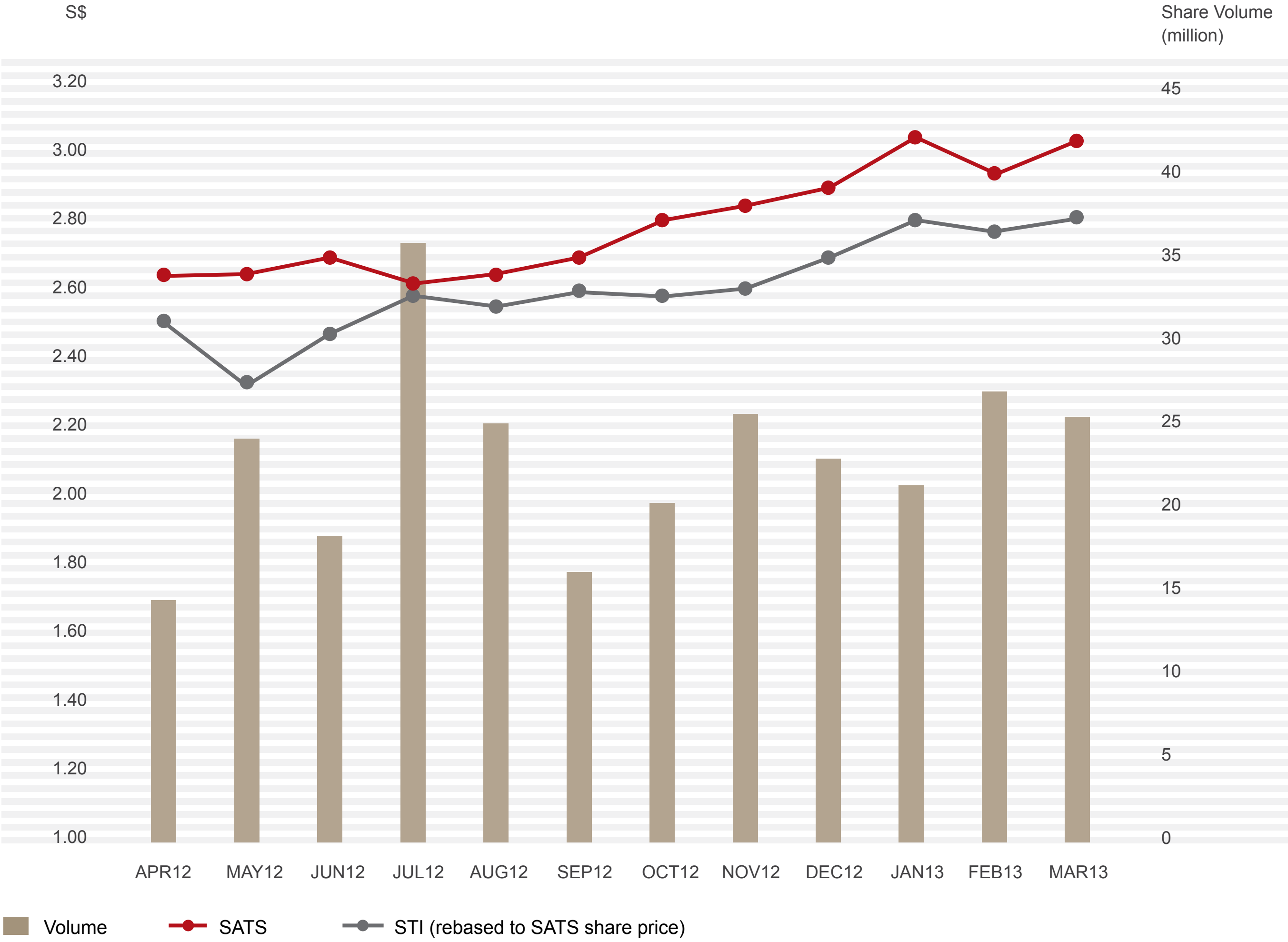
Third Quarter (1 October – 31 December 2012)

- 2Q FY2012-13 earnings conference call with live audio webcast
- Morgan Stanley Asia Pacific Summit

Fourth Quarter (1 January – 31 March 2013)

- 3Q FY2012-13 earnings conference call with live audio webcast
- Post-results luncheon hosted by CLSA

Share Price and Volume



Share Price ($) and Volume (million stock units)	FY2012-13	FY2011-12
Highest closing price during the year	**3.09**	2.72
Lowest closing price during the year	**2.47**	2.06
Closing price on 31 March	**3.04**	2.49
Total volume for the year	**274.72**	261.19
Average daily volume	**1.10**	1.04

Market Value Ratios (based on 31 March closing price)		
Price/Earnings	**18.28**	16.15
Price/Book value #	**2.41**	1.83
Price/Cash earnings *	**12.13**	9.84

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.
Source: Factset and Bloomberg

GROUP STRUCTURE AND INVESTMENTS

AS AT 23 MAY 2013

SATS Ltd.

GATEWAY SERVICES

SUBSIDIARIES/ASSOCIATES/AFFILIATES

Singapore

- 100% Asia-Pacific Star Private Limited
- 100% Aerolog Express Pte Ltd
- 100% SATS Airport Services Pte Ltd (0.01% of SATS (India) Co. Private Limited)
  - 60% SATS-Creuers Cruise Services Pte. Ltd.
- 100% SATS Security Services Private Limited
- 24% Singapore Airport Duty-Free Emporium (Private) Limited

Overseas

- 100% SATS HK Limited, *Hong Kong*
- 99.99% SATS (India) Co. Private Limited, *India*
- 50% Air India SATS Airport Services Private Limited, *India*
- 49.79% 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*
  - 40% Tianjin Aviation Ground Services Co Ltd, *China*
  - 37% Beijing Airport Trucking Services Co Ltd, *China*
  - 35% Beijing Airport Cargo Consolidation Services Co., Ltd, *China*
- 30% Tan Son Nhat Cargo Services Ltd, *Vietnam*
- 25% Evergreen Air Cargo Services Corporation, *Taiwan*
- 20% Evergreen Airline Services Corporation, *Taiwan*

SATS Ltd.
FOOD SOLUTIONS
SUBSIDIARIES/ASSOCIATES/AFFILIATES

Singapore

- 100% Aero Laundry And Linen Services Private Limited
- 100% Country Foods Pte. Ltd.
- 100% SATS Catering Pte Ltd
- 100% SATS Investments Pte. Ltd.
  - 51% Food And Allied Support Services Corporation Pte. Ltd.
- 100% Singapore Food Industries Pte. Ltd.
  - 100% SFI Food Pte. Ltd.
  - 100% SFI Manufacturing Private Limited
  - 100% Singapore Food Development Pte Ltd
  - 100% Singfood Pte. Ltd.
  - 78.5% Primary Industries Private Limited
    - 100% Farmers Abattoir Pte Ltd
    - 100% Hog Auction Market Pte Ltd
  - 100% SATS Investments (Middle East I) Pte. Ltd.
  - 70% Sports Catering Services Pte. Ltd.
- 49% Servair-SATS Holding Company Pte Ltd

Overseas

- 50.7% TFK Corporation* *Japan*
  - 100% Narita Dry Ice Co., Ltd *Japan*
  - 100% New Tokyo Service Co., Ltd *Japan*
  - 95% Inflight Foods Co., Ltd *Japan* (5%)
  - 99.97% Tokyo Flight Kitchen Restaurantes LTDA *Brazil* (0.03%)
  - 49.76% Tasco Foods Co., Ltd *Japan*
  - 27.7% International Airport Cleaning Co., Ltd *Japan*
- 40% Adel Abuljadayel Flight Catering Company Limited *Saudi Arabia*
- 100% FASSCO International (Australia) Pty Ltd *Australia*
- 99% FASSCO International (India) Private Limited *India* (1%)
- 100% Primary Industries (Qld) Pty Ltd *Australia*
  - 51% Urangan Fisheries Pty Ltd *Australia*
- 100% Shanghai ST Food Industries Co., Limited *China*
- 30% Jilin CSD Food Co., Ltd *China*
  - 100% CSD (Yongji) Agricultural Industries Co., Ltd. *China*
    - 75% Jilin CSD TOPIGS Pig Breeding Company Limited *China*
- 30% Mumtaz Food Solutions Limited *Saudi Arabia*
- 33.99% Macau Catering Services Company Ltd *Macau*
- 49% Aviserv Limited** *Ireland*
- 49% Taj SATS Air Catering Limited *India*
- 40% Beijing Airport Inflight Kitchen Ltd *China*
- 60% Tianjin Airport Kitchen Ltd *China*
- 35% Maldives Inflight Catering Private Limited *Maldives*
- 50% Shenyang Airport Inflight Kitchen Co Ltd *China*
- 30% Taj Madras Flight Kitchen Private Limited *India*
- 20% MacroAsia Catering Services, Inc *Philippines*
- 44% MacroAsia *Qatar*
- 15% Evergreen Sky Catering Corporation *Taiwan*

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

** Incorporated in Ireland, place of business in Pakistan.

SATS AT A GLANCE

GATEWAY SERVICES

SATS gateway business encompasses a complete range of ground handling services to handle passengers, flights and cargo, starting from the check-in process at the point of departure to arrival at the final destination. With extensive experience and the most rigorous standards of operations, we ensure seamless coordination between departments for the complete safety of each passenger and security of air cargo. Leveraging on our gateway capabilities, we have extended our services to the cruise industry.

Today, SATS is the leading ground handler at Singapore Changi Airport, serving over 50 airlines and 74% of all flights.

Our offerings include:
- Ramp and baggage handling
- Airfreight handling and logistics
- Passenger services and lounge management
- Aviation security
- Warehousing/Perishables handling
- Cruise handling and terminal management

FOOD SOLUTIONS

SATS food business offers the finest quality, uncompromised food safety standards and delectable signature cuisines. We are the first-choice airline caterer at Singapore Changi Airport. With over 60 years of experience in inflight catering, our aim is to delight every passenger with an unforgettable gastronomical experience.

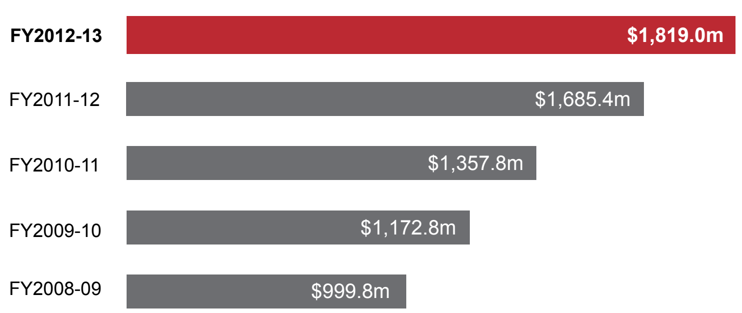
With the support of a large network of partners, our food business has extended its reach beyond Asia Pacific to the Middle East, and across sectors to industries such as defence, healthcare and hospitality. SATS is the leading caterer at Singapore Changi Airport, serving close to 45 airlines and 85% of all flights.

Our offerings include:
- Airline catering
- Food distribution and logistics
- Institutional and remote catering
- Chilled and frozen food manufacturing
- Airline linen laundry

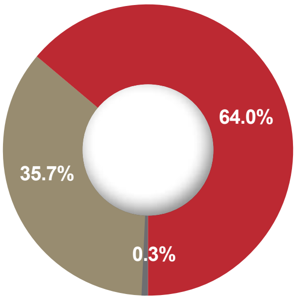
GROUP REVENUE
(Continuing operations)

$1,819.0m

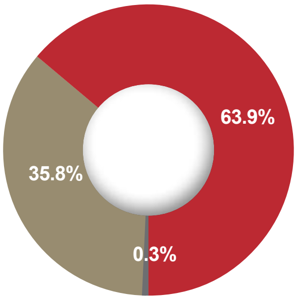
+7.9%



By Business



FY2012-13

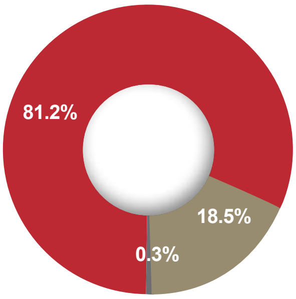


FY2011-12

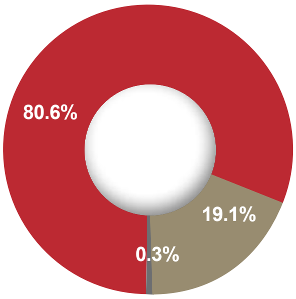
Revenue ($m)	**FY2012-13**	FY2011-12	% Change
Gateway services	**648.7**	602.7	7.6
Food solutions	**1,164.7**	1,077.0	8.1
Corporate	**5.6**	5.7	(1.8)
Total	**1,819.0**	1,685.4	7.9

Notes:
- Gateway services: revenue from airport and cruise terminal services, including ground and cargo handling, passenger and security services, baggage handling, apron services and cargo logistics services.
- Food solutions: revenue from inflight catering, institutional catering, remote catering, food distribution and logistics, chilled, frozen and retort food manufacturing, and airline linen and laundry services.
- Corporate: revenue from the corporate arm.

By Industry



FY2012-13

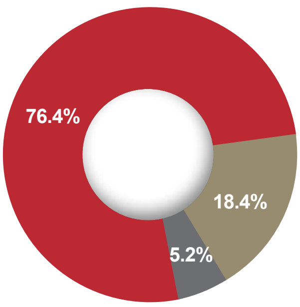


FY2011-12

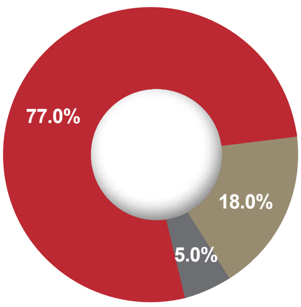
Revenue ($m)	**FY2012-13**	FY2011-12	% Change
Aviation	**1,476.1**	1,357.6	8.7
Non-aviation	**337.3**	322.1	4.7
Corporate	**5.6**	5.7	(1.8)
Total	**1,819.0**	1,685.4	7.9

Notes:
- Aviation: revenue from aviation-related businesses in gateway services and food solutions.
- Non-aviation: revenue mainly from Singapore Food Industries Group of companies, Country Foods and SATS-Creuers Cruise Services.
- Corporate: revenue from the corporate arm.

By Geographical Location



FY2012-13



FY2011-12

Revenue ($m)	**FY2012-13**	FY2011-12	% Change
Singapore	**1,389.9**	1,298.5	7.0
Japan	**334.4**	302.6	10.5
Others	**94.7**	84.3	12.3
Total	**1,819.0**	1,685.4	7.9

Notes:
- Singapore: revenue from gateway services and food solutions businesses within Singapore.
- Japan: revenue from TFK.
- Others: revenue mainly from Singapore Food Industries Group of companies (Australia), SATS HK and Country Foods Macau.

Reflecting the strong air travel demand within Asia Pacific, we handled more than 123,000 flights, representing a 6.8% increase year-on-year. Passengers handled rose 8.7% to 41.2 million.

GATEWAY SERVICES

Singapore

SATS maintained its position as the leading gateway services provider at Singapore Changi Airport, serving over 50 airlines and handling 74% of all flights as at 31 March 2013. Reflecting the strong air travel demand within Asia Pacific, we handled more than 123,000 flights, representing a 6.8% increase year-on-year. Passengers handled rose 8.7% to 41.2 million. Due to the weak demand for airfreight, cargo throughput declined 2.8% to 1.5 million tonnes.

NEW CONTRACTS AND RENEWALS

For the year under review, we grew our customer base by securing new ground handling contracts with customers including Air India Express, FedEx, Lufthansa Cargo and United Airways. We also renewed contracts with several customers such as China Eastern Airlines, China Southern Airlines, EVA Airways, Korean Air, Singapore Airlines, Swiss International Air Lines and United Airlines.

Asia-Pacific Star (APS), our wholly-owned subsidiary serving the low-cost carrier (LCC) segment, handled closed to 33,000 flights during the year. It secured a new multi-year contract to provide ground handling and inflight catering services to Scoot, while renewing contracts with customers Cebu Pacific Air and Tiger Airways.

In a sign of growing mutual commitment, APS has grown its remit with Scoot to now provide a comprehensive range of solutions including value-added ancillary services. In addition, APS successfully assisted some of its customers including Mandala Airlines, South East Asian Airlines and Tiger Airways in their migration of operations from the Budget Terminal to Terminal 2 in September 2012, when the former was shut down to make way for the construction of Terminal 4.

In the area of security services, we won several contracts with new airline customers including Air Mauritius, Drukair – Royal Bhutan Airlines, FedEx and Scoot. We also continued to provide armed security services to Resorts World Sentosa following our successful contract renewal during the year.

FY2012-13 marked our first ten months of operations at the Marina Bay Cruise Centre Singapore (MBCCS) through our 60:40 joint venture with Creuers del Port de Barcelona (Creuers). During this period, SATS-Creuers Cruise Services handled over 80 ships and more than 230,000 passengers, exceeding our initial forecasts. We also started our CruiseFly service at MBCCS, allowing passengers arriving by sea and departing by air on the same day to enjoy a seamless check-in experience.

CONTINUOUS INNOVATION TO ENHANCE CUSTOMER EXPERIENCE

In line with our organisation-wide dedication to operational excellence, we constantly strive to enhance our service offerings to meet the evolving needs of our customers.

As part of our value-added service to Scoot, we established a joint operations control centre to provide flight operations and other services including crew management, flight watch and flight dispatch. We have also implemented a baggage tracking system to help our airline customers who are not on the World Tracer platform improve the tracing of baggage that are delayed, lost or damaged.

At our cargo operations, a number of initiatives aimed at streamlining workflow and increasing efficiency were introduced. We established a new Tiger Airways hub to support our customer's growing cargo business in Singapore, by providing one-stop service to facilitate export acceptance, import delivery and transshipment operations.

“ Our sincere appreciation goes to SATS HK for being a true partner in times of adversity. With Typhoon Vicente lashing on Hong Kong, the night of 23 July last year proved to be the ultimate test for us.

Throughout the dangerous situation of an aircraft rocking sideways by the gale-force winds, the experience and professionalism of SATS HK staff prevailed. The ground staff carefully docked and withdrew the aerobridge three times just to avoid any damage to the aircraft fuselage. Thank you, SATS HK. ”

Goh Chee Siong
Station Manager
Singapore Airlines, Hong Kong Station

In July 2012, we launched the mobile Airwaybill (AWB) Manifesting System which leverages web-based, device-independent, Wi-Fi technology to achieve greater efficiency, traceability and higher accuracy in the handling of AWB documents. This is the first application of mobile tablets in an Asian airfreight terminal. By eliminating manual checking of AWBs against hardcopy final manifests, the system saves time and paper as well as improves documentation accuracy. In the time-sensitive airfreight industry, it also improves visibility of AWB status by capturing information in real-time and allowing staff to track the progress of each flight assigned.

Overseas

NORTH ASIA

SATS HK Limited (SATS HK)

SATS HK is our wholly-owned subsidiary, providing passenger and ramp handling services at Hong Kong International Airport (HKIA). In FY2012-13, it expanded its customer base to 38 airlines, and increased its market share in passenger handling and ramp handling to 21% and 25% respectively. Its client list includes FedEx, Hong Kong Airlines, Malaysia Airlines, Singapore Airlines and Tiger Airways.

For the year in review, SATS HK saw a 38% increase in flights handled to about 32,000. It secured several new customers including Air India, Air Seychelles and Ethiopian Airlines. It also renewed contracts with customers such as Malaysia Airlines, Singapore Airlines, Singapore Airlines Cargo, Spring Airlines and Turkish Airlines.

Asia Airfreight Terminal Co Ltd (AAT)

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

AAT currently serves 68 airlines at HKIA including All Nippon Airways, Asiana Airlines, FedEx, Thai Airways and Singapore Airlines Cargo. It has a market share of 33% by number of airlines served.

In the year under review, AAT reported a 3% year-on-year growth in cargo throughput to about 725,000 tonnes. It secured several new customers such as Air Seychelles, MNG Airlines, Philippines AirAsia and Southern Air, and renewed contracts with customers including AeroLogic, Asiana Airlines, Ethiopian Airlines and Thai Airways.

Beijing Aviation Ground Services Co Ltd (BGS)

BGS is a 60:40 joint venture between Capital Airports Holding Company and SATS. A leading ground handler at Beijing Capital International Airport (BCIA), it provides a comprehensive suite of services encompassing passenger, cargo, apron and technical ramp handling. It currently serves 58 international and domestic carriers at BCIA, including China Eastern Airlines, China Southern Airlines, Delta Air Lines, Emirates, Hainan Airlines and Xiamen Airlines, with a market share of close to 60% by number of airlines served.

For the year in review, BGS saw flights handled increasing 8% year-on-year to about 104,000 while cargo throughput rose 24% to 845,000 tonnes. It added several new airline customers such as AirAsia X, NordStar Airlines and Tonlesap Airlines to its client list while renewing contracts with several airlines including Etihad Airways, FedEx, Malaysia Airlines and SriLankan Airlines.

Evergreen Air Cargo Services Corporation (EGAC)

SATS holds a 25% equity stake in EGAC, which provides a comprehensive range of cargo handling services through its fully automated airfreight terminal at Taiwan Taoyuan International Airport (Taoyuan Airport) – one of Taiwan's two on-airport cargo facilities.

During the year, EGAC expanded its transshipment warehouse to accommodate 100,000 more tonnes of annual cargo handling capacity, bringing its overall handling capacity to 800,000 tonnes. It handled 455,000 tonnes of cargo, up 3% from a year ago, and secured new contracts with Martinair and Scoot. With a market share of 34%, EGAC now serves eight carriers including EVA Airways, FedEx, Morrison Express, Taiwan Express and TNT Express.

Evergreen Airline Services Corporation (EGAS)

SATS owns a 20% equity stake in EGAS, a ground handler operating at three airports in Taiwan. EGAS has a total of 28 airline customers including All Nippon Airways, EVA Airways, Hong Kong Airlines, Singapore Airlines and UNI Air. It commenced operations at Kaohsiung International Airport (Kaohsiung Airport) in September 2012, adding to its existing presence at Taipei Songshan Airport (Songshan Airport) and Taoyuan Airport. Its market share at Kaohsiung Airport is 33% by number of airlines served while at Songshan Airport and Taoyuan Airport, its market share is 40% and 31% respectively.

In FY2012-13, EGAS handled close to 41,000 flights, an increase of 17% from the previous year. It also secured several new customers including Peach Aviation, Philippines AirAsia and Scoot.

WEST ASIA

Air India SATS Airport Services Private Limited (AISATS)

A 50:50 joint venture between SATS and Air India, AISATS provides ground and cargo handling services at the Indian metro airports in Bangalore, Delhi and Hyderabad, as well as at two other airports in Mangalore and Trivandrum. AISATS is the market leader at all five airports. It serves a total of 39 carriers including Air India, Emirates, Etihad Airways, Jet Airways, SilkAir and Singapore Airlines. By number of airlines served, it has a market share of 67% and 44% at the Bengaluru International Airport in Bangalore and Rajiv Gandhi International Airport in Hyderabad respectively, while at Indira Gandhi International Airport in Delhi, its market share is 24%.

For the year in review, AISATS handled 130,000 tonnes of cargo and close to 65,000 flights – a slight decrease from a year ago due to the challenging operating environment in India. Nevertheless, AISATS boosted its client list by clinching new contracts with carriers such as Air Costa in Bangalore, All Nippon Airways and Kuwait Airways in Delhi, Cathay Pacific Airways in Hyderabad as well as Kuwait Airways, Oman Air, Qatar Airways and SilkAir in Trivandrum. It also saw SilkAir renewing its contracts in Bangalore and Hyderabad.

For the third year running, AISATS was appointed the Official Ground Handler for Aero India 2013, a major aerospace, defence and civil aviation exhibition held in Bangalore in February 2013.

SOUTHEAST ASIA

PT Jasa Angkasa Semesta Tbk (PT JAS)

Established in 1984, 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, EVA Airways, KLM Royal Dutch, Qatar Airways and Singapore Airlines.

For the year in review, PT JAS served 16 million passengers and 57,000 flights, and handled 245,000 tonnes of cargo. It secured new contracts with Mandala Airlines, Scoot and Travira Air while renewing contracts with several customers including Emirates, Etihad Airways, Qatar Airways, Saudi Arabian Airlines and Virgin Australia.

In its ongoing efforts to improve service, PT JAS implemented a number of initiatives during the year. One of these projects involved the remodeling of its entire export cargo handling process to remove bottlenecks at the various cargo processing stations and reduce waiting time for shippers during peak hours. The improved service quality was well received by its customers.

Tan Son Nhat Cargo Services Ltd (TCS)

SATS holds a 30% equity stake in TCS which provides cargo terminal handling 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. It currently serves close to 75% of the airlines operating at Tan Son Nhat, “We would like to thank SATS Passenger Services for leading the way and managing the situation so well when a Departure Control System outage took place on Saturday, 9 March this year. To have a system failure and yet not suffer any delays speaks well of the leadership and contingency plans that are in place. The team spirit displayed was fantastic. We want to thank everyone on the team, especially those who came back on their off-day to support the operations.”

Joanna Er
Station Manager
Qantas Airways, Singapore Station

including Cathay Pacific Airways, China Airlines, EVA Airways, Korean Air and Vietnam Airlines.

In FY2012-13, TCS handled about 200,000 tonnes of cargo. It won new cargo handling contracts from carriers such as Air Astana, Jeju Air and Finnair while renewing contracts with customers including Asiana Airlines, Cathay Pacific Airways and United Airlines.

During the year, TCS initiated several infrastructural projects aimed at improving customer service and handling efficiency. These included the purchase of an x-ray machine to speed up the security screening process for aircraft unit load devices, and the launch of a bonded warehouse service to provide value-added services to airline customers. TCS also commenced operations at its newly constructed Airfreight Terminal 2 in May 2012. With this new terminal, it now has a total handling capacity of 350,000 tonnes.

AWARDS AND ACCOLADES

Singapore

- SATS was named the “Best Air Cargo Terminal – Asia” for the 14th time at the Asian Freight & Supply Chain Awards 2012. Voted by professionals in the logistics and cargo industry, this prestigious title is a testament to our continued efforts to deliver excellence in our operations.
- At the Singapore Airlines CEO Transforming Customer Service Awards 2012, we were conferred the “Airport Operations Individual Award” and “Service Process Redesign Individual Award” in recognition for our excellent customer service and operations management.
- SATS received the Ministry of Home Affairs “Bronze Standard Award” and “Individual Champions Award” in recognition for its outstanding support for the Threat-Oriented Passenger Screening Integrated System.
- We won the “Pride of SilkAir Individual Award” under the ground handling category for service excellence.

Overseas

- AISATS Bangalore took the title of “Air Cargo Terminal Operator of the Year in India” for the second consecutive year at the Indian Supply Chain and Logistics Summit and Excellence Awards 2013.
- Cathay Pacific Airways and Dragonair also named AISATS Bangalore as the “Best Ground Handling Agent for Ramp Services” within their worldwide network in 2012. In addition, Dragonair named its Bangalore station, which is supported by AISATS, as the “Best Airport for On-time Performance” for the third consecutive year and for the “Best Self-Service Check-in” for the second consecutive year.
- AAT won the Silver Award under the transport and logistics category at the 2012 Hong Kong Award of Environmental Excellence.
- AAT was also conferred the “Most Effective Carbon Reduction Bronze Award” by the airport authority of Hong Kong International Airport for its efforts in reducing its carbon footprint.
- Emirates presented PT JAS with a plaque in appreciation of their 20 years of partnership at the Jakarta station.
- Qatar Airways presented its Jakarta station with the “Qatar Airways Gold Award”. Supported by PT JAS, the station was recognised for its excellence in passenger handling, on-time flight performance and baggage handling.
- BGS’ lounge clinched the first place in Japan Airlines Best Lounge Worldwide Survey.

We produced a total of 28.3 million meals, representing a 6.6% increase year-on-year due to strong air travel demand within Asia Pacific.

FOOD SOLUTIONS

Singapore

SATS retained its position as the leading inflight caterer at Singapore Changi Airport, serving close to 45 airlines and 85% of all flights for the year in review. We produced a total of 28.3 million meals, representing a 6.6% increase year-on-year due to strong air travel demand within Asia Pacific.

NEW CONTRACTS AND RENEWALS

In FY2012-13, we welcomed Air Mauritius and Drukair – Royal Bhutan Airlines as our customers and renewed our inflight catering contracts with All Nippon Airways, Qantas Airways and Singapore Airlines, among others.

Our non-aviation food business had a particularly exciting year, with SATS clinching a number of new wins in the institutional catering business.

In March 2013, we were appointed as the exclusive caterer for the Singapore Sports Hub for 21 years, together with Delaware North Companies. Our 70:30 joint venture company, Sports Catering Services, expects to commence delivering hospitality and catering services in April 2014 for the retail concessions, corporate suites, members' dining areas as well as MICE and other special events across five of Sports Hub's venues. With a combined experience and excellent track record of over 160 years in delivering large-scale catering and hospitality solutions, both our companies are well placed to provide outstanding service by leveraging our shared expertise.

We also secured a new catering contract with the Home Team Academy and a food supply contract with the Suntec Singapore International Convention & Exhibition Centre. Singapore's flourishing tourism and hospitality sector continues to present us with opportunities, as we secured the catering services contract for the prestigious Singapore F1 Grand Prix 2012 for the third consecutive year. The contract entailed providing staff meals at the F1 Village and pit area throughout the event.

"The excellence and dedication showed by the TFK team has enabled Etihad to continue delivering the quality of service that our customers have come to expect. Well done, TFK."

Werner Kimmeringer
Head of Guest Experience, Catering
Etihad Airways

This year also marked our maiden contract win in the remote catering business. Our 51:49 joint venture company, Food And Allied Support Services Corporation, clinched contracts to provide catering and housekeeping services onboard a pipe-laying barge off Myanmar waters as well as a jack-up rig to be deployed in Indian waters.

PROCESS IMPROVEMENTS

In line with SATS' organisation-wide emphasis on improving productivity, our Food Solutions businesses continued to actively explore and implement numerous initiatives to increase efficiency, optimise manpower utilisation, and reduce waste.

At Singapore Food Industries (SFI), we optimised vehicle routing and scheduling between warehouse and distribution centres, thereby reducing delivery processing time and the number of delivery trips by 40% on average. As a result, we attained savings of close to $150,000 over a nine-month period.

We also improved the production efficiency of our retort tray meal plant by 80% through employee training, work process improvements, and better communication of targets and standards. This resulted in recurring savings of $147,000 per annum.

> “We are glad to have SATS Catering as our partner for many years. The team has done an excellent job and the quality of food served on our flights is exceptional, even exceeding international standards.”

Fong Weng Pow
Station Manager
Jet Airways, Singapore Station

At SATS Inflight Catering Centre (SICC) 2, we established a Production Central Store to improve the control and tracking of materials issued. This initiative not only helped us gain better visibility of our current stock levels, it also enabled us to reduce buffer inventory held as well as wastage. As a result, we achieved a reduction in raw material costs of more than $400,000 per annum.

At both SICC 1 and SICC 2, we revamped the staff roster and improved the layout of the tray assembly sub-stores, which resulted in better workflow and manpower savings of about $40,000 per annum. We also streamlined the food checkers' roles and reduced dry ice usage by improving the collection process. These initiatives resulted in combined savings of almost $380,000 annually.

Overseas

NORTH ASIA

TFK Corporation (TFK)

TFK is a 50.7%-owned subsidiary of SATS (with voting rights of 53.8%). It currently has a total customer base of 40 airlines including Air France, Alitalia, Japan Airlines, Korean Air, Lufthansa German Airlines and Malaysia Airlines.

For the year in review, TFK continued to build on its position as the leading airline caterer at two of Japan's primary air hubs, Narita International Airport (Narita Airport) and Haneda Airport, despite the cross-strait tensions which affected regional travel. It increased its market share to serve 51% and 48% of the airlines flying out of Narita Airport and Haneda Airport respectively. It also secured several new customers including AirAsia Japan, Finnair, Garuda Indonesia, Scoot and Swiss International Air Lines, while renewing contracts with customers such as Lufthansa German Airlines and Qantas Airways.

TFK served close to 12 million meals, an increase of 15% year-on-year. In its drive to reduce costs and improve productivity, TFK completed 20 Lean Management projects that resulted in reduced wastage and utilities consumption. These initiatives saved an estimated $3.3 million during the year.

Beijing Airport Inflight Kitchen (BAIK)

Incorporated in 1993, BAIK is a 60:40 joint venture between Capital Airports Holding Company and SATS. Its client list comprises about 30 international and domestic airlines operating at Beijing Capital International Airport (BCIA). These include Air Canada, China Southern Airlines, Sichuan Airlines, Singapore Airlines and Turkish Airlines. BAIK's market share at BCIA is close to 40%, based on number of airlines served.

In FY2012-13, BAIK produced about 8 million meals, up 7% year-on-year. In addition to retaining customers including Air Astana, Malaysia Airlines, Philippine Airlines and Turkish Airlines, BAIK added new carriers such as Shanghai Airlines and Yakutia Airlines to its client roster.

Macau Catering Services Company Ltd (MCS)

Incorporated in 1995, MCS is a joint venture formed by Servair-SATS, Sociedade de Turismo e Diversoes de Macau, Wu's Group, and HN Group Limited. Servair-SATS, which holds a 34% equity stake in MCS, is a 51:49 joint venture between Servair Group and SATS.

MCS is the sole caterer at Macau International Airport, serving nine airline customers including Air Macau, EVA Airways, Jet Asia, Juneyao Airlines and Shanghai Airlines.

In FY2012-13, MCS' meal production increased 25% to about 1.5 million meals and it renewed its contract with Air Macau.

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 serves a total of 18 airline customers including All Nippon Airways, EVA Airways, Singapore Airlines, Thai Airways and UNI Air, and commands a market share of around 40% by number of airlines served.

EGSC produced over 7.4 million meals for the year in review, representing a 6% growth year-on-year. It secured new contracts with Scoot and T'way Airlines, and renewed its contract with Malaysia Airlines.

WEST ASIA

Taj SATS Air Catering Limited (TSAC)

TSAC provides catering services 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 more than 30 domestic and international carriers including Air India, British Airways, Cathay Pacific Airways, Jet Airways, Malaysia Airlines and Singapore Airlines.

For the year in review, TSAC produced 13.8 million meals. New customers secured include airlines such as All Nippon Airways and IndiGo as well as non-aviation customers such as Starbucks and Costa Coffee. It also renewed contracts with several customers including Air India, British Airways, Ethiopian Airlines and Malaysia Airlines.

TSAC embarked on several initiatives across the year to improve its facilities and reduce energy consumption. These included the upgrading of its kitchen facilities in Mumbai, Delhi and Bangalore to improve production efficiency, and the replacement of aging generators in Delhi with newer models which consume less diesel.

> “SATS Catering has been giving Japan Airlines its fullest support and cooperation in handling all our inflight catering requirements. We look forward to further strengthen this excellent partnership.”

Yuki Inuzuka
Station Manager
Japan Airlines, Singapore Station

Taj Madras Flight Kitchen Pvt Limited (TMFK)

TMFK is an inflight caterer at Chennai International Airport. It currently serves eight airlines including Air India, Jet Airways, Saudi Arabian Airlines, Singapore Airlines and Malaysia Airlines. SATS holds a 30% equity stake in TMFK, alongside joint venture partners Indian Hotels and Malaysia Airlines.

For the year under review, TMFK grew its market share to 28% by number of airlines served, produced close to 1.4 million meals, and secured GoAir and Maldivian as new customers. It also expanded its revenue sources outside of the aviation industry by catering to the American International School and café chains in Chennai.

Maldives Inflight Catering Private Limited (MIC)

Based in Malé Ibrahim Nasir International Airport (MIA), MIC is a 65:35 joint venture between Maldives Airports Company and SATS. MIC serves 21 out of the 30 airlines operating at MIA, including Aeroflot, Mega Maldives Airlines, Qatar Airways, Singapore Airlines and Transaero Airlines.

In FY2012-13, MIC produced more than 690,000 meals, added Island Aviation Services to its client roster, and renewed its contract with Thomson Airways.

MIC-owned Hulhule Island Hotel signed new crew accommodation contracts with Etihad Airways and Meridiana fly Airlines and renewed contracts with several customers including China Eastern Airlines, Condor, Qatar Airways and Thomson Airways. It saw an average occupancy rate of 72% for the year under review.

Adel Abuljadayel Flight Catering Co Ltd (AAFC)

AAFC is a Saudi Arabian inflight caterer, in which SATS owns a 40% stake. Established in 1982, AAFC is a niche inflight caterer serving primarily private jets, scheduled airlines and charters operating Hajj and Umrah flights. It serves about 30 airlines including Air India, Cathay Pacific Airways, Iraqi Airways, Kabo Air and Malaysia Airlines.

AAFC has two catering facilities located at King Abdulaziz International Airport in Jeddah and at King Khalid International Airport in Riyadh. Currently under construction, its new catering facility in Riyadh will be ready within this year.

In FY2012-13, AAFC produced 1.2 million meals, secured several new customers including Air India and Afriqiyah Airways, and renewed contracts with Malaysia Airlines and Cathay Pacific Airways.

SOUTHEAST ASIA

MacroAsia Catering Services, Inc. (MACS)

MACS is an 80:20 joint venture between MacroAsia Corporation and SATS. Established in 1996, MACS serves 14 airlines at Ninoy Aquino International Airport (NAIA) in Manila, Philippines. Its client list features prominent international carriers such as Emirates, Etihad Airways, Qatar Airways, Saudi Arabian Airlines and Singapore Airlines.

In FY2012-13, MACS produced close to 3.3 million meals, up 4% year-on-year.

AWARDS AND ACCOLADES

Singapore

- SATS received a “Certificate of Commendation” from the Agri-Food and Veterinary Authority for attaining an “A” grade under its Food Factory Grading Scheme. We have attained this top grade for 18 consecutive years. At the same ceremony, SFI also received a “Food Safety Partnership Award” for its excellence in food safety assurance and commitment towards food safety education.

- SFI won the “Share Gold Award” at the Community Chest Awards 2012. This was in recognition for its support towards social service programmes under the Community Chest.

Overseas

- TFK received the “Best Caterer Performance Award” from Alitalia for outstanding and reliable catering services.

- HIH was named the “Best Airport Hotel – Asia Pacific” at the International Hotel Awards 2012/13 in recognition for its industry-leading service standards in terms of accommodation, cuisine and overall guest experience. HIH also received the “Five Star Rating Award” at this ceremony.

- BAIK was conferred the “Global Excellence Award 2012” by Etihad Airways.

- TSAC Delhi won the “Best Caterer Award” at the inaugural GMR – IGI Airport Awards 2012 in recognition for its excellent food quality, on-time performance and safety record.

- TSAC’s chef, Arun Batra, was conferred the “Golden Hat Chefs Award” by the Ministry of Tourism, India.

- TMFK clinched the “Best Caterer Award” in recognition for its outstanding catering service within the entire Malaysia Airlines network.

- MACS was the winner of the Singapore Airlines “Excellence in Catering Award”.

CORPORATE SOCIAL RESPONSIBILITY

At SATS, we believe that sustainable growth will not only create economic value, but will do so in a way that benefits the communities we operate in. This translates to maintaining our commitment to invest in communities where we operate, and doing our part to limit the environmental impact of our activities. These values have always been at the core of our business.

Empowering the Community

SATS Foundation forms the cornerstone of our efforts to drive social change, through initiatives which are geared towards the long-term by enabling and empowering their beneficiaries. Established in 2010, the Foundation's objectives are to:

- Enable change by supporting individuals and families in need;
- Empower achievement by offering training and other opportunities to help beneficiaries realise their aspirations; and
- Rebuild lives by helping disadvantaged individuals and families re-integrate into society as well as aid retirees in their career transition.

During the year, SATS Foundation maintained its support for both the Assumption Pathway School (APS) as well as RSVP Singapore.

APS caters to students who are unable to enter secondary school, based on their Primary School Leaving Examination results. We believe that a setback in one's early life should not be a roadblock to one's success, and hence, we have been supporting APS in a number of ways.

Apart from rendering financial assistance and granting awards for academic achievement, we continued to build on the assistance we offered to the school's training restaurant, The ART. Our chefs have conducted a number of practical workshops for APS students at The ART to enhance their learning and development. We are also represented on The ART's management committee, imparting our insights into the day-to-day operations of the training restaurant including menu planning.

Continuing our collaboration with RSVP Singapore, a non-profit organisation which aims to promote and enable senior volunteerism, we witnessed the launch of its Senior Volunteer Training Centre in September last year. This training centre equips seniors with the skills and knowledge to meaningfully serve the community through purpose-driven volunteerism and lifelong learning. We provided an initial start-up grant and the support of a working team while our employees provided inputs for the Senior Volunteer Training Centre's curriculum. In addition, a group of them participated in the inaugural volunteer training workshop to develop their interests and build their skills in volunteering.

SATS Foundation is working with the Community Foundation of Singapore (CFS), an independent, non-profit philanthropic organisation, to help disburse close to $300,000, which we are donating annually towards APS and RSVP. CFS is also helping us identify other worthy causes which we can support.

Care for the Community from Within

We believe that community support must be an organisation-wide effort, and our employees continue to be a driving force behind our charitable work throughout the year. In the last 12 months, they supported nearly 40 different projects and events, contributing over $100,000 as well as their time. Some of these projects included:

- Providing monthly food packages to about 60 needy families. Our Business Units and Corporate Divisons took turns to organise the monthly food distribution exercise;
- Organising a Lunar New Year celebration for residents at the Society for the Aged Sick by treating them to lion dance performances, games and a sumptuous lunch;
- Participating in the monthly home maintenance activities organised by the Kaki Bukit Moral Seniors Activity Centre (MSAC). Each time, about five staff volunteers will help a resident who is a beneficiary under MSAC with basic housekeeping;
- Delivering daily lunches to Arc Children's Centre, an independent day-care facility for children undergoing treatment for life-threatening illnesses;
- Celebrating International Chefs Day with 90 children from the Life Community Services Society. A group of 50 chefs prepared a sumptuous tea and organised a cook-along workshop to share their passion for cooking and the importance of nutrition with under-privileged children;
- Painting murals at the Institute of Mental Health, Canossian School for the Hearing Impaired and MacPherson Void Deck Gallery to brighten up the surroundings;
- Donating to POSB PAssion Run for Kids which raised funds for less fortunate children, and to the Singapore After-Care Association which helps offenders, ex-offenders and their families to seek education and training;
- Covering the cost of an artificial kidney for 50 patients from the National Kidney Foundation through a monthly donation; and
- Participating in the Bull Charge organised by the Singapore Exchange to raise funds for Asian Women's Welfare Association, Autism Association Singapore, Fei Yue Community Services and Shared Services for Charities.

Working Towards a Green Future

With our extensive presence throughout the region, we realise that we must be good stewards of the environment we operate in. Across the Group, we work to reduce our carbon footprint by continually reviewing our operational processes to improve resource efficiency.

One of the initiatives we undertook was to reduce fuel consumption and emission output by hi-lift catering trucks. Previously, these refrigerated trucks docking at our inflight kitchens had to keep their engines running to maintain their interior temperature. Last year, we implemented a system that enabled them to tap into the building's power directly. This initiative not only minimises wear and tear of the engines but more importantly, reduces our carbon emission and fuel consumption.

We also successfully optimised the use of storage chillers at our abattoir to reduce electricity consumption; reviewed processes at our laundry facility to cut down water usage and optimised dryer temperatures to reduce drying times and energy consumption; and installed energy-saving LED lighting in our cargo offices.

At TFK, several green initiatives were launched during the year. They included installing water saving devices and LED lighting as well as recycling used paper and going paperless.

In total, these initiatives yielded recurring savings of more than $180,000 per annum.

SIGNIFICANT EVENTS

2012

14 May 2012
For the financial year ended 31 March 2012, SATS reported profit attributable to owners of the Company of $170.9 million.

22 May 2012
SATS-Creuers Cruise Services announced the first ship call by Royal Caribbean's Voyagers of the Seas at Marina Bay Cruise Centre Singapore (MBCCS) on 26 May 2012.

5 June 2012
SATS was named the "Best Air Cargo Terminal – Asia" for the 14th time at the Asian Freight & Supply Chain Awards 2012 organised by Cargonews Asia.

17 July 2012
SATS took the Silver Award for the "Best Managed Board" at the Singapore Corporate Awards 2012.

28 September 2012
We announced the divestment of Country Foods' entire 51% equity stake in Country Foods Macau.

22 October 2012
SATS-Creuers Cruise Services celebrated the official opening of the MBCCS. The ceremony was graced by Singapore Deputy Prime Minister, Mr Teo Chee Hean.

7 November 2012
We announced the renewal of our ground handling and inflight catering contracts at Singapore Changi Airport with Singapore Airlines. The contracts were retroactively effective from 1 October 2012 for a firm five-year tenure, with an option to extend for another five years.

23 November 2012
Celebrity Cruises, renowned for its luxurious cruises, arrived in Asia for the first time with the maiden call by Celebrity Solstice at the MBCCS.

8 December 2012
Celebrity Millennium made its maiden call at the MBCCS, which would serve as its regional homeport from 2013 onwards.

2013

12 March 2013
Sports Catering Services, the 70:30 joint venture company formed by SATS and Delaware North Companies, won the 21-year master catering contract for the Singapore Sports Hub. Come April 2014, it is expected to start delivering hospitality and catering services for the retail concessions, corporate suites, members' dining areas, MICE and special events across five of the Sport Hub's venues.

13 March 2013
SATS announced that as part of its succession planning, Mr Alexander Charles Hungate would succeed Mr Tan Chuan Lye as President and Chief Executive Officer (PCEO), when the latter retires at the end of 2013. Mr Hungate will be joining SATS on 16 July 2013 as Executive Director in order to begin working closely with Mr Tan to prepare for the transition. He will take the helm as PCEO on 1 January 2014 while Mr Tan will assume his new role as Executive Advisor.

5 April 2013
We clinched the Distinction Award at the inaugural Human Capital Breakthrough Award for being one of Singapore's boldest and most innovative companies in the field of people management.

8 May 2013
SATS was named the "Best Air Cargo Terminal – Asia" for the 15th time at the Asian Freight & Supply Chain Awards 2013.

15 May 2013
We reported profit attributable to owners of the Company of $184.8 million for the financial year ended 31 March 2013.

22 May 2013
SATS was the Bronze Winner for "Excellence in Mature Workforce Practices" at the Human Resources Excellence Award 2013.

FINANCIAL REVIEW

Highlights

For FY2012-13, the Group's revenue improved by $133.6 million or 7.9% to $1,819 million. Both business segments, gateway services and food solutions have registered growth of 7.6% and 8.1% respectively. Our Japan subsidiary, TFK Corporation (TFK) contributed $31.8 million to the growth, closing the year with a total revenue of $334.4 million.

Total operating expenses was $1,626.7 million, $110.3 million or 7.3% higher than the preceding year. TFK's expenses were $322.3 million, an increase of $20 million year-on-year. Staff costs and cost of raw material were the key contributors to the increase, resulted mainly from the growth in business volume as well as inflationary cost pressure.

The Group achieved an operating profit of $192.3 million, a growth of $23.3 million or 13.8%.

Share of after-tax profits from Associates/Joint Ventures has increased by $11.5 million (27.9%) to $52.7 million year-on-year. The key growth was from the North and Southeast Asia regions. Profit from Associates/Joint Ventures contributed 21.8% to the Group's profit before tax from continuing operations, an increase of 3.2 percentage points compared to the preceding year.

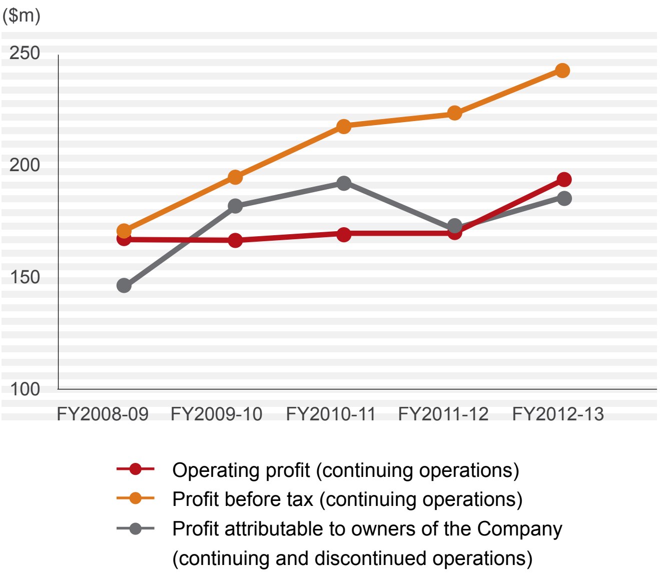
During the year, the Group made a provision for impairment of deferred consideration of $16.8 million. This deferred consideration relates to the deferred receivable recorded at the divestment of the Group's UK business (Daniels Group) in October 2011. The deferred consideration was contingent on the Daniels Group's performance over two years to March 2013. As Daniels Group performance has not met expectations, a full provision for the impairment was made during the year. This was recorded under discontinued operations. In the preceding year FY2011-12, the loss from discontinued operations was $10.1 million.

Profit attributable to owners of the Company was $184.8 million, an increase of $13.9 million or 8.1% over last financial year. Excluding one-off items and result from discontinued operations, the underlying net profit was $202 million, compared to $177.5 million a year ago. This was an improvement of $24.5 million or 13.8%.

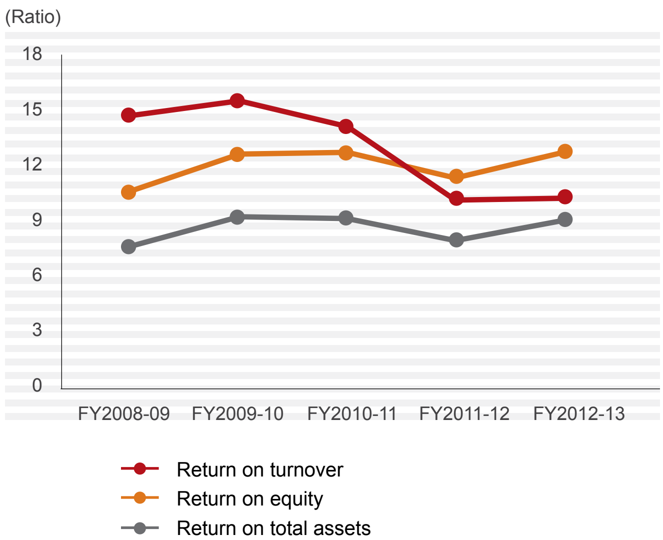
As at 31 March 2013, the Group maintained a healthy cash and cash equivalents of $404.2 million.

The Board of Directors has proposed a final dividend of 6 cents per share and a special dividend of 4 cents per share. Including the interim dividend of 5 cents per share paid on 5 December 2012, the proposed total dividend will be 15 cents per share. This represents a payout of 90.3% of profit attributable to owners of the Company.

Group Operating Profit, Profit Before Tax And Profit Attributable To Owners Of The Company



Group Profitability Ratios



Group Segmental Performance from Continuing Operations

The contributions by the Group major segments are detailed below :

	Revenue		Operating Profit		Profit After Tax	
	2012-13 $ Million	2011-12 $ Million	**2012-13 $ Million**	2011-12 $ Million	**2012-13 $ Million**	2011-12 $ Million
Gateway services	**648.7**	602.7	**20.8**	44.8	**65.2**	76.2
Food solutions	**1,164.7**	1,077.0	**158.5**	116.7	**129.2**	104.2
Corporate	**5.6**	5.7	**13.0**	7.5	**7.2**	4.7
	1,819.0	1,685.4	**192.3**	169.0	**201.6**	185.1

Gateway services

SATS gateway business offers a complete range of ground handling services including apron services, ramp and baggage handling, cargo handling, passenger services, lounge management, aviation security, cargo logistics services as well as cruise terminal management. In December 2011, the Group, through its subsidiary SATS-Creuers Cruise Services Pte. Ltd. ("SCCS") won the tender to manage the new Marina Bay Cruise Centre Singapore ("MBCCS") which commenced operations in May 2012. Thus in FY2012-13, the gateway business covers both aviation and non-aviation sectors.

Gateway delivered operating revenue of $648.7 million, an increase of $46 million or 7.6% year-on-year. Higher flight volumes, unit services and passengers handled have contributed to the revenue growth. Flights handled and unit services grew by 6.8% and 8.3% respectively while passengers handled have increased 8.7%. However cargo tonnage has dropped by 2.8% during the year. Asia-Pacific Star Private Limited which handles the low cost carrier business has seen a 48.2% growth in revenue.

Operating profit for gateway services was $20.8 million, a drop of $24 million. Cost pressure, especially staff costs, has taken a toll on the segment, resulting in the decline in operating profit. The segment was also impacted by the costs incurred in the new start-up SCCS which was in its first year of operations.

Profit contribution from the gateway's Associates/Joint Ventures has increased by 18.7% during the year, coming mainly from the Southeast Asia region.

Profit after tax declined by 14.4% to $65.2 million, mainly due to lower operating profit.

Food solutions

SATS food business offers a wide range of services covering inflight catering services, institutional and remote catering, food distribution and logistics, chilled, frozen and retort food manufacturing and airline linen and laundry services. In September 2012, the Group divested Country Foods Macau, Limited while its remote catering business under Food And Allied Support Services Corporation Pte Ltd ("FASSCO"), set up in November 2011, was in its first full year of business during the financial year.

Food solutions revenue grew by $87.7 million or 8.1%, of which TFK contributed $31.8 million. TFK has shown a steady recovery from the triple disasters experienced in the preceding year, despite a weakening yen. The Singapore aviation-related revenue has also increased by 10.3%. This was partly driven by the growth in unit meals of 5.5%. The laundry services under Aero Laundry and Linen Services ("ALLS") has also achieved year-on-year revenue growth of 9% due to higher quantities laundered. Revenue from the SFI Group of companies grew by 3.5%. Overall, all sectors in the food segment has shown growth in revenue compared to the preceding year.

Operating profit for food solutions grew by $41.8 million or 35.8% to $158.5 million, despite increasing cost pressure from both staff and material costs. TFK has shown a significant improvement of $11.8 million in operating profit.

Profit after tax grew $25 million, or 24% to $129.2 million, mainly due to improved operating profit and better profit contribution from Associates/Joint Ventures. The profit contribution from the Associates/Joint Ventures has improved by $3.8 million.

Corporate

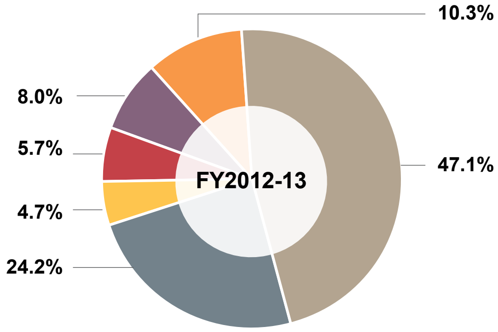
Revenue from Corporate refers mainly to income generated from rental of premises. Revenue is close to that of the preceding year. Profit was higher due to lower expenses incurred and some grants received.

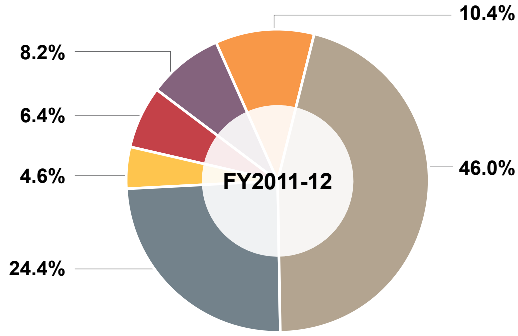
Operating Expenses

Group operating expenses rose $110.3 million, or 7.3% to $1,626.7 million. TFK accounted for $20 million of the increase. The two new starts-up SCCS and FASSCO accounted for $13.3 million of the increase. Staff costs and cost of raw materials made up $1,158.5 million or 71.2% of the total expenditure of the Group.

The operating expense increases were partly in response to the growth in business volume and also to inflationary pressure, especially in staff costs, cost of raw materials, company premise and utilities expenses.

	FY2012-13		FY2011-12		YOY %
	$ Million	**%**	$ Million	%	Change
Staff costs	**765.5**	**47.1**	697.0	46.0	9.8
Cost of raw materials	**393.0**	**24.2**	370.7	24.4	6.0
Licensing fees	**77.0**	**4.7**	70.3	4.6	9.5
Depreciation and amortisation	**92.9**	**5.7**	97.4	6.4	-4.6
Company premise and utilities	**130.5**	**8.0**	123.7	8.2	5.5
Other costs	**167.8**	**10.3**	157.3	10.4	6.7
	1,626.7	**100.0**	**1,516.4**	**100.0**	**7.3**





Staff costs | Cost of raw materials | Licensing fees | Depreciation and amortisation | Company premise and utilities | Other costs

The mix of the operating expenses did not change significantly over the year, with slight increase in the staff costs and lower depreciation and amortisation. Staff costs continued to be the largest component of the operating costs with cost of raw materials ranking second.

Staff costs increased by $68.5 million, or 9.8%. It accounted for 47.1% of the total operating expenses of the Group. The increase arose mainly due to service increment, higher overtime, statutory levies and contract services. The fierce competition for staff in the industry and the increase in foreign worker levies also impacted the staff costs of the Group.

Cost of raw materials increased by $22.3 million or 6%, in tandem with the increase in business volume. Higher cost of raw materials arose mainly from higher meals produced, though inflationary pressure continues to have an impact on the cost.

Licensing fees refer to fees paid for the license to operate in the airport. It increased by $6.7 million or 9.5% due to the growth in aviation business volume.

Depreciation and amortisation expenses dropped by $4.5 million or 4.6%. This was mainly due to some assets of the Group reaching the end of their useful lives during the financial year as well as the disposal of some assets, resulting in the decline in the expenses.

Company premise and utilities rose by $6.8 million or 5.5%. The company premise expenses increased by $4.2 million mainly arising from increase in rental and cost of premise maintenance. Cost of utilities increased by $2.6 million from higher usage.

Other costs increased by $10.5 million or 6.7%, largely due to increase in transport charges, professional fees, hiring of ground support equipment, communication expenses and IT-related expenses.

Other Non-Operating Income/(Expense)

The Group suffered a loss of $2.5 million on the disposal of property, plant and equipment, arising mainly from TFK. During the year, the Group also divested Country Foods Macau, Limited. A loss on divestment of $0.4 million was recorded.

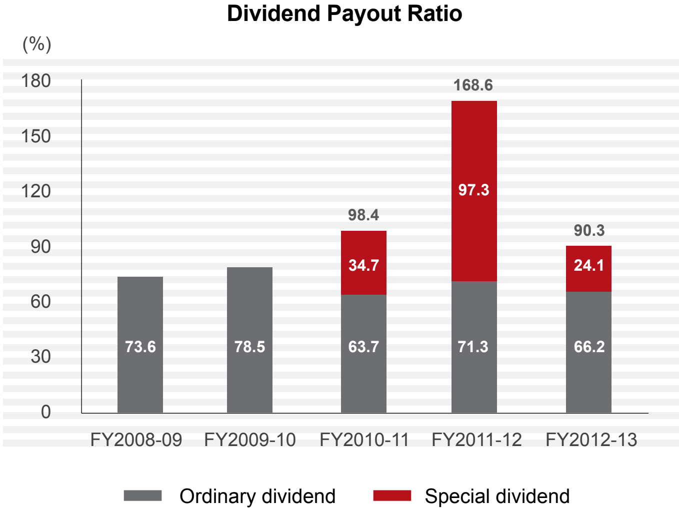
Loss From Discontinued Operations

On 25 October 2011, the Group divested its UK subsidiaries ("Daniels Group"). At divestment, a deferred consideration was recorded. The deferred consideration was contingent on Daniels Group's performance over two years ended 31 March 2013. As Daniels Group's performance over the last two years has not met expectations, the Group made a full impairment provision of $16.8 million on this deferred consideration. This provision was recorded under discontinued operations.

Dividends

During the year, the Company paid an interim dividend of 5 cents per share in respect of FY2012-13, amounting to $55.5 million. The Board of Directors has proposed a final ordinary dividend of 6 cents per share and a special dividend of 4 cents per share, amounting to approximately $111.4 million, to be paid. The total dividend for FY2012-13, if approved, will be 15 cents per share, representing 90.3% payout ratio. The proposal is subject to approval by shareholders of the Company in the forthcoming Annual General Meeting.

Dividend Payout Ratio



Financial Position

As at 31 March 2013, the equity attributable to the owners of the Company was $1,401.5 million, a drop of 7.1% compared to $1,509.4 million a year ago. The decline was partly due to the payment of dividends totaling $288.6 million during the year.

The Group gearing (as measured by gross debt/equity attributable to owners of the Company) was 0.09 times, compared to 0.10 times a year ago.

Capital Expenditure

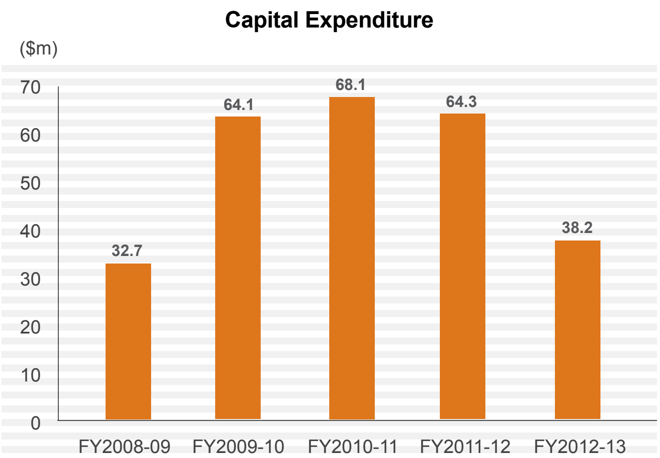
The Group incurred $38.2 million on capital expenditure, a decrease of 40.6% over FY2011-12 capital expenditure of $64.3 million. The expenditure was mainly incurred for the purchase of ground support equipment, vehicles and office equipment and fittings.

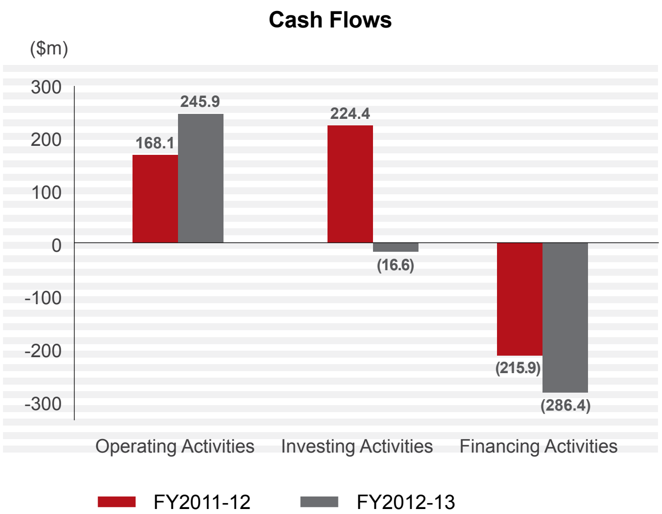
Cash Flows

As at 31 March 2013, the Group's cash and cash equivalents was $404.2 million, compared to $470.1 million a year ago. The drop was mainly attributed to the payment of $288.6 million dividend during the year, offset by the profit generated during the year.

The Group's cash from operating activities was $245.9 million, an increase of 46.3% due to better profit and changes in working capital. Net cash used in investing activities was $16.6 million arising mainly from capital expenditure and investments. In the preceding year, the investing activities generated a cash inflow of $224.4 million due to the proceeds of $285.3 million received from the disposal of the Daniels Group. Net cash used in financing activities during the year was $286.4 million, primarily due to the payment of dividends.

The Group generated a healthy free cash flow (as measured by cash from operating activities less cash outflow for capital expenditure) of $208.1 million during the year.





Value Added

The statement below shows the Group's value added and its distribution. The Group's value added was $1,018.3 million, an increase of $3.6 million or 0.4% against the preceding year. $686.8 million (67.4%) was distributed as salaries and other staff costs while shareholders received $288.6 million (28.3%) in dividends. Corporate tax accounted for $51.3 million (5%) while interest on borrowings was $2.6 million (0.3%).

Value Added Statement

	2012-13 $ Million ^	2011-12 $ Million ^	2010-11 $ Million ^	2009-10 $ Million ^	2008-09 $ Million ^
Total Revenue	**1,819.0**	1,871.6	1,729.1	1,538.9	1,062.1
Less: Purchase of goods and services	**847.0**	920.9	876.0	780.0	442.2
	972.0	950.7	853.1	758.9	619.9
Add/(less):					
Interest income	**1.1**	1.1	0.5	0.6	6.9
Share of profit before tax of associates/joint ventures	**64.2**	55.5	61.2	41.9	22.2
Amortisation of deferred income	**0.0**	0.7	0.9	0.9	(0.5)
Gain on disposal of property, plant and equipment	**(2.5)**	0.1	0.2	0.5	0.5
Income from long term investments	**1.3**	1.2	1.0	–	(9.7)
Exceptional items *	**(17.8)**	5.4	–	–	–
Total value added available for distribution	**1,018.3**	1,014.7	916.9	802.8	639.3
Applied as follows:					
To employees					
- Salaries and other staff costs	**686.8**	676.3	572.5	483.4	384.5
To government					
- Corporate taxes **	**51.3**	51.8	53.7	40.9	35.0
To supplier of capital					
- Dividends	**288.6**	188.5	143.5	118.9	151.1
- Interest on borrowings	**2.6**	2.9	2.8	5.3	6.7
Retained for future capital requirements					
- Depreciation and amortisation	**92.9**	108.6	96.1	90.8	64.6
- Non-controlling interests	**0.0**	4.1	0.4	0.9	1.7
- Retained profits	**(103.9)**	(17.5)	47.9	62.6	(4.3)
Total value added	**1,018.3**	1,014.7	916.9	802.8	639.3
Value added per $ revenue	**0.56**	0.54	0.53	0.52	0.60
Value added per $ employment cost	**1.48**	1.50	1.60	1.66	1.66
Value added per $ investment in fixed assets	**0.67**	0.67	0.58	0.58	0.47

^ Includes the results of Daniels Group classified as "(Loss)/profit from discontinued operations, net of tax", on the face of the Income Statement.

* Exceptional items refer to provision of $16.8 million for impairment of Daniels Group deferred considerations, $0.4 million loss on disposal of Country Foods Macau and $0.6 million relating to other non-operating expenses. (FY2011-12 – refer to one-off adjustments for the write-back of retirement benefit plan obligations of $10.1 million, gain on early termination of sale and leaseback arrangement of $0.8 million, and the loss on divestment of Daniels Group of $5.5 million.)

** Includes share of tax of associates and joint ventures.

Staff Strength and Productivity

The Group's average staff strength for the current financial year was 14,396, a drop of 1.4% over the preceding year. The decrease was mainly due to Daniels Group disposal in FY2011-12, which was a component of food solutions segment in the preceding year. The increase in gateway staff strength was in response to the growth in the business volume.

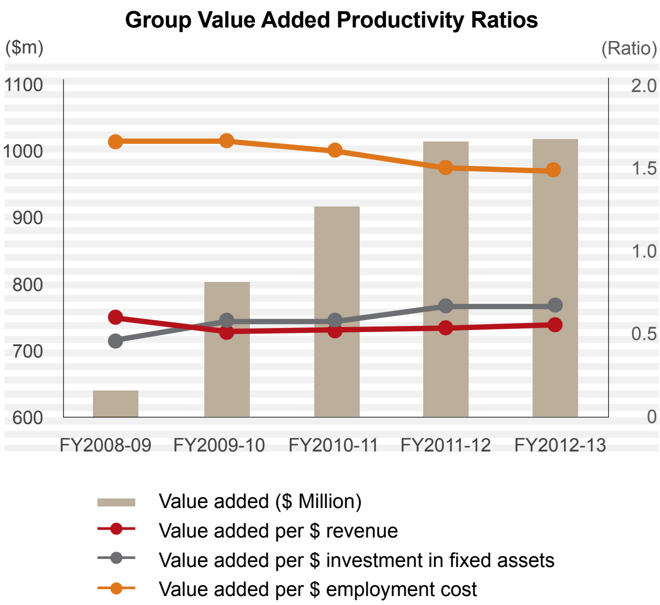
The breakdown of the average staff strength is as follows:

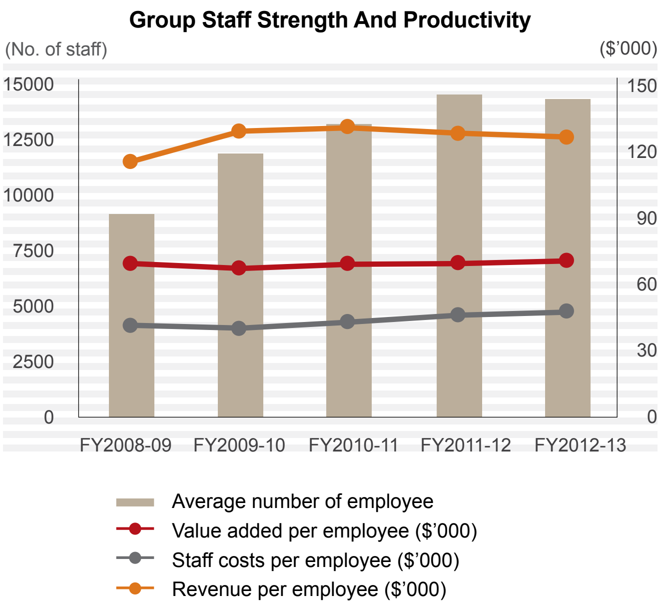
	2012-13	2011-12	Change %
Gateway services	**8,339**	7,701	8.3%
Food solutions	**5,761**	6,569	-12.3%
Corporate	**296**	335	-11.6%
Total	**14,396**	14,605	-1.4%

The staff productivity, measured by value added per employee, increased by 1.8% to $70,732. Value added per dollar of employment cost declined by 1.3% to $1.48. This was mainly due to increase in employment cost. Staff costs per employee increased by 3%.

Productivity Analysis	**2012-13**	2011-12	2010-11	2009-10	2008-09
Value added ($ million)	**1,018.3**	1,014.7	916.9	802.8	639.3
Value added per employee ($)	**70,732**	69,475	69,200	67,283	69,524
Value added per $ employment cost (times)	**1.48**	1.50	1.60	1.66	1.66
Revenue per employee ($)	**126,354**	128,148	130,500	128,974	115,495
Staff costs per employee ($) **	**47,705**	46,305	43,212	40,533	41,814

** Staff costs excludes cost of contract labour.





Economic Value Added (EVA)

The EVA of the Group was $68.5 million. This was $25.8 million or 60.4% higher than the preceding financial year. The increase was mainly due to higher profit both from operations and the Associates/Joint Ventures.

Share Capital and Employee Share-Based Incentive Plans

As at 31 March 2013, the Company's issued and paid-up capital was $338.4 million, an increase of $12.2 million against $326.2 million a year ago. The increase resulted from new ordinary shares issued pursuant to the exercise of share options granted under the SATS Employee Share Option Plan.

During the year, the Company purchased 1,000,000 of its issued shares and held these as treasury shares (2012 : 500,000). The Company issued 603,800 (2012 : 774,423) treasury shares on vesting of share-based incentive plans during the year. The number of treasury shares held as at 31 March 2013 is 621,777 (2012 : 225,577).

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, 5,167,525 share options were exercised by the employees. As at 31 March 2013, there were 26,053,650 unexercised employee share options.

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

Senior management staff is 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% and 150% of the initial grant of the restricted shares and between 0% and 200% of the initial grant of the performance shares.

For grants in FY2010-11, FY2011-12 and FY2012-13

RSP award is subject to yearly financial achievement and has an equal vesting period over a four-year period. The number of restricted shares awarded is based on both corporate and individual performance achievement in the prior financial year. 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 2013, the number of outstanding shares granted under the Company's RSP and PSP were 2,398,794 and 1,720,999 respectively.

FIVE-YEAR GROUP FINANCIAL AND OPERATIONAL SUMMARY

	2012-13	2011-12	2010-11	2009-10	2008-09
Consolidated Income Statement (S$ million)					
Total revenue	**1,819.0**	1,871.6	1,729.1	1,538.9	1,062.1
Continuing operations	**1,819.0**	1,685.4	1,357.8	1,172.8	999.8
Discontinued operations	**0.0**	186.2	371.3	366.1	62.3
Total expenditure	**1,626.7**	1,705.9	1,544.6	1,354.5	891.2
Continuing operations	**1,626.7**	1,516.4	1,188.8	1,006.9	833.6
Discontinued operations	**0.0**	189.5	355.8	347.6	57.6
Operating profit	**192.3**	165.7	184.5	184.4	170.9
Continuing operations	**192.3**	169.0	169.0	165.9	166.2
Discontinued operations	**0.0**	(3.3)	15.5	18.5	4.7
Profit before tax	**224.5**	212.5	245.5	223.0	183.5
Continuing operations	**241.3**	221.8	216.7	194.0	170.4
Discontinued operations	**(16.8)**	(9.3)	28.8	29.0	13.1
Profit after tax	**184.8**	175.0	191.8	182.1	148.5
Continuing operations	**201.6**	185.1	179.8	166.7	145.2
Discontinued operations	**(16.8)**	(10.1)	12.0	15.4	3.3
Profit attributable to owners of the Company	**184.8**	170.9	191.4	181.2	146.8
Continuing operations	**201.6**	181.0	179.4	165.8	143.5
Discontinued operations	**(16.8)**	(10.1)	12.0	15.4	3.3
Statements of Financial Position (S$ million)					
Equity holders' funds	**1,401.5**	1,509.4	1,521.2	1,481.8	1,398.1
Non-controlling interests	**95.2**	106.8	98.6	18.3	18.3
Total Equity	**1,496.7**	1,616.2	1,619.8	1,500.1	1,416.4
Fixed assets	**592.2**	653.8	741.9	594.4	608.4
Investment properties	**11.3**	13.5	16.2	6.5	7.0
Other non-current assets	**621.4**	624.0	874.2	822.5	839.4
Current assets	**780.3**	831.2	687.6	485.7	600.4
Total assets	**2,005.2**	2,122.5	2,319.9	1,909.1	2,055.2
Long-term liabilities	**198.4**	234.0	206.5	131.7	146.0
Current liabilities	**310.1**	272.3	493.6	277.3	492.8
Total liabilities	**508.5**	506.3	700.1	409.0	638.8
Net Assets	**1,496.7**	1,616.2	1,619.8	1,500.1	1,416.4

FIVE-YEAR GROUP FINANCIAL AND OPERATIONAL SUMMARY

	2012-13	2011-12	2010-11	2009-10	2008-09
Cash Flows Statement (S$ million)					
Cash flows from operations	**277.5**	210.7	250.2	302.8	238.0
Free cash flow	**208.1**	103.7	132.1	188.9	155.7
Capital expenditure	**37.8**	64.3	68.1	64.1	32.7
Profitability Ratios (%)					
Return on equity	**12.7**	11.3	12.7	12.6	10.6
Return on total assets	**9.0**	7.9	9.1	9.2	7.6
Net margin	**10.2**	9.4	11.1	11.8	14.0
Debt equity ratio (times)	**0.09**	0.10	0.12	0.02	0.18
Economic value added (EVA) ($ million)	**68.5**	42.7	68.3	67.2	26.2
Productivity and Employee Data					
Value added ($ million)	**1,018.3**	1,014.7	916.9	802.8	639.3
Value added per employee ($)	**70,732**	69,475	69,200	67,283	69,524
Value added per $ employment cost (times)	**1.48**	1.50	1.60	1.66	1.66
Revenue per employee ($)	**126,354**	128,148	130,500	128,974	115,495
Staff costs per employee ($)	**47,705**	46,305	43,212	40,533	41,814
Average number of employees	**14,396**	14,605	13,250	11,932	9,196
Per Share Data (cents)					
Earnings after tax					
- Basic	**16.6**	15.4	17.4	16.7	13.6
- Diluted	**16.5**	15.4	17.3	16.7	13.6
Net assets value per share	**125.9**	136.1	137.3	136.9	129.5
Interim dividend	**5.0**	5.0	5.0	5.0	4.0
Final and special dividends #	**10.0**	21.0	12.0	8.0	6.0
Dividend cover (times)	**1.1**	0.6	1.0	1.3	1.4
Dividend payout (%)	**90.3**	168.6	98.4	78.5	73.6
Operating Statistics					
Cargo/mail processed (million tonnes)	**1.46**	1.50	1.49	1.41	1.46
Passengers handled (million)	**41.23**	37.92	35.38	32.99	30.91
Gross meals produced (million) *	**28.26**	26.50	25.06	23.47	25.19
Flights handled (thousand)	**123.01**	115.19	103.73	96.28	88.16

Notes:

1 SATS' financial year is from 1 April to 31 March. Throughout this report, all financial figures are stated in Singapore Dollars.

2 Return on equity is the profit attributable to owners of the Company expressed as a percentage of the average equity holders' funds.

3 Debt equity ratio is gross debt divided by equity attributable to owners of the Company at 31 March.

4 Basic earnings per share is computed by dividing the profit attributable to owners 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 owners of the Company by the weighted average number of fully paid shares in issue after adjusting for dilution of shares under the various employee share plans.

6 Net asset value per share is computed by dividing equity attributable to owners of the Company by the ordinary shares in issue at 31 March.

7 Dividend cover is profit attributable to owners of the Company divided by total dividend (net of tax).

8 Payout ratio is total dividend (net of tax) divided by profit attributable to owners of the Company.

9 Free cash flow comprises of cash flows from operating activities less cash purchases of capital expenditure.

* Refers to airline meals catered at Singapore Changi Airport but does not include meals sold on board low cost carriers.

\# Final and special dividends for FY2012-13 are subject to shareholders' approval at the forthcoming Annual General Meeting.

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.

On 2 May 2012, the Monetary Authority of Singapore issued a revised Code of Corporate Governance ("**2012 Code**"), which will take effect with respect to Annual Reports of listed entities relating to financial years commencing from 1 November 2012. Although the 2012 Code will not be applicable to the Company until its financial year commencing 1 April 2013, the Company is already in compliance with many of the revised guidelines in the 2012 Code and is working to adopt the other changes, where appropriate. This report ("**Report**") describes SATS' corporate governance policies and practices with specific reference to the principles and guidelines set out in the 2012 Code.

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

The Board is responsible for overseeing the business, financial performance and affairs of the Group. Management's role is to ensure that the day-to-day operations 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 and independent Director	Chairman			Chairman	
Mr David Zalmon Baffsky	independent Director		Member	Chairman		
Mr David Heng Chen Seng	Non-independent Director	Member				Member
Mr Alexander Charles Hungate[1]	independent Director			Member	Member	
Mr Nihal Vijaya Devadas Kaviratne CBE	independent Director		Member			Member
Mr Koh Poh Tiong[2]	independent Director		Member			Chairman
Mr Keith Tay Ah Kee	independent Director	Member	Chairman			
Mr Leo Yip Seng Cheong	independent Director			Member	Member	

Notes:

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

1 Mr Alexander Charles Hungate was appointed as a member of the Nominating Committee with effect from 6 November 2012. Mr Hungate will undertake the role of Executive Director with effect from 16 July 2013 and subsequently as President and Chief Executive Officer ("**PCEO**") with effect from 1 January 2014. Mr Hungate will be considered to be non-independent once he assumes his role as an Executive Director on 16 July 2013.

2 Mr Koh Poh Tiong was appointed as the Chairman of the Board Risk Committee with effect from 1 October 2012.

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. The terms of reference of the respective Board Committees were recently amended following the issuance of the 2012 Code. The new responsibilities of the respective Board Committees are disclosed 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. Since 2003, the Board has also conducted annual Board Strategy meetings in order to have more focused discussions on key strategic issues.

The Company's Articles of Association ("**Articles**") allow Directors to participate in Board and Board Committee meetings by way of telephone or video conference or other similar means of communication equipment 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 telephone and video conference facilities to enable alternative means of participation in Board and Board Committee meetings. During FY2012-13, various Directors have participated in Board or Board Committee meetings by way of telephone conference. If a Director is unable to attend any Board or Board Committee meeting, he will still receive all the papers and materials to be tabled for discussion at that meeting.

In respect of FY2012-13, seven Board meetings, including a three-day Board Strategy meeting, were held. The Directors' attendances at Board and Board Committee meetings for FY2012-13 are set out below.

		No. of Board and Board Committee meetings attended in FY2012-13				
	Board meetings	Board Executive Committee	Audit Committee	Nominating Committee	Remuneration and Human Resource Committee	Board Risk Committee
No. of meetings held	7	4	4	4	2	4
Board members						
Mr Edmund Cheng Wai Wing	7	4			2	
Mr David Zalmon Baffsky	7		4	4		
Mr David Heng Chen Seng	7	3				4
Mr Alexander Charles Hungate[1]	7			2 out of 2	1	
Mr Nihal Vijaya Devadas Kaviratne CBE	7		4			4
Mr Koh Poh Tiong	7		4			4
Mr Keith Tay Ah Kee	7	4	4			
Mr Leo Yip Seng Cheong	6			4	1	
Mr Ng Kee Choe[2]	4 out of 4	1 out of 2			1 out of 1	
Mr Yeo Chee Tong[3]	4 out of 4			1 out of 1		2 out of 2

Notes:
1 Mr Alexander Charles Hungate was appointed as a member of the Nominating Committee with effect from 6 November 2012. Mr Hungate attended 2 out of 2 Nominating Committee meetings that were held during his term as a member of the Nominating Committee in FY2012-13.
2 Mr Ng Kee Choe retired from office at the last Annual General Meeting ("**AGM**") held on 26 July 2012. Mr Ng attended 4 out of 4 Board meetings, 1 out of 2 Board Executive Committee meetings and 1 out of 1 Remuneration and Human Resource Committee meeting that were held during his term as a Director, and as a member of the Board Executive Committee and Remuneration and Human Resource Committee in FY2012-13.
3 Mr Yeo Chee Tong retired from office at the last AGM held on 26 July 2012. Mr Yeo attended 4 out of 4 Board meetings, 2 out of 2 Board Risk Committee meetings and 1 out of 1 Nominating Committee meeting that were held during his term as a Director, as Chairman of the Board Risk Committee and as a member of Nominating Committee in FY2012-13.

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 and without the presence of 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. In FY2012-13, the Board engaged Boston Consulting Group as consultants to provide strategic direction and guidance to Management from an external perspective.

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 transactions 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 common 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 three members:
- Mr Edmund Cheng Wai Wing, Chairman
- Mr David Heng Chen Seng, Member
- Mr Keith Tay Ah Kee, 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 four times in FY2012-13. Regular reports are presented at each meeting of the Board Executive Committee on the performance of the Group's subsidiaries, associated companies and joint ventures, and the operational performance of the Group. The PCEO, the General Counsel, the Chief Financial Officer ("**CFO**") and the Executive Vice Presidents ("**EVP**") are usually invited and are present at the meetings of the Board Executive Committee.

Orientation and training for Directors

Newly-appointed Directors undergo a comprehensive orientation programme, which includes visits to major businesses and joint ventures, site visits to the kitchens, apron and cargo terminals, abattoir, etc., as well as presentations by members of Management, to facilitate the Directors' understanding of the Group's objectives, strategic plans, businesses, operations and processes. Each of the newly-appointed Directors is also sent a formal appointment letter setting out directors' duties and obligations, and enclosing the Company's latest Annual Report and copies of the minutes of immediate past Board and Board Committee meetings. They are also provided with other materials relating to the Board and Board Committees, including the terms of reference of the various Board Committees as well as relevant guidelines and policies.

The Directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in the Companies Act, Chapter 50 (the "**Companies Act**") and Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), so as to update and refresh them on matters that may affect and/or enhance their performance as Board members. In FY2012-13, legal advisors were invited to update the Board on the new regime for disclosure of interests in securities. In addition, in order to further the Directors' continuing education and skills improvement, the Company recommends and encourages Directors to attend, at the Company's cost, all relevant and useful seminars conducted by external organisations on corporate governance, leadership and industry-related matters.

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

Independent Directors

There is a strong and independent element on the Board, as seven out of the eight Directors on the Board are currently considered by the Nominating Committee and the Board to be independent. These seven Directors are Mr Edmund Cheng Wai Wing, Mr David Zalmon Baffsky, Mr Alexander Charles Hungate, Mr Nihal Vijaya Devadas Kaviratne CBE, Mr Koh Poh Tiong, Mr Keith Tay Ah Kee and Mr Leo Yip Seng Cheong.

The Nominating Committee and the Board consider Mr David Heng Chen Seng to be a non-independent Director by reason of Mr Heng's employment as the Co-Head, Markets Group, Senior Managing Director, Investment Head of SEA of Temasek International Pte. Ltd., a subsidiary of Temasek Holdings (Private) Limited ("**Temasek**"), which is the single largest substantial shareholder of the Company.

As of 22 May 2013, Mr Edmund Cheng Wai Wing would have served as Chairman of the Board for more than nine years. The Nominating Committee takes into account, among other things, whether a Director's long-term relationship with Management could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgment with a view to the best interests of the Company. The Board, taking into account the views of the Nominating Committee, has reviewed the extent to which Mr Cheng remains independent, and is of the firm view that Mr Cheng continues to demonstrate strong independence in character and judgment, and in the manner in which he discharges his responsibilities as a Director. Consequently, the Board is satisfied that, despite Mr Cheng's length of tenure, there is no association with Management that could compromise his independence, and that therefore, he remains independent.

On 13 March 2013, the Company announced that Mr Alexander Charles Hungate will succeed Mr Tan Chuan Lye as PCEO of the Company when Mr Tan retires at the end of 2013, and that Mr Hungate will join the Company as Executive Director on 16 July 2013 in order to begin working closely with Mr Tan to prepare for the transition. While Mr Hungate is currently considered to be an independent Director, he will be considered to be non-independent once he assumes his role as an Executive Director on 16 July 2013.

Board composition and size

The Board, through the Nominating Committee, reviews the diversity of skills, experience, gender, knowledge, 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, in areas such as accounting, finance, legal, business, management (including human capital development and management) experience, industry knowledge, strategic planning experience, and customer-based experience/knowledge, required for the Board to be effective.

The Board, in concurrence with the Nominating Committee, is of the view that, taking into account the nature and scope of the operations of the Company, the requirements of the Company's businesses and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees as well as to facilitate effective decision making, the appropriate size of the Board should range from eight to ten members, with independent Directors making up at least one-third of the Board. No individual or small groups of individuals dominate the Board's decision making.

The Company has put in place processes to ensure that non-executive directors are well supported by accurate, complete and timely information, unrestricted access to Management, and have sufficient time and resources to discharge their oversight function effectively. To facilitate open discussion and review of the effectiveness of Management, 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

Mr Edmund Cheng Wai Wing is the non-executive and independent Chairman, and Mr Tan Chuan Lye is the PCEO of the Company. The roles of the Chairman and the PCEO are clearly separated to ensure appropriate checks and balances, 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 leads the Board to ensure its effectiveness in all aspects of its role, and sets its agenda, guides the dissemination of accurate, timely and clear information amongst Board members, promotes openness and debate at Board level, facilitates effective communication with Shareholders, encourages constructive relations within the Board and between the Board and Management, facilitates the effective contributions of the Directors, and promotes high standards of corporate governance.

The PCEO, assisted by the EVPs and senior management, makes strategic proposals to the Board and after robust and constructive Board discussions, executes the agreed strategy, manages and develops the Group's businesses and implements the Board's decisions.

PRINCIPLE 4: FORMAL AND TRANSPARENT PROCESS FOR APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

Nominating Committee

The Board has established a Nominating Committee with written terms of reference clearly setting out its authority and duties, which include the following:

- reviewing and making recommendations to the Board on the diversity of skills, experience, gender, knowledge, size and composition of the Board;
- making recommendations to the Board regarding the process for identification and selection of new Directors, including recommending Directors for appointment to the Board Committees;
- making recommendations to the Board on re-nominations and re-appointments of existing Directors;
- reviewing succession planning, including for the Chairman of the Board;
- evaluating the independence of Directors on an annual basis, and as and when circumstances require;
- 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;

- developing and carrying out the process for assessing the effectiveness of the Board as a whole and the effectiveness of the Board Committees, and assessing the contributions made by the Chairman of the Board. The assessment of each individual Director's contribution to the effectiveness of the Board is a joint responsibility of the Nominating Committee Chairman and the Board Chairman;
- reviewing the training and professional development programmes for the Board; and
- such other authorities and duties as provided in the 2012 Code.

The Nominating Committee currently comprises the following three members, all of whom (including the Chairman) are non-executive independent Directors:
- Mr David Zalmon Baffsky, Chairman
- Mr Alexander Charles Hungate, Member
- Mr Leo Yip Seng Cheong, Member

The Nominating Committee is required by its terms of reference to hold meetings at least once a year. It held four meetings in FY2012-13.

Re-nomination and re-appointment of Directors

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

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-appointment as a Director
Mr Edmund Cheng Wai Wing	Chairman	22 May 2003 (as Director and Chairman)	26 July 2012
Mr David Zalmon Baffsky[1]	Director	15 May 2008	26 July 2012
Mr David Heng Chen Seng	Director	15 October 2009	26 July 2012
Mr Alexander Charles Hungate[2]	Director	27 July 2011	Not Applicable
Mr Nihal Vijaya Devadas Kaviratne CBE[3]	Director	30 July 2010	Not Applicable
Mr Koh Poh Tiong	Director	1 November 2011	26 July 2012
Mr Keith Tay Ah Kee[4]	Director	26 July 2007	30 July 2010
Mr Leo Yip Seng Cheong	Director	1 September 2010	27 July 2011

Notes:

1 Mr David Zalmon Baffsky, who will be retiring pursuant to Section 153(6) of the Companies Act and has indicated his willingness to stand for re-appointment, will be standing for re-appointment pursuant to Section 153(6) of the Companies Act at the Company's 40th AGM to be held on 26 July 2013 ("**40th AGM**"). Mr Baffsky is currently regarded by the Nominating Committee and the Board to be an independent Director. Mr Baffsky is the Chairman of the Nominating Committee and a member of the Audit Committee.

2 Mr Alexander Charles Hungate, who will retire by rotation pursuant to Article 83 and has indicated his willingness to stand for re-appointment, will be standing for re-appointment at the 40th AGM. Mr Hungate is currently considered by the Nominating Committee and the Board to be an independent Director. Mr Hungate will undertake the role of Executive Director with effect from 16 July 2013 and subsequently as PCEO with effect from 1 January 2014. Mr Hungate will be considered to be non-independent once he assumes his role as an Executive Director on 16 July 2013. Mr Hungate is a member of both the Remuneration and Human Resource Committee and the Nominating Committee.

3 Mr Nihal Vijaya Devadas Kaviratne CBE, who will retire pursuant to Article 83 and has indicated his willingness to stand for re-appointment, will be standing for re-appointment at the 40th AGM. Mr Kaviratne is currently considered by the Nominating Committee and the Board to be an independent Director. Mr Kaviratne is a member of both the Audit Committee and the Board Risk Committee.

4 Mr Keith Tay Ah Kee, who will retire by rotation pursuant to Article 83 and has indicated his willingness to stand for re-appointment, will be standing for re-appointment at the 40th AGM. Mr Tay is currently considered by the Nominating Committee and the Board to be an independent Director. Mr Tay is the Chairman of the Audit Committee and a member of the Board Executive Committee.

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 AGM. Retiring Directors are selected based on those who have been longest in office since their last election, and as between those persons who became or who were re-appointed Directors on the same day, selection will be by agreement or by lot. Retiring Directors are eligible for re-appointment 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 hold office only until the next AGM, but will be eligible for re-appointment at that AGM. As required by law, a Director who reaches or is over the age of 70 years old is required to retire and stand for re-appointment at every AGM.

The Directors standing for re-appointment pursuant to Article 83 at the 40th AGM are Mr Keith Tay Ah Kee, Mr Nihal Vijaya Devadas Kaviratne CBE and Mr Alexander Charles Hungate. 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 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 non-executive Directors are appointed to serve an initial term of 3 years and such initial term of office may be renewed for a subsequent term or terms of up to a total of 3 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. However, the Board recognises the contribution of Directors who over time have developed deep insight into the Group's businesses and operations and who are therefore able to provide invaluable contributions to the Board as a whole. In such cases, the Board may exercise its discretion to extend the term and retain the services of the Director.

Independence review

The Nominating Committee is tasked to determine on an annual basis, and as and when circumstances require, whether or not a Director is independent, bearing in mind the definition of an "independent Director" and guidance as to the types of relationships which would deem a Director not to be independent, under the 2012 Code.

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 identification and selection 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.

Review of Directors' time commitments

The Nominating Committee determines annually whether a Director has been adequately carrying out his duties as a Director of the Company, taking into consideration the number of that Director's other listed company board representations and other principal commitments. In respect of FY2012-13, the Nominating Committee is of the view that the number of each Director's other directorships was in line with the Company's guideline that the maximum number of listed company board representations which any Director may hold should range from five to seven. The Nominating Committee is of the view that each Director has been able to effectively discharge his duties as a Director of the Company.

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 AND BOARD COMMITTEES AND INDIVIDUAL DIRECTOR'S CONTRIBUTIONS

The Board, with the assistance of the Nominating Committee, has implemented a process for assessing the effectiveness of the Board as a whole and its Board Committees, and for assessing the contributions by the Chairman of the Board. The assessment of each individual Director to the effectiveness of the Board is a joint responsibility of the Chairman of the Nominating Committee and the Chairman of the Board. In FY2012-13, the Nominating Committee appointed an external consulting firm, AON Hewitt, which specialises in Board assessment and human resource matters, to assist the Board in the design and implementation of the assessment process. The Nominating Committee interviewed the consultant and was satisfied that the consultant has no connection with the Company or any of the Directors, except in providing advice on market practices and trends in remuneration and human capital matters to the Company.

The Board assessment was conducted by way of a questionnaire (the "**Questionnaire**") comprising 2 sections. Section 1 of the Questionnaire concerns Board and Board Committees assessment and covers areas such as board composition, information management, board processes, investor relations and corporate social responsibility, managing the Company's performance, strategic review, individual committee assessments, PCEO performance and succession planning, Directors' development and management, risk management, etc.. Section 2 of the Questionnaire concerns Directors' self and peer assessment whereby each Director assesses himself on his performance as well as the performance of his peers with a view to raising the quality of board meetings and deliberations. It covers areas such as contribution, knowledge and ability, teaming, integrity, personal commitment, etc..

The Board assessment exercise provides an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes allow him to discharge his duties effectively and the changes which should be made to enhance the effectiveness of the Board and/or Board Committees. The individual Director's assessment exercise allows for peer review with a view to raising the quality of board members.

Other than the collective Board evaluation exercise, the Chairman meets with each Director in a private session to discuss and assess 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 measures for each decision and mandate sought by Management, including, where applicable, relevant budgets, business plans, forecasts and projections. Directors are entitled to request from Management additional information as needed to make informed decisions. 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 or additional information 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 amongst Board members and with Management. 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, EVPs, 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 Secretaries and the Assistant 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 all governance matters, compliance by the Company with its Memorandum and Articles of Association, laws and regulations, 2012 Code, and the SGX-ST Listing Manual; 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 SGX-ST 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.

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 three members, all of whom (including the Chairman) are non-executive independent Directors:

- Mr Edmund Cheng Wai Wing, Chairman
- Mr Alexander Charles Hungate, 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 Committee convened two meetings in FY2012-13.

The written terms of reference of the Remuneration and Human Resource Committee clearly set out its authority and duties, which include the following:

- reviewing and recommending the general remuneration framework for the Board (including Directors' fees and allowances) and key management personnel;
- 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 reviewing and recommending the specific remuneration packages of those occupying the position of EVP and above within the Group to the Board;
- implementing and administering the Company's Employee Share Option Plan, Restricted Share Plan and 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, organisation and alignment of the functions and management of the Group;
- reviewing succession planning of the Group;
- overseeing industrial relations matters; and
- such other authorities and duties as provided in the 2012 Code.

The Remuneration and Human Resource Committee has access to expert advice from external consultants. In FY2012-13, the Remuneration and Human Resource Committee sought views on market practices and trends from external consultants, AON Hewitt. The Remuneration and Human Resource Committee undertook a review of the independence and objectivity of the external consultants through discussions with them and was satisfied that the external consultants had no relationships with the Company that would affect their independence.

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.

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

Every Director receives a basic fee. In addition, he receives 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 as a member of the relevant Board Committee) for each position he held on a Board Committee, during FY2012-13. If he occupied a position for part of a financial year, the fee payable would be pro-rated accordingly. Each Director also receives 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 to avail himself for the meetings. The attendance fees for Board and Board Committee meetings vary according to whether the meeting is held in the state/country in which the Director is ordinarily resident and whether the Director 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. In FY2012-13, the Remuneration and Human Resource Committee had considered whether to pay a portion of the Directors' remuneration in the form of shares, and has decided to defer the implementation of such scheme for now.

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 2014 is the same as that for FY2012-13, and is set out below.

Types of Appointment	Scale of Directors' fees (FY2013-14)
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 paid out for FY2012-13 amounted to S$933,770, as indicated in the table below:

Directors	Fee (S$)	Fee %	Salary %	Benefits %	Total %
Mr Edmund Cheng Wai Wing	162,200	100	-	-	100
Mr David Zalmon Baffsky	134,000	100	-	-	100
Mr David Heng Chen Seng	93,400	100	-	-	100
Mr Alexander Charles Hungate[1]	39,416	100	-	-	100
Mr Nihal Vijaya Devadas Kaviratne CBE	126,000	100	-	-	100
Mr Koh Poh Tiong	109,600	100	-	-	100
Mr Keith Tay Ah Kee	114,600	100	-	-	100
Mr Leo Yip Seng Cheong	85,300	100	-	-	100
Mr Ng Kee Choe[2]	33,179	100	-	-	100
Mr Yeo Chee Tong[2]	36,075	100	-	-	100

Notes:

1 Mr Hungate has declined any fees for his role as a Director of the Company for the period 1 April 2012 to 30 September 2012.

2 Mr Ng Kee Choe and Mr Yeo Chee Tong retired as Directors of the Company on 26 July 2012.

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 40th AGM to approve the payment of Directors' fees up to a stipulated amount for FY2013-14 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 framework is designed to link rewards to Company and individual performance, and takes into consideration the risk policies of the Company so as to be symmetric with risk outcomes and sensitive to the time horizon of risks. The framework enables the Company to align key executive compensation with the interests of shareholders and promotes the long-term success of the Company.

The key executives' remuneration framework 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. The Company 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 has 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 framework 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. In FY2012-13, a total of 1,052,750 shares and 698,500 shares have been granted under the SATS RSP and SATS PSP respectively.

No termination, retirement or post-employment benefits were granted to Directors, the PCEO or the top five key management personnel of the Company (who are not Directors or the PCEO) during FY2012-13.

	Remuneration Band[1]	Salary	Bonuses[2]		Benefits	Total	Award under SATS RSP[3]	Award under SATS PSP[3]
		%	Fixed (%)	Variable (%)	%	%		
Tan Chuan Lye	$750,001 to $1,000,000	78	7	8	7	100	45,750[5]	89,500
Ferry Chung Qing An	$500,001 to $750,000	79	6	9	6	100	22,500	38,000
Yacoob Bin Ahmed Piperdi	$250,001 to $500,000	75	6	9	10	100	22,500	38,000
Wong Hong[4]	$250,001 to $500,000	86	5	1	8	100	20,000	60,000
Chang Seow Kuay	$250,001 to $500,000	72	6	12	10	100	15,000	24,000
Leong Kok Hong	$250,001 to $500,000	78	6	11	5	100	10,500	23,000

Notes:

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

2 Includes actual performance bonus paid for FY2011-12.

3 Denotes the base awards of shares granted under the SATS RSP and the SATS PSP for FY2012-13 on 1 August 2012 and 11 March 2013 respectively. The number of shares awarded to a 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.

4 Mr Wong joined SATS on 2 July 2012. He was granted a base award under the SATS RSP for FY2012-13 on 1 August 2012. The number of shares awarded to him under the SATS RSP will vest in the award holder over a four-year period; there will be no performance conditions for vesting. On 11 March 2013, he was granted a base award under SATS PSP for FY2012-13.

5 Mr Tan was granted awards under the SATS RSP on 11 October 2012.

The total remuneration paid to the top five key management personnel (who are not Directors or the PCEO in FY2012-13) was S$2,035,566.98.

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 S$50,000 during FY2012-13.

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: ACCOUNTABILITY

Shareholders are presented with the quarterly and full-year financial results respectively within 45 days of the end of the quarter and 60 days of the end of the financial year. 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 SGX-ST Listing Manual 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, consolidated balance sheet and explanatory notes explaining any variance) are circulated to the Board for their information.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board recognises 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, and ensures that a robust risk management system is maintained.

Board Risk Committee

The Board Risk Committee currently comprises the following three members, all of whom are non-executive Directors, and a majority of whom (including the Chairman) are independent Directors, to oversee and review the adequacy and effectiveness of the Group's risk management systems as well as its safety systems and programmes:

- Mr Koh Poh Tiong, Chairman
- Mr David Heng Chen Seng, Member
- Mr Nihal Vijaya Devadas Kaviratne CBE, Member

The written terms of reference of the Board Risk Committee clearly set out its authority and duties, which 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 level 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;
- reports on any material breaches of risk limits and the adequacy of proposed action;
- the Board's Internal Controls Statement;
- appointment of risk champions 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;
- food safety and accident investigation findings and implementation of recommendations by Management; and
- adequacy of insurance coverage for the Group.

The Board Risk Committee is required by its terms of reference to meet at least four times a year. The Committee met four times in FY2012-13.

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.

PRINCIPLE 12: AUDIT COMMITTEE

Audit Committee

The Audit Committee currently comprises the following four members all of whom (including the Chairman) are non-executive independent Directors:

- Mr Keith Tay Ah Kee, Chairman
- Mr David Zalmon Baffsky, Member
- Mr Nihal Vijaya Devadas Kaviratne CBE, Member
- Mr Koh Poh Tiong, Member

The Audit Committee's primary role is to assist the Board to ensure integrity of financial reporting and that there is in place sound internal control systems. The Chairman of the Audit Committee is a qualified accountant while the other three members of the Audit Committee have extensive experience with financial management. The Board is of the view that the members of the Audit Committee have the necessary and appropriate expertise and experience to discharge effectively their duties as members of the Audit Committee.

The external auditors update and keep the Audit Committee informed about relevant changes to accounting standards and issues that have a direct impact on financial statements.

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. The Company has an internal audit team and together with the external auditors, report their findings and recommendations to the Audit Committee independently.

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

- quarterly and annual financial statements and financial announcements as required under the SGX-ST Listing Manual;
- the policy and arrangements by which employees of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
- the external audit plan, the external auditors' management letter, the scope and results of the external audit;
- independence and objectivity of the external auditors;
- the appointment, re-appointment or removal of the external auditors, the audit fee, and recommendation to the Board on the proposal to Shareholders for the selection of external auditors;
- adequacy of resources for the internal audit function, ensuring the appropriate standing of the internal audit function within the Company and its primary line of reporting to the Chairman of the Audit Committee (with secondary administrative reporting to the PCEO). KPMG LLP ("**KPMG**") has been engaged to supplement the internal audit function;
- adequacy and effectiveness of the internal audit function, scope of internal audit work, audit programme and the internal audit charter;
- hiring, removal, evaluation and compensation of the Head of Internal Audit;
- 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;
- adequacy and effectiveness of the Company's internal controls at least annually, with Management and the internal and/or external auditors, and to report annually to the Board, on the adequacy and effectiveness of the Company's internal controls, including financial, operational, accounting, compliance and information technology controls;
- the Board's Internal Controls Statement;
- 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;
- revisions/additions/updates to the approval limits for write-offs, capital expenditure, disposal of assets and investments, and other financial, operating and other approval limits, of the Company;
- compliance matters, including corporate securities trading policies, with the Group's General Counsel and/or the Company Secretary (or such persons of equivalent authority); and
- interested person transactions as required under the SGX-ST Listing Manual 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 SGX-ST Listing Manual, the 2012 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 FY2012-13 and at least one of these meetings was conducted without the presence of Management.

The Audit Committee reviews the independence and objectivity 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 FY2012-13, 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. For details of fees payable to the auditors in respect of audit and non-audit services, please refer to Note 6 of the Notes to the Financial Statements on page 111.

The Company has complied with Rules 712, and Rule 715 read with 716 of the SGX-ST Listing Manual in relation to its auditing firms.

Whistle-blowing Policy

The Company has also put in place a "Policy on Reporting Wrongdoing" and hotline to report wrongdoing to institutionalise 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 FY2012-13, the Company's internal audit function was undertaken by its Internal Audit Department ("**IAD**") and KPMG. The role of the internal auditors is to provide the Audit Committee with reasonable assurance that the Company maintains adequate and effective internal controls, through regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the Audit Committee and conducting regular in-depth audits of high-risk areas.

IAD is headed by Vice President, Internal Audit, and staffed by suitably qualified executives. Under the Group's Internal Audit Charter, IAD has unrestricted access to the Audit Committee and unfettered access to all the Group's documents, records, properties and personnel.

The internal auditors report directly to the Audit Committee and administratively to the PCEO. The Audit Committee conducts an annual review of the adequacy and effectiveness of the internal audit function. 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.

IAD adopts a risk-based approach in formulating the annual internal audit plan that aligns its activities to the key risk areas across the Group. The annual internal audit plan is reviewed and approved by the AC. IAD assists the Board in promoting sound risk management and good corporate governance through assessing the design and operating effectiveness of controls that govern key business processes and risks identified in the overall risk framework of the Group.

IAD meets all the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. Training and development opportunities are provided for IAD staff to ensure their technical knowledge and skill sets remain current and relevant.

PRINCIPLE 14: SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

The Company believes in equal dissemination of information and releases all media and analysts briefings, and provides timely information to Shareholders, through announcements via SGXNet, and also uploads announcements onto the Company's website.

Shareholders are informed of general meetings through notices published in the newspapers and reports or circulars sent to all Shareholders. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. If any Shareholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance. The voting rights of Shareholders are described in the Annual Report, and Shareholders are briefed on the rules and voting procedures at the beginning of general meetings. The Company also encourages Shareholders to actively participate during general meetings, which are held in convenient locations.

PRINCIPLE 15: REGULAR, EFFECTIVE AND FAIR COMMUNICATION WITH SHAREHOLDERS

The Company strives to convey to the Shareholders on a regular and timely basis pertinent information in a clear, forthcoming and detailed manner, taking into consideration their views and inputs to address Shareholders' concerns. The Company disseminates material information to ensure that it is made publicly available on a timely and non-selective basis. Material information is published on SGXNet and on the Company's website (www.sats.com.sg), and where appropriate, through media releases.

In FY2012-13, the Company had about 90 meetings with more than 180 institutional investors and shareholders from Singapore and overseas. Senior management participated in investment conferences such as the Deutsche Bank Access Asia Conference and the Morgan Stanley Asia Pacific Summit held in Singapore. In addition, site visits to the Marina Bay Cruise Centre Singapore and SATS Inflight Catering Centre 1 were organised to give analysts, investors and shareholders a better insight into our operations and capabilities.

The Company's Corporate 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 16: GREATER SHAREHOLDER PARTICIPATION AT GENERAL MEETINGS

The Company's 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 processes to facilitate absentia voting, and prevention measures against errors, fraud and other irregularities.

At general meetings, each distinct issue is proposed as a separate resolution. All resolutions are put to the vote by a show of hands.

The 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.

The Company Secretaries prepare minutes of Shareholders' meetings, which incorporate substantial comments or queries from shareholders and responses from the Board and Management. These minutes are available to shareholders upon their request.

DEALINGS IN SECURITIES

In line with the rules of the SGX-ST Listing Manual, 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, EVPs 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 SGX-ST Listing Manual 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 employees 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 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 or her 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 Share Purchase Mandate (the "**Mandate**") at the Annual General Meeting of the Company held on 26 July 2012. However, the Company has not undertaken any purchase or acquisition of its shares pursuant to the Mandate. As at 23 May 2013, being the latest practicable date prior to the printing of this Annual Report, 621,777 shares purchased or acquired by the Company were held as treasury shares.

INTERNAL CONTROL STATEMENT

Responsibility

The 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, addressing financial, operating, compliance and information technology risks.

The Board is responsible for the governance of risk, and 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, at least annually, the adequacy and effectiveness of the Group's internal control functions, the Group's Corporate Governance, and the system of ensuring integrity of financial reporting and assessing financial risk management.

The AC is made up of four Directors, all of whom (including the Chairman) are non-executive and independent. Two of the AC members are also members of the Board Risk Committee. 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.

Board Risk Committee

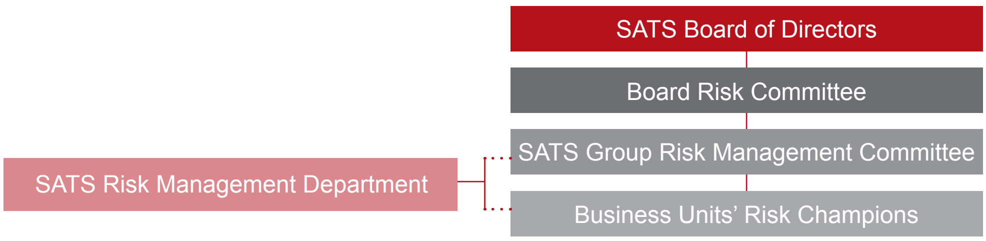
The Board, through the Board Risk Committee ("**BRC**"), generally oversees and reviews the other risks faced by the Group including operational and compliance risks. The BRC assists the Board in reviewing the effectiveness of the system of safety and risk management, and in doing so, the BRC considers 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. Two of the BRC members are also members of the AC. The BRC met four times in FY2012-13 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 President and Chief Executive Officer, 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 communication 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.

Management Controls and Assurance Framework

The Group's Management Controls and Assurance Framework ("**Framework**") comprises three levels of defense towards ensuring the adequacy of the Group's system of risk management and internal controls

Level 1 Defense – Policies and Business Governance

Management ensures good corporate governance through the implementation and management of policies and procedures relevant to the Group's business environment. These policies and procedures govern financial, operational, information technology and compliance matters.

The Group's key policies and procedures include:
- written terms of reference for various Management and Board's Committees;
- defined roles and responsibilities, and authorisation levels for all aspects of the businesses that are set out in the authority matrix, including guidelines on matters requiring the Board's approval;
- appropriate management organizational structures;
- a planned and coordinated budgeting process where operating units prepare budgets for the coming year that are approved by both Management and the Board; and
- policies that set out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity. They cover areas such as workplace health and safety, conduct in the workplace, safeguarding of the Company's assets (including proprietary information and intellectual properties), confidentiality, conflict of interest, and non-solicitation of customers and employees.

Level 2 Defense – Risk Management 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 reviews 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.

The following are the key risk management activities carried out within the Group during the year:
- 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; and
- CSA exercise carried out by the business units. This exercise requires the various business units to assess the status of their respective internal controls and develop action plans to remedy identified control weaknesses.

Fraud risk management processes include conflict of interest declaration and the implementation of policies such as SATS Whistle-Blower Policy and Code of Conduct to establish a clear tone at the top with regard to employees' business and ethical conduct.

Level 3 Defense – Assurance

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.

The Group's Internal Audit and the external auditors conduct annual reviews which include the effectiveness of the Group's material internal controls (addressing financial, operational, information technology and compliance risks), and risk management system. Any significant non-compliance or failures in internal controls and recommendations for improvement are reported to the AC.

The details of the Group's independent Internal Audit function are set out in the "**Corporate Governance**" section of this Annual Report.

Board's Oversight

The Board of Directors, supported by the AC and BRC, oversees the Group's systems of internal controls and risk management. The Board has received assurance from the PCEO and CFO:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and financial position; and

(b) regarding the effectiveness of the Group's risk management and internal control systems.

Conclusion

Taking into account the views of the AC and the BRC in the exercise of their responsibilities under their respective terms of reference, the framework of management controls, the internal control policies and procedures established and maintained by the Group's Management, the reviews conducted by the internal and external auditors and the documented governance assurance, the Board opines, with the concurrence of the AC, that the systems of internal controls and risk management (addressing financial, operational, compliance and information technology risks) were adequate as at the date of the report.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited consolidated financial statements of SATS Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2013.

1. DIRECTORS

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

Edmund Cheng Wai Wing	Chairman
David Zalmon Baffsky	
David Heng Chen Seng	
Alexander Charles Hungate	
Nihal Vijaya Devadas Kaviratne CBE	
Koh Poh Tiong	
Keith Tay Ah Kee	
Leo Yip Seng Cheong	

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 Director who held office at the end of the financial year has, 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	1.4.2012	31.3.2013	1.4.2012	31.3.2013
Interest in SATS Ltd.				
Ordinary shares				
Keith Tay Ah Kee	35,000	35,000	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2013.

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 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. SHARE-BASED PAYMENTS

(i) Employee Share Option Plan

The SATS Employee Share Option Plan (the "**Share Option 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 Share Option 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 Share Option 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. 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.

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.

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 Share Option Plan. 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 26,053,650 unissued ordinary shares in the Company were outstanding:

Date of grant	Balance at 1.4.2012	Forfeited/ Lapsed	Exercised	Balance at 31.3.2013	Exercise price *	Exercisable period
01.07.2002	383,550	(175,200)	(208,350)	–	$1.49	01.07.2003 - 30.06.2012
01.07.2003	554,150	(2,600)	(106,500)	445,050	$1.21	01.07.2004 - 30.06.2013
01.07.2004	2,368,450	(24,600)	(645,450)	1,698,400	$1.83	01.07.2005 - 30.06.2014
01.07.2005	5,247,300	(119,000)	(1,179,400)	3,948,900	$2.01	01.07.2006 - 30.06.2015
03.07.2006	4,498,425	(172,800)	(1,131,525)	3,194,100	$1.84	03.07.2007 - 02.07.2016
02.07.2007	13,010,700	(428,600)	(198,900)	12,383,200	$2.80	02.07.2009 - 01.07.2017
01.07.2008	6,114,500	(33,100)	(1,697,400)	4,384,000	$1.96	01.07.2010 - 30.06.2018
	32,177,075	(955,900)	(5,167,525)	26,053,650		

* Following approval by the Company's shareholders of the declaration of a special dividend of $0.15 per share on 26 July 2012, the Committee administering the Share Option Plan has approved a $0.15 reduction in the exercise prices of all share options outstanding on 15 August 2012. The exercise prices reflected here are the exercise prices after such adjustment (except the expired grant). The Company has accounted for the modification in accordance with FRS 102. As the incremental fair value of the share options resulted from the modification is $NIL, no adjustment is made to the share-based payment expenses.

5. SHARE-BASED PAYMENTS (cont'd)

(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 Share Option Plan.

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, depending on the achievement of pre-determined targets over a two-year period for the RSP and a three-year period for the PSP. In respect of RSP and PSP grants with effect from FY2010-11, the final number of restricted shares is 100% of the restricted grants and performance shares between 0% to 200% of the initial grant of performance shares.

For the years prior to FY2010-11, 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. With effect from FY2010-11, the RSP award will vest over a four-year period; there will be no performance condition for vesting. The 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 Share Option Plan, the RSP and PSP comprises the following Directors:

Edmund Cheng Wai Wing	Chairman
Alexander Charles Hungate	Member
Leo Yip Seng Cheong	Member

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

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

RSP

	Number of restricted shares				
Date of grant	Balance at 1.4.2012/ Date of grant	Vested	Forfeited	Adjustments #	Balance at 31.3.2013
28.07.2008	66,400	(66,400)	–	–	–
17.11.2008	9,300	(9,300)	–	–	–
12.11.2009	138,200	(72,900)	(5,300)	4,800	64,800
02.08.2010	619,500	(203,000)	(29,500)	30,960	417,960
01.08.2011	135,000	–	–	10,800	145,800
03.08.2011	1,015,200	(252,200)	(44,500)	39,484	757,984
01.08.2012	1,007,000	–	(40,500)	–	966,500
11.10.2012	45,750	–	–	–	45,750
	3,036,350	(603,800)	(119,800)	86,044	2,398,794

Adjustment due to the declaration of a special dividend of $0.15 per share on 26 July 2012.

5. SHARE-BASED PAYMENTS (cont'd)

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

PSP

	Number of performance shares				
Date of grant	Balance at 1.4.2012/ Date of grant	Vested	Forfeited	Adjustments #	Balance at 31.3.2013
02.08.2010	531,000	–	(67,000)	37,120	501,120
03.08.2011	559,000	–	(64,800)	27,179	521,379
11.03.2013	698,500	–	–	–	698,500
	1,788,500	–	(131,800)	64,299	1,720,999

Adjustment due to the declaration of a special dividend of $0.15 per share on 26 July 2012.

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 $2.18 to $2.71 (2012: $1.92 to $2.52) and the estimated weighted average fair value at the date of grant for each share granted during the year under the PSP is $2.68 (2012: $1.50).

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 income statement 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 2013, were 2,398,794 (2012: 1,983,600) and 1,720,999 (2012: 1,090,000) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards is 2,398,794 (2012: 1,983,600) and zero to a maximum of 3,441,998 (2012: zero to maximum 2,180,000) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

6. AUDIT COMMITTEE

The Audit Committee performed the functions specified in the Companies Act, Cap. 50. The functions performed are detailed in the Corporate Governance Report.

7. INTERNAL CONTROL STATEMENT

Taking into account the views of the Audit Committee and the Board Risk Committee in the exercise of their responsibilities under their respective terms of reference, the framework of management controls, the internal control policies and procedures established and maintained by the Group's Management, the reviews conducted by the internal and external auditors and the documented governance assurance, the Board opines, with the concurrence of the Audit Committee, that the systems of internal controls and risk management (addressing financial, operational, compliance and information technology risks) were adequate as at the date of the report.

8. AUDITORS

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

On behalf of the Board of Directors,

EDMUND CHENG WAI WING Chairman	KEITH TAY AH KEE Director

Dated this 14 May 2013

STATEMENT BY DIRECTORS

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 statements of financial position of the Group and the Company as at 31 March 2013, the statements of changes in equity of the Group and the Company, the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group 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 2013 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the 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 of Directors,

EDMUND CHENG WAI WING
Chairman

KEITH TAY AH KEE
Director

Dated this 14 May 2013

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 TO THE MEMBERS OF SATS LTD.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of SATS Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**") set out on pages 81 to 160, which comprise the statements of financial position of the Group and the Company as at 31 March 2013, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

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.

AUDITOR'S 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 statement of financial position 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 2013 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 14 May 2013

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2013

	Note	2012-13 $'000	2011-12 $'000
Continuing operations			
Revenue	4	**1,818,992**	1,685,413
Expenditure			
Staff costs	5	**(765,445)**	(696,979)
Cost of raw materials		**(393,036)**	(370,760)
Licensing fees		**(76,982)**	(70,277)
Depreciation and amortisation charges		**(92,924)**	(97,369)
Company premise and utilities expenses		**(130,484)**	(123,679)
Other costs		**(167,786)**	(157,358)
		(1,626,657)	(1,516,422)
Operating profit	6	**192,335**	168,991
Write-back of retirement benefit plan obligations		**–**	10,147
Interest on borrowings	7	**(2,600)**	(2,455)
Interest income	8	**1,077**	1,060
Dividend from long-term investment, gross		**1,245**	1,250
Gain on early retirement of obligations related to sale and leaseback arrangement		**–**	826
Amortisation of deferred income, net of expenses		**–**	677
(Loss)/gain on disposal of property, plant and equipment		**(2,495)**	68
(Loss)/gain on disposal/liquidation of subsidiaries		**(366)**	15
Share of results of associates/joint ventures, net of tax		**52,704**	41,233
Other non-operating expenses		**(579)**	–
Profit before tax from continuing operations		**241,321**	221,812
Income tax expense	9	**(39,739)**	(36,735)
Profit from continuing operations, net of tax		**201,582**	185,077
Discontinued operations			
Loss from discontinued operations, net of tax	17	**(16,801)**	(10,077)
Profit for the year		**184,781**	175,000
Profit attributable to:			
Owners of the Company			
Profit from continuing operations, net of tax		**201,565**	180,960
Loss from discontinued operations, net of tax	17	**(16,801)**	(10,077)
Profit for the year attributable to owners of the Company		**184,764**	170,883
Non-controlling interests			
Profit from continuing operations, net of tax		**17**	4,117
		184,781	175,000
Earnings per share from continuing operations attributable to owners of the Company (cents)			
Basic	10	**18.1**	16.3
Diluted	10	**18.0**	16.3
Earnings per share (cents)			
Basic	10	**16.6**	15.4
Diluted	10	**16.5**	15.4

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2013

	2012-13 $'000	2011-12 $'000
Profit for the year	**184,781**	175,000
Other comprehensive income:		
Net fair value changes on available-for-sale assets	**–**	(39)
Foreign currency translation	**(25,414)**	(9,806)
Reclassification of foreign currency translation to profit or loss	**(221)**	17,239
Other comprehensive income for the year, net of tax	**(25,635)**	7,394
Total comprehensive income for the year	**159,146**	182,394
Total comprehensive income attributable to:		
Owners of the Company		
From continuing operations	**187,525**	167,022
From discontinued operations	**(16,801)**	7,162
	170,724	174,184
Non-controlling interests	**(11,578)**	8,210
Total comprehensive income for the year	**159,146**	182,394

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2013

	Note	GROUP 31.3.2013 $'000	GROUP 31.3.2012 $'000	COMPANY 31.3.2013 $'000	COMPANY 31.3.2012 $'000
Equity attributable to owners of the Company:					
Share capital	12	**338,423**	326,229	**338,423**	326,229
Treasury shares	12	**(2,069)**	(827)	**(2,069)**	(827)
Share-based compensation reserve	13	**17,718**	18,934	**17,718**	18,934
Statutory reserve	13	**7,598**	6,962	**–**	–
Fair value reserve	13	**65**	(50)	**–**	–
Foreign currency translation reserve	13	**(110,971)**	(96,812)	**–**	–
Revenue reserve		**1,150,689**	1,254,984	**982,215**	1,114,455
		1,401,453	1,509,420	**1,336,287**	1,458,791
Non-controlling interests		**95,224**	106,802	**–**	–
Total equity		**1,496,677**	1,616,222	**1,336,287**	1,458,791
Non-current assets					
Property, plant and equipment	14	**592,234**	653,840	**5,548**	4,129
Investment properties	15	**11,298**	13,489	**319,347**	341,082
Intangible assets	16	**192,877**	212,966	**12,107**	13,649
Investment in subsidiaries	17	**–**	–	**541,030**	541,030
Investment in associates	18	**360,894**	347,689	**270,819**	270,819
Investment in joint ventures	19	**29,257**	20,631	**12,014**	12,014
Long-term investment	20	**8,319**	8,382	**7,886**	7,886
Loan to subsidiaries	17	**–**	–	**148,910**	164,187
Deferred tax assets	21	**23,746**	26,868	**–**	–
Other non-current assets	22	**6,291**	7,426	**–**	–
		1,224,916	1,291,291	**1,317,661**	1,354,796

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2013

	Note	GROUP 31.3.2013 $'000	GROUP 31.3.2012 $'000	COMPANY 31.3.2013 $'000	COMPANY 31.3.2012 $'000
Current assets					
Trade and other receivables	23	**300,725**	293,733	**51,240**	50,120
Prepayments		**14,237**	14,362	**2,415**	2,291
Amount due from associates	18	**6,965**	7,773	**6,965**	7,773
Loan to a subsidiary	17	**–**	–	**–**	592
Inventories	24	**52,843**	43,718	**296**	310
Cash and short-term deposits	25	**405,535**	471,643	**290,554**	355,961
		780,305	831,229	**351,470**	417,047
Less: Current liabilities					
Bank overdraft - secured	25	**1,318**	1,530	**–**	–
Trade and other payables	26	**236,860**	203,240	**190,260**	157,651
Income tax payable		**50,453**	42,422	**8,854**	4,852
Term loans	27	**19,495**	21,965	**–**	–
Finance leases	28	**1,923**	3,209	**–**	–
		310,049	272,366	**199,114**	162,503
Net current assets		**470,256**	558,863	**152,356**	254,544
Less: Non-current liabilities					
Deferred tax liabilities	21	**60,094**	62,184	**30,918**	31,225
Term loans	27	**105,734**	126,099	**102,812**	119,324
Finance leases	28	**3,040**	5,216	**–**	–
Defined benefit plan	29	**12,520**	15,663	**–**	–
Other long-term liabilities		**17,107**	24,770	**–**	–
		198,495	233,932	**133,730**	150,549
Net assets		**1,496,677**	1,616,222	**1,336,287**	1,458,791

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2013

		Attributable to owners of the Company									
	Note	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Statutory Reserve *	Fair Value Reserve	Foreign Currency Translation Reserve	Revenue Reserve	Total	Non-controlling Interests	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
GROUP											
Balance at 1 April 2012		326,229	(827)	18,934	6,962	(50)	(96,812)	1,254,984	1,509,420	106,802	1,616,222
Profit for the year		–	–	–	–	–	–	184,764	184,764	17	184,781
Other comprehensive income for the year		–	–	–	–	119	(14,159)	–	(14,040)	(11,595)	(25,635)
Total comprehensive income for the year		–	–	–	–	119	(14,159)	184,764	170,724	(11,578)	159,146
Contributions by and distributions to owners											
Share-based payment		–	–	2,613	–	–	–	–	2,613	–	2,613
Share options exercised and lapsed		12,194	–	(2,454)	–	–	–	431	10,171	–	10,171
Purchase of treasury shares		–	(2,617)	–	–	–	–	–	(2,617)	–	(2,617)
Treasury shares reissued pursuant to equity compensation plans		–	1,375	(1,375)	–	–	–	–	–	–	–
Dividends, net	11	–	–	–	–	–	–	(288,646)	(288,646)	–	(288,646)
Total contributions by and distributions to owners		12,194	(1,242)	(1,216)	–	–	–	(288,215)	(278,479)	–	(278,479)
Others											
Transfer to statutory reserve *		–	–	–	636	–	–	(636)	–	–	–
Premium paid for acquisition of non-controlling interests		–	–	–	–	(4)	–	(208)	(212)	–	(212)
Balance at 31 March 2013		338,423	(2,069)	17,718	7,598	65	(110,971)	1,150,689	1,401,453	95,224	1,496,677

* Certain countries in which some of the subsidiaries and associates are incorporated legally require statutory reserves to be set aside. The laws of the countries restrict the distribution and use of these statutory reserves.

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2013

		Attributable to owners of the Company									
	Note	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Statutory Reserve *	Fair Value Reserve	Foreign Currency Translation Reserve	Revenue Reserve	Total	Non-controlling Interests	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
GROUP											
Balance at 1 April 2011		324,743	(1,275)	18,815	6,659	(11)	(100,152)	1,272,477	1,521,256	98,592	1,619,848
Profit for the year		–	–	–	–	–	–	170,883	170,883	4,117	175,000
Other comprehensive income for the year		–	–	–	–	(39)	3,340	–	3,301	4,093	7,394
Total comprehensive income for the year		–	–	–	–	(39)	3,340	170,883	174,184	8,210	182,394
Contributions by and distributions to owners											
Share-based payment		–	–	2,458	–	–	–	–	2,458	–	2,458
Share options exercised and lapsed		1,486	–	(591)	–	–	–	384	1,279	–	1,279
Purchase of treasury shares		–	(1,300)	–	–	–	–	–	(1,300)	–	(1,300)
Treasury shares reissued pursuant to equity compensation plans		–	1,748	(1,748)	–	–	–	–	–	–	–
Dividends, net	11	–	–	–	–	–	–	(188,457)	(188,457)	–	(188,457)
Total contributions by and distributions to owners		1,486	448	119	–	–	–	(188,073)	(186,020)	–	(186,020)
Others											
Transfer to statutory reserve *		–	–	–	303	–	–	(303)	–	–	–
Balance at 31 March 2012		326,229	(827)	18,934	6,962	(50)	(96,812)	1,254,984	1,509,420	106,802	1,616,222

* Certain countries in which some of the subsidiaries and associates are incorporated legally require statutory reserves to be set aside. The laws of the countries restrict the distribution and use of these statutory reserves.

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2013

	Note	Share Capital $'000	Treasury Shares $'000	Share-Based Compensation Reserve $'000	Revenue Reserve $'000	Total Equity $'000
COMPANY						
Balance at 1 April 2012		326,229	(827)	18,934	1,114,455	1,458,791
Profit for the year		–	–	–	155,975	155,975
Other comprehensive income for the year		–	–	–	–	–
Total comprehensive income for the year		–	–	–	155,975	155,975
Contributions by and distributions to owners						
Share-based payment		–	–	2,613	–	2,613
Share options exercised and lapsed		12,194	–	(2,454)	431	10,171
Purchase of treasury shares		–	(2,617)	–	–	(2,617)
Treasury shares reissued pursuant to equity compensation plans		–	1,375	(1,375)	–	–
Dividends, net	11	–	–	–	(288,646)	(288,646)
Total contributions by and distributions to owners		12,194	(1,242)	(1,216)	(288,215)	(278,479)
Balance at 31 March 2013		338,423	(2,069)	17,718	982,215	1,336,287

	Note	Share Capital $'000	Treasury Shares $'000	Share-Based Compensation Reserve $'000	Revenue Reserve $'000	Total Equity $'000
COMPANY						
Balance at 1 April 2011		324,743	(1,275)	18,815	925,583	1,267,866
Profit for the year		–	–	–	376,945	376,945
Other comprehensive income for the year		–	–	–	–	–
Total comprehensive income for the year		–	–	–	376,945	376,945
Contributions by and distributions to owners						
Share-based payment		–	–	2,458	–	2,458
Share options exercised and lapsed		1,486	–	(591)	384	1,279
Purchase of treasury shares		–	(1,300)	–	–	(1,300)
Treasury shares reissued pursuant to equity compensation plans		–	1,748	(1,748)	–	–
Dividends, net	11	–	–	–	(188,457)	(188,457)
Total contributions by and distributions to owners		1,486	448	119	(188,073)	(186,020)
Balance at 31 March 2012		326,229	(827)	18,934	1,114,455	1,458,791

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2013

	Note	2012-13 $'000	2011-12 $'000
Cash flows from operating activities			
Profit before tax from continuing operations		**241,321**	221,812
Loss before tax from discontinued operations		**(16,801)**	(9,244)
Profit before tax, total		**224,520**	212,568
Adjustments for:			
Write-back of retirement benefit plan obligations		**–**	(10,147)
Interest and investment expense, net		**278**	146
Depreciation and amortisation charges		**92,924**	108,637
Unrealised foreign exchange (gain)/loss		**(25)**	651
Gain on early retirement of obligations related to sale and leaseback arrangement		**–**	(826)
Loss/(gain) on disposal of property, plant and equipment		**2,495**	(68)
Loss on disposal of subsidiaries		**366**	5,500
Share of results of associates/joint ventures, net of tax		**(52,704)**	(41,233)
Share-based payment expense		**2,613**	2,458
Impairment of deferred consideration		**16,801**	–
Other non-cash items		**1,569**	1,023
Operating profit before working capital changes		**288,837**	278,709
Changes in working capital:			
Increase in receivables		**(22,997)**	(22,288)
Decrease/(increase) in prepayments		**125**	(6,543)
Increase in inventories		**(9,695)**	(2,140)
Increase/(decrease) in payables		**20,630**	(34,446)
Decrease/(increase) in amount due from associates		**643**	(2,514)
Cash generated from operations		**277,543**	210,778
Interest paid to third parties		**(2,328)**	(2,446)
Income taxes paid		**(29,268)**	(40,241)
Net cash from operating activities		**245,947**	168,091
Cash flows from investing activities			
Capital expenditure	25	**(37,794)**	(64,309)
Dividends from associates		**24,561**	23,206
Dividends from long-term investment, gross		**1,245**	1,250
Proceeds from disposal of property, plant and equipment		**409**	414
Interest received from deposits		**441**	948
Purchase of long-term investments		**–**	(27)
Investment in associates/joint ventures		**(5,975)**	(24,740)
Capital injection by non-controlling shareholder into a subsidiary		**–**	2,400
Acquisition of shares in a subsidiary		**(139)**	–
Net proceeds from disposal of a subsidiary/subsidiaries		**626**	285,257
Net cash (used in)/ generated from investing activities		**(16,626)**	224,399
Cash flows from financing activities			
Repayment of term loans		**(3,217)**	(53,326)
Repayment of finance leases and related charges		**(2,759)**	(4,021)
Drawdown of term loans		**651**	45,493
Proceeds from exercise of share options		**10,171**	1,279
Dividends paid		**(288,646)**	(188,457)
Purchase of treasury shares		**(2,617)**	(1,300)
Charges on early retirement of obligations related to sale and leaseback arrangement		**–**	(15,559)
Net cash used in financing activities		**(286,417)**	(215,891)
Net increase in cash and cash equivalents		**(57,096)**	176,599
Effect of exchange rate changes		**(8,800)**	(2,603)
Cash and cash equivalents at beginning of financial year		**470,113**	296,117
Cash and cash equivalents at end of financial year	25	**404,217**	470,113

The accompanying notes form an integral part of the financial statements.

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 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 17 to the financial statements.

The consolidated financial statements for the financial year ended 31 March 2013 were authorised for issue in accordance with a resolution of the Directors on 14 May 2013.

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 statement of financial position 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 ($ or SGD) and all values in the tables are rounded to the nearest thousand ($'000) 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 April 2012. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

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)
Amendments to FRS 1	Presentation of Items of Other Comprehensive Income	1 July 2012
Improvement to FRSs 2012	Amendment to FRS 1 Presentation of Financial Statements	1 January 2013
	Amendment to FRS 16 Property, Plant and Equipment	1 January 2013
	Amendment to FRS 32 Financial Instruments: Presentation	1 January 2013
Amendments to FRS 19	Employee Benefits	1 January 2013
Amendments to FRS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 107	Disclosure – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Revised to FRS 27	Separate Financial Statements	1 January 2014
Revised to FRS 28	Investments in Associates and Joint Ventures	1 January 2014
FRS 110	Consolidated Financial Statements	1 January 2014
FRS 111	Joint Arrangements	1 January 2014
FRS 112	Disclosure of Interests in Other Entities	1 January 2014
FRS 113	Fair Value Measurements	1 January 2014

2. ACCOUNTING POLICIES (cont'd)

c. Standards issued but not yet effective (cont'd)

Except for the amendments to FRS 1, FRS 19, FRS 111, revised FRS 28 and FRS 112, the Directors expect that the adoption of the 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 amendments to FRS 1, FRS 19, FRS 111, revised FRS 28 and FRS 112 are described below.

Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*

The amendments to FRS 1 Presentation of Items of Other Comprehensive Income (OCI) is effective for financial periods beginning on or after 1 July 2012.

The amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the amendments only affect the presentation of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

Revised FRS 19 *Employee Benefits*

The revised FRS 19 removes the corridor mechanism for defined benefit plans and no longer allows actuarial gains and losses to be recognised in profit or loss. All actuarial gains and losses are recognised in other comprehensive income and unvested past service costs previously recognised over the average vesting period are to be recognised immediately in profit or loss when incurred.

The revised FRS 19 replaced the interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset which is calculated by multiplying the net balance sheet defined benefit liability or asset by the discount rate used to measure the employee benefit obligation, each as at the beginning of the annual period. The distinction between short-term and long-term employee benefits is based on expected timing of settlement rather than employee entitlement. The revised FRS 19 is to be applied retrospectively.

The Group currently applies the corridor method for its defined benefit plans. However, the Group has determined the impact of the changes arising from the adoption of this standard. The Group expects the adoption of this standard will result in a decrease in its net defined benefit plan liability recognised in its statement of financial position and corresponding increase in retained earnings. The effects of the adoption on the financial statements are as follows:

	2012-13 As Restated $'000	2011-12 As Restated $'000
Increase/(decrease) in Consolidated Statement of Comprehensive Income		
Defined benefit plan		
- Actuarial loss on defined benefit obligation	**3,969**	2,718
- Actuarial gain in fair value of plan assets	**13,256**	(602)
Deferred tax		
- Deferred tax expense	**3,250**	(1,162)
Increase/(decrease) in Statement of Financial Position		
- Defined benefit obligation	**(5,408)**	3,207
- Deferred tax asset	**(1,893)**	1,122
- Revenue reserve	**3,515**	(2,085)

2. ACCOUNTING POLICIES (cont'd)

c. Standards issued but not yet effective (cont'd)

FRS 111 *Joint Arrangements* and Revised FRS 28 *Investments in Associates and Joint Ventures*

FRS 111 and the revised FRS 28 are effective for financial periods beginning on or after 1 January 2014.

FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

The Group currently applies equity accounting for its joint ventures. Hence, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when adopted in 2014.

d. Basis of consolidation and business combinations

(i) Basis of consolidation

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 and dividends 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.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2. ACCOUNTING POLICIES (cont'd)

d. Basis of consolidation and business combinations (cont'd)

(i) Basis of consolidation (cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or revenue reserve, as appropriate.

(ii) Business combinations

Business combinations from 1 April 2010

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 to 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's 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.

2. ACCOUNTING POLICIES (cont'd)

d. Basis of consolidation and business combinations (cont'd)

(ii) Business combinations (cont'd)

Business combinations from 1 April 2010 (cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts are recorded for the items for which the accounting is incomplete. During the measurement period, retrospective adjustments are made to the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as information about facts and circumstances that existed as of the acquisition date are obtained, limited to a maximum period of one year from the acquisition date.

Business combinations prior to 1 April 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. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified 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 adjustments to the contingent consideration were recognised as part of goodwill.

e. Subsidiaries, associates and joint ventures

A subsidiary is 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 is generally accompanied by a shareholding giving rise to the majority of the voting rights. A list of the Group's subsidiaries is shown in Note 17 to the financial statements.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

An associate is an entity, not being a subsidiary or joint venture, 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. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate. A list of the Group's associates is shown in Note 18 to the financial statements.

2. ACCOUNTING POLICIES (cont'd)

e. Subsidiaries, associates and joint ventures (cont'd)

The Group's investment in associates are accounted for using the equity method. Under the equity method, the investment in associates is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate 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 associate's identifiable assets, liabilities and contingent liabilities over the cost of investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of profit or loss of its associates is the profit attributable to equity holders of the associates and, therefore is the profit or loss after tax and non-controlling interest in the subsidiaries of associates.

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

A joint venture 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 ventures are shown in Note 19 to the financial statements.

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

Upon the loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any differences between the carrying amount of the former jointly controlled entity upon loss of joint control which is the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The most recently available audited financial statements of the associates and joint ventures are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous 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.

2. ACCOUNTING POLICIES (cont'd)

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 statement of financial position, separately from equity attributable to owners of the Company.

g. Functional and foreign currencies

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(i) Foreign currency transactions and balances

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 functional currencies at exchange rates approximating those ruling at the transaction dates. 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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(ii) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore Dollars at the exchange rates ruling at the end of reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2. ACCOUNTING POLICIES (cont'd)

h. Intangible assets

(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. 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 any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

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.

2. ACCOUNTING POLICIES (cont'd)

h. Intangible assets (cont'd)

(ii) Other intangible assets (cont'd)

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.

- *Software development*

  Software development 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.

- *Licences*

  Licences comprise abattoir licence and transferable fishing licences which were acquired in a business combination. Fishing licences have indefinite life and are tested annually for impairment or whenever there is indication of impairment, as described in Note 2(x). The abattoir licence is amortised on a straight line basis over its estimated useful life of 14 years.

- *Customer relationships*

  Customer relationships were acquired in a business combination. The customer relationships are amortised on a straight line basis over its estimated useful life of 3 to 10 years.

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 accounting policy for borrowing costs is set out in Note 2(q). 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. When significant parts of property, plant and equipment are acquired to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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 profit or loss 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.

2. ACCOUNTING POLICIES (cont'd)

i. Property, plant and equipment (cont'd)

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	–	50 to 55 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.

j. Investment properties

Investment properties are properties either owned by the Group in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties.

Investment properties are stated at cost, net of depreciation and any accumulated impairment losses. Depreciation is provided on the straight line basis so as to write off the cost of the investment properties over its estimated useful lives of 10 to 30 years.

Investment properties are derecognised 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 gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss account in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. 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. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

k. 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 and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

2. ACCOUNTING POLICIES (cont'd)

k. Leases (cont'd)

Finance lease – as lessee

Finance leases, which transfer to the Group substantially all the risks and rewards 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 to profit or loss.

Operating lease – as lessee

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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 basis as rental income. The accounting policy for rental income is set out in Note 2(v).

l. Inventories

Inventories, which consist mainly of equipment spare parts and food supplies, are stated at the lower of cost or 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 of completion and the estimated costs necessary to make the sale.

m. Financial assets

Financial assets are recognised 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. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition 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 in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised 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.

2. ACCOUNTING POLICIES (cont'd)

m. Financial assets (cont'd)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Financial assets at fair value through profit or loss 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. Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

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 or 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.

Trade and other receivables and amounts due from related companies

Trade receivables, which generally have 30 - 90 day terms, other receivables and amounts due from related companies are classified and accounted for as loans and receivables.

2. ACCOUNTING POLICIES (cont'd)

n. Cash and short-term deposits

Cash and short-term deposits 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.

o. 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 substantively enacted by the balance sheet date, in the countries where the Group operates and generates taxable income.

Current income taxes are 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.

Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences at the end of reporting period 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 liability 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 taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, 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 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.

2. ACCOUNTING POLICIES (cont'd)

o. Taxation (cont'd)

Deferred tax (cont'd)

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 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 end of reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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 taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed.

The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

p. Loans and borrowings

Loans 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.

2. ACCOUNTING POLICIES (cont'd)

q. Borrowing cost

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized as part of the cost of qualifying asset 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.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

r. Employee benefits

Equity compensation plans

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 plans 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 profit or loss, 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 profit or loss, 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.

Defined contribution plans

The Group participates in national pension schemes as defined by the laws of the countries in which it has operations. The companies in Singapore make contributions to the Central Provident Fund ("CPF") scheme, a defined contribution pension scheme. Certain of the Group's overseas companies 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.

2. ACCOUNTING POLICIES (cont'd)

r. Employee benefits (cont'd)

Defined benefit plan

The cost of providing benefits under the defined benefit plan 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 unvested 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 value of any defined benefit asset recognised is restricted to the sum of any past service costs and actuarial gains and losses not yet recognised 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.

The Group's right to be reimbursed for some or all of the expenditure required 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)

s. Financial liabilities

Financial liabilities include trade payables, which are normally settled on 30 - 90 day terms, other payables, amount owing to related companies and interest-bearing loans and borrowings. Financial liabilities are recognised 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 liabilities at initial recognition. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

t. 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.

u. Discontinued operations

In profit or loss of the current reporting period, and of the comparative period of the previous year, all income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in profit or loss.

v. Revenue

a) Rendering of service

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.

b) Rental income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms.

2. ACCOUNTING POLICIES (cont'd)

w. Income from investments

a) Dividend income

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

b) Interest income

Interest income from investments and fixed deposits is recorded using the effective interest rate method.

x. 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 Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations cover a period of five years.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, 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 Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's carrying amount since the last impairment loss was recognised.

If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2. ACCOUNTING POLICIES (cont'd)

x. Impairment of non-financial and financial assets (cont'd)

Financial assets

The Group assesses at balance sheet date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group 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 Group 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 occurred, 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 profit or loss.

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 occurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 profit or loss.

Financial 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 occurred, 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.

Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

2. ACCOUNTING POLICIES (cont'd)

x. Impairment of non-financial and financial assets (cont'd)

Financial assets (cont'd)

Available-for-sale financial assets (cont'd)

Significant is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

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 profit or loss, is transferred from other comprehensive income to profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; 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.

y. Segment 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 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

z. Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity (Note 12). 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, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

aa. Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

  (i) has control or joint control over the Company;

  (ii) has significant influence over the Company; or

  (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

2. ACCOUNTING POLICIES (cont'd)

aa. Related parties (cont'd)

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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 balance sheet date. 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 balance sheet date, 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.

(a) 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 2013 was $50.5 million (2012: $42.4 million).

The Group's deferred tax assets and deferred tax liabilities as of 31 March 2013 are $23.7 million (2012: $26.9 million) and $60.1 million (2012: $62.2 million) respectively.

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

Key sources of estimation uncertainty (cont'd)

(b) 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(j) 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.

(c) Defined benefit plan

The cost of defined benefit plans as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, expected rates of return of assets, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions.

In determining the appropriate discount rate, management considers the interest rates of high quality corporate bonds in the respective currencies with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

All assumptions are reviewed at balance sheet date. The net defined benefit liability as at 31 March 2013 is $12.5 million (2012: $15.7 million). Further details are provided in Note 29.

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.

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 for 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 16 to the financial statements.

4. REVENUE

Revenue comprises revenue from gateway services and food solutions and rental income provided by the Company and the Group. Gateway services includes ground handling, airport cargo delivery, management services, aviation security services and cruise terminal services while food solutions refer to inflight catering, food processing, distribution and airline laundry services. It excludes dividends, interest income and, in respect of the Group, intra-Group transactions.

	GROUP	
	2012-13	2011-12
	$'000	$'000
Food Solutions	**1,164,667**	1,076,951
Gateway Services	**648,725**	602,731
Corporate (rental and other services)	**5,600**	5,731
	1,818,992	1,685,413

5. STAFF COSTS

	GROUP	
	2012-13	2011-12
	$'000	$'000
Salaries, bonuses and other costs *	**705,569**	642,107
CPF and other defined contributions	**54,997**	50,058
Defined benefit plan	**2,266**	2,356
Share-based compensation expense #	**2,613**	2,458
	765,445	696,979
Number of employees at end of year	**14,409**	14,029

* Included in salaries, bonuses and other costs are contract labour expenses of $78,686,000 (2012: $66,640,000).
\# Disclosures relating to share-based compensation expense are in Note 12.

6. OPERATING PROFIT

	GROUP	
	2012-13	2011-12
	$'000	$'000
Operating profit for the financial year is stated after charging/(crediting):		
Directors' fees	**934**	965
Audit fee paid to auditors of the Company	**572**	563
Audit fee paid to other auditors	**343**	385
Non-audit fee paid to auditors of the Company	**320**	342
Allowance of doubtful receivables	**325**	798
Loss/(gain) on disposal of property, plant and equipment	**2,495**	(68)
Maintenance of equipment and vehicles	**36,491**	35,974
IT expenses	**21,617**	20,239
Lease of ground support equipment	**8,470**	6,987
Rental for leasehold land and premises	**2,701**	1,098
Exchange gain, net	**(25)**	(1,542)

7. INTEREST ON BORROWINGS

	GROUP 2012-13 $'000	GROUP 2011-12 $'000
Interest expenses on:		
Loan from third parties	**2,600**	2,455

8. INTEREST INCOME

	GROUP 2012-13 $'000	GROUP 2011-12 $'000
Interest income from:		
Third parties	**1,077**	1,060

9. INCOME TAX EXPENSE

	GROUP 2012-13 $'000	GROUP 2011-12 $'000
Current income tax - continuing operations:		
Current year	**42,536**	35,404
Over provision in respect of prior years	**(3,658)**	(1,046)
	38,878	34,358
Deferred income tax - continuing operations:		
Movement in temporary differences	**(190)**	(1,769)
(Over)/under provision of deferred taxation in respect of prior years	**(742)**	1,464
Effect of reduction in tax rate	**–**	1,010
Provision for withholding tax expenses on share of results of associates	**1,793**	1,672
Income tax attributable to continuing operations	**39,739**	36,735
Income tax attributable to discontinued operations (Note 17)	**–**	833
Income tax expenses recognised in profit or loss	**39,739**	37,568

9. INCOME TAX EXPENSE (cont'd)

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	
	2012-13 $'000	2011-12 $'000
Profit before tax from continuing operations	**241,321**	221,812
Loss before tax from discontinued operations (Note 17)	**(16,801)**	(9,244)
Accounting profit before tax	**224,520**	212,568
Taxation at statutory tax rate of 17% (2012: 17%)	**38,168**	36,137
Adjustments:		
Non-deductible expenses	**10,996**	4,946
Effect of different tax rates in other countries	**2,420**	1,546
Effect of reduction in tax rate	**–**	1,010
Over provision of current taxation in respect of prior years	**(3,658)**	(1,046)
(Over)/under provision of deferred taxation in respect of prior years	**(742)**	1,464
Utilisation of previously unrecognised tax losses/capital allowances	**(1,435)**	(724)
Tax exempt income	**(296)**	(21)
Effect of write-back of retirement benefit plan obligations	**–**	(1,725)
Effect of share of results of associates/joint ventures	**(8,960)**	(7,010)
Provision for withholding tax expenses on share of results of associates	**1,793**	1,672
Deferred tax benefits not recognised	**759**	484
Others	**694**	835
	39,739	37,568

10. EARNINGS PER SHARE

	GROUP	
	2012-13 $'000	2011-12 $'000
Profit attributable to owners of the Company	**184,764**	170,883

	GROUP 31 March	
	2013	2012
Weighted average number of ordinary shares in issue used for computing basic earnings per share	**1,110,990,272**	1,108,323,239
Adjustment for share options, RSP and PSP	**7,590,427**	2,828,879
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	**1,118,580,699**	1,111,152,118
Earnings per share from continuing operations attributable to owners of the Company (cents)		
Basic	**18.1**	16.3
Diluted	**18.0**	16.3
Earnings per share (cents)		
Basic	**16.6**	15.4
Diluted	**16.5**	15.4

Basic earnings per share is calculated by dividing the profit attributable to owners 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.

9,362,102 (2012: 16,337,496) 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.

11. DIVIDENDS PAID AND PROPOSED

	GROUP AND COMPANY	
	2012-13 $'000	2011-12 $'000
Dividends paid:		
Final dividend of 6 cents (2012: 6 cents) per ordinary share in respect of previous financial year	**66,601**	66,512
Special dividend of 15 cents (2012: 6 cents) per ordinary share in respect of previous financial year	**166,503**	66,512
Interim dividend of 5 cents (2012: 5 cents) per ordinary share in respect of current financial year	**55,542**	55,433
	288,646	188,457

The Directors proposed the following dividends for the financial year ended 31 March 2013:

	2012-13 $'000
Final dividend of 6 cents per ordinary share (one-tier tax exempt)	**66,815**
Special dividend of 4 cents per ordinary share (one-tier tax exempt)	**44,543**
	111,358

12. SHARE CAPITAL AND TREASURY SHARES

	GROUP AND COMPANY 31 March	
Share Capital	2013 $'000	2012 $'000
Issued and fully paid share capital		
Ordinary shares		
Balance at beginning of the year: 1,109,034,510 (2012: 1,108,372,310) ordinary shares	**326,229**	324,743
5,167,525 (2012: 662,200) share options exercised during the year	**12,194**	1,486
Balance at end of the year: 1,114,202,035 (2012: 1,109,034,510) ordinary shares	**338,423**	326,229

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.

12. SHARE CAPITAL AND TREASURY SHARES (cont'd)

Treasury shares	GROUP AND COMPANY 31 March 2013 $'000	2012 $'000
Balance at beginning of the year: 225,577 (2012: 500,000) shares	**827**	1,275
1,000,000 (2012: 500,000) shares acquired during the year	**2,617**	1,300
603,800 (2012: 774,423) restricted and performance shares vested and issued from treasury shares during the year	**(1,375)**	(1,748)
Balance at end of the year: 621,777 (2012: 225,577) shares	**2,069**	827

Treasury shares relates to ordinary shares of the Company that are held by the Company.

Share Option Plan

During the financial year, the Company issued 5,167,525 (2012: 662,200) ordinary shares upon exercise of options granted under the Employee Share Option Plan. 603,800 (2012: 774,423) ordinary shares were vested and issued from treasury shares during the financial year under the Restricted Share Plan and Performance Share Plan.

Information with respect to the number of options granted under the Plan is as follows:

	GROUP 31 March 2013 Number of options	Weighted average exercise price	2012 Number of options	Weighted average exercise price
Outstanding at beginning of the year	**32,177,075**	**$2.41**	33,714,275	$2.46
Exercised	**(5,167,525)**	**$1.93**	(662,200)	$1.89
Forfeited/Lapsed	**(955,900)**	**$2.23**	(875,000)	$2.23
Outstanding at end of the year	**26,053,650**	**$2.33**	32,177,075	$2.41
Exercisable at end of the year	**26,053,650**	**$2.33**	32,177,075	$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 were no option granted during the year and in prior year.

12. SHARE CAPITAL AND TREASURY SHARES (cont'd)

Share Option Plan (cont'd)

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	
	2012-13 $'000	2011-12 $'000
Aggregate proceeds from ordinary shares issued	**10,171**	1,279

Terms of share options outstanding as at 31 March 2013:

Exercise period	Exercise Price	Number Outstanding	Number Exercisable
01.07.2004 to 30.06.2013	$1.21	28,150	28,150
01.07.2005 to 30.06.2013	$1.21	312,500	312,500
01.07.2006 to 30.06.2013	$1.21	50,450	50,450
01.07.2007 to 30.06.2013	$1.21	53,950	53,950
01.07.2005 to 30.06.2014	$1.83	120,350	120,350
01.07.2006 to 30.06.2014	$1.83	1,166,850	1,166,850
01.07.2007 to 30.06.2014	$1.83	201,850	201,850
01.07.2008 to 30.06.2014	$1.83	209,350	209,350
01.07.2006 to 30.06.2015	$2.01	244,925	244,925
01.07.2007 to 30.06.2015	$2.01	3,208,125	3,208,125
01.07.2008 to 30.06.2015	$2.01	247,775	247,775
01.07.2009 to 30.06.2015	$2.01	248,075	248,075
03.07.2007 to 02.07.2016	$1.84	111,762	111,762
03.07.2008 to 02.07.2016	$1.84	2,852,888	2,852,888
03.07.2009 to 02.07.2016	$1.84	112,987	112,987
03.07.2010 to 02.07.2016	$1.84	116,463	116,463
02.07.2009 to 01.07.2017	$2.80	12,383,200	12,383,200
01.07.2010 to 30.06.2018	$1.96	4,384,000	4,384,000
		26,053,650 [@]	26,053,650

@ The total number of options outstanding includes 4,694,975 (2012: 5,217,900) 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 AND TREASURY SHARES (cont'd)

Share Option Plan (cont'd)

Details of movements of share options:

Date of grant	Balance at 1.4.2012	Forfeited/ Lapsed	Exercised	Balance at 31.3.2013	Exercise price *	Exercisable period
01.07.2002	383,550	(175,200)	(208,350)	–	$1.49	01.07.2003 - 30.06.2012
01.07.2003	554,150	(2,600)	(106,500)	445,050	$1.21	01.07.2004 - 30.06.2013
01.07.2004	2,368,450	(24,600)	(645,450)	1,698,400	$1.83	01.07.2005 - 30.06.2014
01.07.2005	5,247,300	(119,000)	(1,179,400)	3,948,900	$2.01	01.07.2006 - 30.06.2015
03.07.2006	4,498,425	(172,800)	(1,131,525)	3,194,100	$1.84	03.07.2007 - 02.07.2016
02.07.2007	13,010,700	(428,600)	(198,900)	12,383,200	$2.80	02.07.2009 - 01.07.2017
01.07.2008	6,114,500	(33,100)	(1,697,400)	4,384,000	$1.96	01.07.2010 - 30.06.2018
	32,177,075	(955,900)	(5,167,525)	26,053,650		

* Following approval by the Company's shareholders of the declaration of a special dividend of $0.15 per share on 26 July 2012, the Committee administering the Plan has approved a $0.15 reduction in the exercise prices of all share options outstanding on 15 August 2012. The exercise prices reflected here are the exercise prices after such adjustment. The Company has accounted for the modification in accordance with FRS 102. As the incremental fair value of the share options resulted from the modification is $NIL, no adjustment is made to the share-based payment expenses.

The range of exercise prices for options outstanding at the end of the year is $1.21 - $2.80 (2012: $1.36 - $2.95). The weighted average remaining contractual life for these options is 3.73 years (2012: 4.63 years).

The weighted average share price for options exercised during the year was $2.84 (2012: $2.54).

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

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.
Performance Conditions	<u>For grants prior to FY2009/2010</u> At Group level • EBITDA# Margin • Value Added per $ Employment Cost <u>For grants in FY2009/2010</u> At Group level • PATMI@ • Value Added per $ Employment Cost	• Absolute Total Shareholder Return (TSR) • Absolute Return on Equity (ROE)

12. SHARE CAPITAL AND TREASURY SHARES (cont'd)

Share-Based Incentive Plans (cont'd)

	Restricted Share Plan ("RSP")	Performance Share Plan ("PSP")
For grants prior to FY2010/2011 (cont'd)		
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, FY2011/2012 and FY2012/2013		
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.

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	Oct 2012	Aug 2012	Aug 2011
Expected dividend yield (%)		Management's forecast	
Expected volatility (%)	28.2	28.9	31.8
Risk-free interest rate (%)	0.3 – 0.4	0.2 – 0.3	0.2 – 0.4
Expected term (years)	0.8 – 3.8	0.9 – 3.9	0.9 – 3.9
Share price at date of grant ($)	2.79	2.58	2.32

12. SHARE CAPITAL AND TREASURY SHARES (cont'd)

Share-Based Incentive Plans (cont'd)

Fair values of RSP and PSP (cont'd)

PSP	Mar 2013	Aug 2011
Expected dividend yield (%)	Management's forecast	
Expected volatility (%)	17.2	31.0
Risk-free interest rate (%)	0.26	0.31
Expected term (years)	2.3	2.7
Index (for Relative TSR)	MSCI Asia Pac ex-Japan Industrial Index	MSCI Asia Pac ex-Japan Industrial Index
Index Volatility (%)	25.3	34.6
Correlation with Index (%)	26.8	81.1
Share price at date of grant ($)	2.93	2.32

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:

RSP

	Number of restricted shares				
Date of grant	Balance at 1.4.2012/ Date of grant	Vested	Forfeited	Adjustments #	Balance at 31.3.2013
28.07.2008	66,400	(66,400)	–	–	–
17.11.2008	9,300	(9,300)	–	–	–
12.11.2009	138,200	(72,900)	(5,300)	4,800	64,800
02.08.2010	619,500	(203,000)	(29,500)	30,960	417,960
01.08.2011	135,000	–	–	10,800	145,800
03.08.2011	1,015,200	(252,200)	(44,500)	39,484	757,984
01.08.2012	1,007,000	–	(40,500)	–	966,500
11.10.2012	45,750	–	–	–	45,750
	3,036,350	(603,800)	(119,800)	86,044	2,398,794

Adjustment due to the declaration of a special dividend of $0.15 per share on 26 July 2012.

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 $2.18 to $2.71 (2012: $1.92 to $2.52).

PSP

	Number of performance shares				
Date of grant	Balance at 1.4.2012/ Date of grant	Vested	Forfeited	Adjustments #	Balance at 31.3.2013
02.08.2010	531,000	–	(67,000)	37,120	501,120
03.08.2011	559,000	–	(64,800)	27,179	521,379
11.03.2013	698,500	–	–	–	698,500
	1,788,500	–	(131,800)	64,299	1,720,999

Adjustment due to the declaration of a special dividend of $0.15 per share on 26 July 2012.

12. SHARE CAPITAL AND TREASURY SHARES (cont'd)

Share-Based Incentive Plans (cont'd)

Fair values of RSP and PSP (cont'd)

The estimated weighted average fair value at date of grant for each share granted during the year under the PSP is $2.68 (2012: $1.50) based on the Monte Carlo simulation model.

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 income statement 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 2013, were 2,398,794 (2012: 1,983,600) and 1,720,999 (2012: 1,090,000) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards is 2,398,794 (2012: 1,983,600) and zero to a maximum of 3,441,998 (2012: zero to maximum 2,180,000) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

For the current financial year, the Group has provided $2,613,000 (2012: $2,417,000) 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 profit or loss for share-based compensation transactions with employees can be summarised as follows:

	GROUP	
	2012-13 $'000	2011-12 $'000
Share-based compensation expense		
Restricted share plan	**1,995**	1,934
Performance share plan	**618**	524
	2,613	2,458

13. OTHER RESERVES

(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) Statutory Reserve

Certain countries in which some of the Group's associates are incorporated legally require statutory reserves to be set aside. The laws of the countries restrict the distribution and use of these statutory reserves.

(c) 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.

13. OTHER RESERVES (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.

The foreign currency translation reserve is also used to record the effect of hedging of net investments in a foreign operation (Note 27).

14. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land and buildings $'000	Leasehold land and buildings $'000	Office fittings and fixtures $'000	Fixed ground support equipment $'000	Mobile ground support equipment $'000	Office and commercial equipment $'000	Motor vehicles $'000	Progress payments $'000	Total $'000
Cost									
At 1 April 2011	153,788	746,562	82,659	392,091	45,803	69,898	44,637	27,839	1,563,277
Translation	4,316	(71)	(314)	(728)	37	361	(502)	(52)	3,047
Reclassifications	–	4,995	7,148	3,263	5,735	1,675	–	(22,845)	(29)*
Additions	330	1,294	3,153	10,371	15,832	2,738	4,589	16,255	54,562
Disposals	(14,549)	(20,448)	(9,542)	(97,097)	(131)	(5,201)	(3,373)	(49)	(150,390)
At 31 March 2012 and 1 April 2012	143,885	732,332	83,104	307,900	67,276	69,471	45,351	21,148	1,470,467
Translation	(22,278)	(34)	(403)	(88)	(225)	(1,255)	(1,972)	8	(26,247)
Reclassifications	–	–	14,255	2,868	1,791	797	–	(19,833)	(122)*
Additions	1,910	1,579	6,296	4,043	6,473	7,049	6,005	2,198	35,553
Disposals	(2,342)	(340)	(897)	(1,751)	(3,278)	(1,339)	(5,401)	(417)	(15,765)
At 31 March 2013	121,175	733,537	102,355	312,972	72,037	74,723	43,983	3,104	1,463,886
Accumulated depreciation									
At 1 April 2011	2,962	351,568	51,649	316,688	33,217	44,166	21,130	–	821,380
Translation	808	202	(313)	55	95	297	(648)	–	496
Reclassifications	–	–	–	982	(982)	–	–	–	–
Depreciation	5,367	25,876	9,794	23,346	6,570	8,012	5,019	–	83,984
Disposals	(2,532)	(6,983)	(8,451)	(63,459)	(131)	(4,453)	(3,224)	–	(89,233)
At 31 March 2012 and 1 April 2012	6,605	370,663	52,679	277,612	38,769	48,022	22,277	–	816,627
Translation	(4,377)	(16)	(358)	(54)	(74)	(1,133)	(773)	–	(6,785)
Depreciation	5,619	25,069	10,322	14,892	7,560	5,690	5,632	–	74,784
Disposals	(942)	(193)	(676)	(1,369)	(3,264)	(1,155)	(5,375)	–	(12,974)
At 31 March 2013	6,905	395,523	61,967	291,081	42,991	51,424	21,761	–	871,652
Carrying amount									
At 31 March 2012	137,280	361,669	30,425	30,288	28,507	21,449	23,074	21,148	653,840
At 31 March 2013	114,270	338,014	40,388	21,891	29,046	23,299	22,222	3,104	592,234

Carrying amount of property, plant and equipment under finance leases is $4,340,000 (2012: $6,828,000). In addition to assets held under finance leases, the Group's property, plant and equipment with a carrying amount of $152,605,000 (2012: $183,210,000) are pledged to secure the Group's bank loans (Note 27) and overdrafts (Note 25).

* Reclassification to intangible assets (Note 16).

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

COMPANY	Fixed ground support equipment $'000	Mobile ground support equipment $'000	Office and commercial equipment $'000	Motor vehicles $'000	Progress payments $'000	Total $'000
Cost						
At 1 April 2011	1,263	350	5,863	154	2,602	10,232
Reclassifications	–	–	–	–	(1,747)	(1,747)*
Additions	86	–	475	–	2,680	3,241
Disposals	–	–	(112)	(31)	–	(143)
At 31 March 2012 and 1 April 2012	1,349	350	6,226	123	3,535	11,583
Reclassifications	–	–	749	–	(2,483)	(1,734)*
Additions	–	–	2,941	–	481	3,422
Disposals	–	–	(3)	–	–	(3)
At 31 March 2013	1,349	350	9,913	123	1,533	13,268
Accumulated depreciation						
At 1 April 2011	1,228	350	5,021	123	–	6,722
Depreciation	20	–	842	13	–	875
Disposals	–	–	(112)	(31)	–	(143)
At 31 March 2012 and 1 April 2012	1,248	350	5,751	105	–	7,454
Depreciation	36	–	220	13	–	269
Disposals	–	–	(3)	–	–	(3)
At 31 March 2013	1,284	350	5,968	118	–	7,720
Carrying amount						
At 31 March 2012	101	–	475	18	3,535	4,129
At 31 March 2013	65	–	3,945	5	1,533	5,548

* Reclassification from investment properties (Note 15) and intangible assets (Note 16).

	GROUP		COMPANY	
	2012-13 $'000	2011-12 $'000	2012-13 $'000	2011-12 $'000
Depreciation charge for the financial year				
Freehold land and buildings	**5,619**	5,367	**–**	–
Leasehold land and buildings	**25,069**	25,876	**–**	–
Office fittings and fixtures	**10,322**	9,794	**–**	–
Fixed ground support equipment	**14,892**	23,346	**36**	20
Mobile ground support equipment	**7,560**	6,570	**–**	–
Office and commercial equipment	**5,690**	8,012	**220**	842
Motor vehicles	**5,632**	5,019	**13**	13
	74,784	83,984	**269**	875

	GROUP 31 March		COMPANY 31 March	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Reclassification of property, plant and equipment to:				
Investment properties (Note 15)	**–**	–	**(1,734)**	(1,728)
Intangible assets (Note 16)	**(122)**	(29)	**–**	(19)
	(122)	(29)	**(1,734)**	(1,747)

15. INVESTMENT PROPERTIES

	GROUP $'000	COMPANY $'000
Cost		
At 1 April 2011	**26,616**	722,138
Reclassification (Note 14)	**–**	1,728
Additions	**–**	1,758
Translation	**(1,007)**	–
At 31 March 2012 and 1 April 2012	**25,609**	725,624
Reclassification (Note 14)	**–**	1,734
Additions	**–**	1,830
Translation	**(931)**	–
At 31 March 2013	**24,678**	729,188
Accumulated depreciation		
At 1 April 2011	**10,376**	359,584
Depreciation	**1,812**	24,958
Translation	**(68)**	–
At 31 March 2012 and 1 April 2012	**12,120**	384,542
Depreciation	**1,378**	25,299
Translation	**(118)**	–
Balance at 31 March 2013	**13,380**	409,841
Carrying amount		
At 31 March 2012	**13,489**	341,082
At 31 March 2013	**11,298**	319,347

Information relating to the fair values of the investment properties of the Group as at 31 March 2013 is as follows:

	Carrying value $'000	Fair value $'000
Investment properties	11,298	37,675

The valuations were performed by independent valuers with recognised and relevant professional qualifications. The valuations make reference to sales and gross rental income of similar properties based on prevailing economic conditions.

Information relating to the fair values of the investment properties of the Company is as follows:

	Carrying value $'000	Fair value $'000
Investment properties rented by Company to third parties	4,833	21,000

The valuations were performed by independent valuers with recognised and relevant professional qualifications. The valuations make reference to sales and gross rental income of similar properties based on prevailing economic conditions.

15. INVESTMENT PROPERTIES (cont'd)

The remaining investment properties of the Company are rented to the subsidiaries of the Group for their operational needs and therefore the Company does not consider the disclosure of fair value of the investment properties to be relevant.

The property rental income earned by the Group and Company for the year ended 31 March 2013 from its investment properties which are leased out under operating leases, amounted to $3,066,000 and $46,802,000 (2012: $3,119,000 and $46,534,000) respectively.

Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties amounted to $378,000 and $36,022,000 (2012: $428,000 and $35,464,000) for the Group and Company respectively.

16. INTANGIBLE ASSETS

GROUP

	Software Development $'000	Advance and progress payment $'000	Goodwill $'000	Licences $'000	Brand name $'000	Customer relationships $'000	Total $'000
Cost							
At 1 April 2011	49,530	10,105	271,379	27,162	116,993	92,232	567,401
Additions	36	9,711	–	–	–	–	9,747
Reclassifications	6,436	(6,407)	–	–	–	–	29*
Translation	46	6	–	158	(1,873)	(1,720)	(3,383)
Disposals	–	–	(122,113)	–	(115,120)	(48,029)	(285,262)
At 31 March 2012 and 1 April 2012	56,048	13,415	149,266	27,320	–	42,483	288,532
Additions	23	1,993	–	668	–	–	2,684
Reclassifications	9,643	(9,521)	–	–	–	–	122*
Translation	(313)	–	(3,990)	(23)	–	(2,560)	(6,886)
Disposals	(47)	–	–	–	–	–	(47)
At 31 March 2013	65,354	5,887	145,276	27,965	–	39,923	284,405
Accumulated depreciation							
At 1 April 2011	41,638	13	–	4,150	383	34,372	80,556
Translation	23	2	–	–	–	(242)	(217)
Reclassifications	15	(15)	–	–	–	–	–
Amortisation	5,175	–	–	1,915	101	15,650	22,841
Disposals	–	–	–	–	(484)	(27,130)	(27,614)
At 31 March 2012 and 1 April 2012	46,851	–	–	6,065	–	22,650	75,566
Translation	(197)	–	–	–	–	(556)	(753)
Amortisation	7,512	–	–	1,915	–	7,335	16,762
Disposals	(47)	–	–	–	–	–	(47)
At 31 March 2013	54,119	–	–	7,980	–	29,429	91,528
Carrying amount							
At 31 March 2012	9,197	13,415	149,266	21,255	–	19,833	212,966
At 31 March 2013	11,235	5,887	145,276	19,985	–	10,494	192,877

* Reclassification from property, plant and equipment (Note 14).

16. INTANGIBLE ASSETS (cont'd)

Customer Relationships and Licences

The customer relationships relate to the economic benefits that are expected to derive from business dealings with the existing customers in the Singapore 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 licence granted by the Agri-Food & Veterinary Authority of Singapore and fishing licence in Australia.

Amortisation Expense

The amortisation of licences and customer relationships is included in the "Depreciation and amortisation charges" line item in the consolidated income statement.

Impairment Testing of Goodwill

Goodwill arising from business combinations have been allocated to the following cash-generating units (CGU) for impairment testing:

- Food Solutions
- TFK Corporation

The carrying amounts of goodwill allocated to each CGU are as follows:

	Food Solutions 31 March		TFK Corporation 31 March	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Goodwill	**125,034**	125,034	**20,242**	24,232

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 31 March		TFK Corporation 31 March	
	2013 %	2012 %	2013 %	2012 %
Growth rate	**1**	1	**1**	1
Discount rate	**7**	9	**8**	8

16. INTANGIBLE ASSETS (cont'd)

Impairment Testing of Goodwill (cont'd)

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 retention of customers, expansion in business, synergies and efficiency improvements. The forecasted revenue is dependent on the demand from key customers. A reasonable possible change in demand from key customers would not have an impact to the carrying value of goodwill in the Food Solutions CGU. A reduction of up to approximately 50% of demand from a key customer in the TFK Corporation CGU would not affect the carrying amount of the goodwill in the CGU.

Growth rates - The forecasted growth rates are based on relevant industry outlook 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 to be stable over the forecast period.

COMPANY	Software $'000	Others $'000	Total $'000
Cost			
At 1 April 2011	10,343	268	10,611
Reclassification (Note 14)	(863)	882	19
Additions	–	7,933	7,933
At 31 March 2012 and 1 April 2012	9,480	9,083	18,563
Reclassification	9,138	(9,138)	–
Additions	–	2,265	2,265
At 31 March 2013	18,618	2,210	20,828
Accumulated amortisation			
At 1 April 2011	3,597	6	3,603
Reclassification	6	(6)	–
Amortisation	1,311	–	1,311
At 31 March 2012 and 1 April 2012	4,914	–	4,914
Amortisation	3,807	–	3,807
Balance at 31 March 2013	8,721	–	8,721
Carrying amount			
At 31 March 2012	4,566	9,083	13,649
At 31 March 2013	9,897	2,210	12,107

The remaining amortisation period of the software ranged from 1 to 5 years.

17. INVESTMENT IN SUBSIDIARIES

	COMPANY 31 March 2013 $'000	2012 $'000
Unquoted shares, at cost	**541,030**	541,030

The subsidiaries are:

Name of companies (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2013 $'000	2012 $'000	Percentage of equity held 2013 %	2012 %
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)	**1,340**	1,340	**100**	100
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 and inflight catering 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
SATS Investments Pte. Ltd. * (Singapore)	Investment holding (Singapore)	**#**	#	**100**	100
SATS (India) Co. Private Limited (India)	Business development and marketing and product development (India)	**228**	228	**100**	100
		541,030	541,030		

17. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	COMPANY 31 March Cost of investment 2013 $'000	Cost of investment 2012 $'000	Percentage of equity held 2013 %	Percentage of equity held 2012 %
Held through Country Foods Pte. Ltd.					
Country Foods Macau, Limited ^@ (Macau)	Food catering and food services (Macau)	**–**	–	**–**	51
Held through SATS Airport Services Pte Ltd					
SATS-Creuers Cruise Services Pte. Ltd. * (Singapore)	Management of international cruise terminal (Singapore)	**–**	–	**60**	60
Held through Singapore Food Industries Pte. Ltd.					
Singfood Pte. Ltd. * (Singapore)	Contract manufacturing of food products and food distribution (Singapore)	**–**	–	**100**	100
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)	**–**	–	**100**	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

17. INVESTMENT IN SUBSIDIARIES (cont'd)

		COMPANY 31 March			
		Cost of investment		Percentage of equity held	
Name of companies (Country of incorporation)	Principal activities (Place of business)	2013 $'000	2012 $'000	2013 %	2012 %
Held through Singapore Food Industries Pte. Ltd. (cont'd)					
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**	100
Sports Catering Services Pte. Ltd. *& (Singapore)	Catering and food and beverages services at Singapore Sports Hub (Singapore)	**–**	–	**70**	–
Held through SATS Investments Pte. Ltd.					
TFK Corporation ^ (Japan)	Inflight catering services (Japan)	**–**	–	**53.8##**	53.8##
Food And Allied Support Services Corporation Pte. Ltd. * (Singapore)	Remote catering (Singapore)	**–**	–	**51**	51
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##**	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##**	53.8##
New Tokyo Service Co., Ltd (Japan)	Inflight catering services, despatch of workers to inflight catering operators (Japan)	**–**	–	**53.8##**	53.8##
Tokyo Flight Kitchen Restaurantes LTDA (Brazil)	Real estate management (Brazil)	**–**	–	**53.8##**	53.8##
TFK International (N.Z.) Limited ^ (New Zealand)	Restaurant and inflight meal (in process of liquidation) (New Zealand)	**–**	–	**53.8##**	53.8##

17. INVESTMENT IN SUBSIDIARIES (cont'd)

		COMPANY 31 March			
		Cost of investment		Percentage of equity held	
Name of companies (Country of incorporation)	Principal activities (Place of business)	2013 $'000	2012 $'000	2013 %	2012 %
Held through Food And Allied Support Services Corporation Pte. Ltd.					
FASSCO International (Australia) Pty Ltd +^ (Australia)	Catering, housekeeping and other allied services (Australia)	**–**	–	**51**	–
FASSCO International (India) Private Limited ++^ (India)	Catering, housekeeping and other allied services (India)	**–**	–	**51**	–

Amount is $2
* Audited by Ernst & Young LLP, Singapore
^ Audited by member firms of Ernst & Young Global in the respective countries
@@ Shanghai YMD Certified Public Accountants (LLP).
Excluding Treasury Shares held by TFK Corporation
& Incorporated on 12 March 2013
@ Divested on 28 September 2012
+ Incorporated on 29 May 2012
++ Incorporated on 5 October 2012

(a) Loan to subsidiaries

Loans to subsidiaries - non-current, comprise of:

(i) An amount of $592,000 (2012: $592,000) which is unsecured, bears interest at 3 months SIBOR plus 1.5% per annum and is repayable by 31 October 2016. In 2012, the loan was classified as current, bore interest at 1 month SOR plus 1.7% per annum and was repayable by 31 March 2013;

(ii) An amount of $5,720,564 (2012: $5,720,564) which is unsecured, bears interest at 3 months SIBOR plus 1.7% per annum and is repayable on 31 March 2016;

(iii) An amount of $14,155,890 (2012: $14,328,469) which is unsecured, bears interest at 3 months HIBOR per annum and no fixed term of repayment; and

(iv) The remaining loans are unsecured, non-interest bearing, repayable on demand and not expected to be paid in the next twelve months.

(b) Discontinued operations

On 25 October 2011, the Group disposed of its UK subsidiaries ("Daniels Group"), which was previously reported under the Food Solutions segment. Daniels Group's results are presented separately in the consolidated income statement as "Loss from discontinued operation, net of tax" in FY11/12.

In the current year, the Group made a provision of S$16,801,000 for the impairment of the deferred consideration due on the sale of the Daniels Group. The deferred consideration receivable is contingent on Daniels' performance over the two years from 1 April 2011 to 31 March 2013. As Daniels' performance over the last two years has not met expectations, an impairment provision has been made against the receivable. The amount is disclosed in the consolidated income statement as "Loss from discontinued operation, net of tax" in FY12/13.

17. INVESTMENT IN SUBSIDIARIES (cont'd)

Income statement disclosures

The results of Daniels Group included in the consolidated income statement for the year ended 31 March 2012 and the provision for impairment of deferred consideration for the year ended 31 March 2013 are as follows:

	GROUP	
	2012-13 $'000	2011-12 $'000
Revenue	–	186,188
Expenditure	–	(189,472)
Operating loss	–	(3,284)
Interest on borrowings	–	(461)
Gain on disposal of property, plant and equipment	–	1
Loss on disposal of subsidiary	–	(5,500)
Provision for impairment of deferred consideration	**(16,801)**	–
Loss before tax from discontinued operations	**(16,801)**	(9,244)
Income tax expense	–	(833)
Loss from discontinued operations, net of tax	**(16,801)**	(10,077)

Statements of cash flows disclosures

The cash flows attributable to Daniels Group for the year ended 31 March 2012 are as follows:

	GROUP	
	2012-13 $'000	2011-12 $'000
Operating	–	1,248
Investing	–	(5,725)
Financing	–	188
Net cash outflows	–	(4,289)

	GROUP	
Loss per share from discontinued operations attributable to owners of the Company (cents)	2012-13	2011-12
Basic	**(1.5)**	(0.9)
Diluted	**(1.5)**	(0.9)

The basic and diluted loss per share from discontinued operations are calculated by dividing the loss from discontinued operations, net of tax, attributable to owners of the Company by the weighted average of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively. The share data is presented in Note 10.

18. INVESTMENT IN ASSOCIATES

	GROUP 31 March		COMPANY 31 March	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Unquoted shares, at cost	**301,268**	301,168	**275,554**	275,554
Impairment loss	**(3,313)**	(3,313)	**(4,735)**	(4,735)
Share of post-acquisition results of associates	**195,957**	171,819	**–**	–
Accumulated amortisation of goodwill and intangible assets	**(40,771)**	(39,944)	**–**	–
Share of statutory reserves of associates	**7,610**	6,627	**–**	–
Foreign currency translation adjustments	**(99,857)**	(88,668)	**–**	–
	360,894	347,689	**270,819**	270,819

Intangible assets

Customer-related intangible assets that arose from the acquisition of associates are recorded as part of the investment in associates. The Group engaged an independent third party to perform a fair valuation of these separately identified intangible assets at acquisition date. Apart from goodwill, the useful life of these intangible assets with definite useful life was determined to be 5 to 15 years and the assets are amortised on a straight-line basis over the useful life. The amortisation expense is included in the "share of results of associates, net of tax" account in the consolidated income statement.

Amount due from associates (current account)

The amount due from associates are unsecured, trade-related and are repayable on demand.

The associates are:

		GROUP 31 March			
		Cost of investment		Percentage of equity held	
Name of companies (Country of incorporation)	Principal activities (Place of business)	2013 $'000	2012 $'000	2013 %	2012 %
Held by the Company					
Maldives Inflight Catering Private Limited * (Republic of Maldives)	Inflight catering services (Republic of Maldives)	**287**	287	**35.0**	35.0
Beijing Airport Inflight Kitchen Ltd **^ (People's Republic of China)	Inflight catering services (People's Republic of China)	**13,882**	13,882	**40.0**	40.0
Beijing Aviation Ground Services Co., Ltd @@^ (People's Republic of China)	Airport ground handling services (People's 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

18. INVESTMENT IN ASSOCIATES (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	GROUP 31 March Cost of investment 2013 $'000	Cost of investment 2012 $'000	Percentage of equity held 2013 %	Percentage of equity held 2012 %
Held by the Company (cont'd)					
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 Private Limited ## (India)	Inflight catering services (India)	**1,901**	1,901	**30.0**	30.0
Singapore Airport Duty-Free Emporium (Private) Limited ### (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
		275,554	275,554		
Held through SATS Investments Pte. Ltd.					
Adel Abuljadayel Flight Catering Company Limited @ (Saudi Arabia)	Inflight catering services (Saudi Arabia)	**22,827**	22,827	**40.0**	40.0
Held through TFK Corporation					
Tasco Foods Co., Ltd. (Japan)	Production and sales of confectionery (Japan)	**2,748**	2,748	**26.8**	26.8
International Airport Cleaning Co., Ltd. (Japan)	Providing laundry services (Japan)	**39**	39	**14.9^^**	14.9^^

18. INVESTMENT IN ASSOCIATES (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	GROUP 31 March Cost of investment 2013 $'000	2012 $'000	Percentage of equity held 2013 %	2012 %
Held through SATS Investments (Middle East I) Pte. Ltd.					
Mumtaz Food Solutions Limited ^^^ (Saudi Arabia)	Providing pilgrimage catering services (Saudi Arabia)	**100**	–	**30**	–
		301,268	301,168		

^^ International Airport Cleaning Co., Ltd. is held through TFK Corporation (a subsidiary) who has an equity stake of 27.7% in the associate.
* Audited by KPMG Ford, Rhodes, Thornton & Co., Maldives
** Audited by Zhongrui Yuehua Certified Public Accountants Co., Ltd
*** Audited by Fitzgerald & Associates, Ireland
+ Audited by Deloitte Vietnam Co. Limited
++ Audited by KPMG, Hong Kong
+++ Audited by Deloitte and Touche LLP, Singapore
# Audited by Sycip Gorres Velayo & Co
Audited by Deloitte Haskins & Sells
Audited by Ernst & Young LLP, Singapore
◊ Audited by Deloitte and Touche, Taiwan
◊◊ Audited by PricewaterhouseCoopers, Taiwan
◊◊◊ Audited by Osman Ramli Satrio and Rekan - Member Firm of Deloitte Touche Tohmatsu, Indonesia
@ Audited by Ernst & Young, Jeddah, Saudi Arabia
@@ Audited by PricewaterhouseCoopers Zhong Tian CPAs Limited Company, Beijing
^ Financial years end on 31 December.
^^^ The company is incorporated on 29 August 2012 and is held through SATS Investments (Middle East I) Pte. Ltd.

The Group has not recognised losses relating to Beijing Aviation Ground Services Co., Ltd where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was S$2,107,000 (2012: S$nil), of which S$2,107,000 (2012: S$nil) was the share of the current year's losses. The Group has no obligation in respect of these losses.

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, are as follows:

	GROUP 31 March 2013 $'000	2012 $'000
Assets and liabilities		
Current assets	**577,202**	462,750
Non-current assets	**463,869**	450,600
Total assets	**1,041,071**	913,350
Current liabilities	**357,024**	256,241
Non-current liabilities	**31,743**	35,071
Total liabilities	**388,767**	291,312

	2012-13 $'000	2011-12 $'000
Results		
Revenue	**804,906**	757,654
Profit for the year	**112,647**	85,218

19. INVESTMENT IN JOINT VENTURES

	GROUP 31 March 2013 $'000	GROUP 31 March 2012 $'000	COMPANY 31 March 2013 $'000	COMPANY 31 March 2012 $'000
Unquoted shares, at cost	**21,592**	15,719	**12,014**	12,014
Share of post-acquisition reserves				
- Share of post-acquisition revenue reserve	**10,851**	6,744	**–**	–
- Share of post-acquisition revenue reserve capitalised as share capital	**3,090**	3,090	**–**	–
Foreign currency translation	**(6,276)**	(4,922)	**–**	–
	29,257	20,631	**12,014**	12,014

Name of companies (Country of incorporation)	Principal activities (Place of business)	GROUP 31 March Cost of investment 2013 $'000	Cost of investment 2012 $'000	Percentage of equity held 2013 %	Percentage of equity held 2012 %
Held by the Company					
Air India SATS Airport Services Private Limited * (India)	Ground handling and cargo handling services (India)	**12,014**	12,014	**50.0**	50.0
Held through Singapore Food Industries Pte. Ltd.					
Jilin CSD Food Co.,Ltd # (People's Republic of China)	Operate and manage pig farming, abattoir, pork-processing, feed mill and other projects (People's Republic of China)	**9,578**	3,705	**30.0**	30.0
		21,592	15,719		

* Audited by Deloitte Haskins & Sells (Mumbai, India)
\# Audited by JiLin HuaTai Certified Public Accountants Co., Ltd (People's Republic of China)

On 27 June 2012 and 17 September 2012, Singapore Food Industries Pte. Ltd. ("SFI"), a subsidiary of SATS Ltd., injected additional capital of RMB19.3 million (S$4.0 million) and RMB9.6 million (S$1.9 million) respectively in its joint venture company, Jilin CSD Food Co., Ltd. ("Jilin CSD") with a total cash consideration of S$5.9 million which has been recognised as "Investment in associates/joint ventures" within the statement of cash flows.

19. INVESTMENT IN JOINT VENTURES

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	
	2013 $'000	2012 $'000
Assets and liabilities:		
Current assets	**50,601**	64,161
Non-current assets	**39,868**	15,715
Total assets	**90,469**	79,876
Current liabilities	**15,809**	36,612
Non-current liabilities	**4,480**	–
Total liabilities	**20,289**	36,612
Income and expenses:		
Income	**71,159**	110,348
Expenses	**63,486**	97,181

20. LONG-TERM INVESTMENT

	GROUP 31 March		COMPANY 31 March	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Unquoted equity investment, at cost	**8,319**	8,382	**7,886**	7,886

The long-term investment is classified as available-for-sale investment.

21. DEFERRED TAXATION

	GROUP			
	Statement of Financial Position 31 March		Consolidated Income Statement	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Deferred tax liabilities, net				
Differences in depreciation and amortisation	**63,933**	71,019	**1,925**	(5,713)
Identified intangible assets	**6,873**	7,936	**1,130**	4,485
Unremitted foreign dividend and interest income	**6,705**	6,222	**(483)**	(339)
Other temporary differences	**(310)**	28	**354**	3
Provisions	**(3,295)**	(11,023)	**(7,140)**	6,227
Defined benefit plan	**(14,379)**	(18,580)	**(2,008)**	(4,077)
Unutilised tax losses/capital allowances	**(9,130)**	(1,805)	**8,620**	1,543
Undistributed earnings of associates	**9,697**	8,387	**(3,082)**	(1,335)
Balance at end of year	**60,094**	62,184		
Deferred tax assets, net				
Provisions	**2,377**	3,368	**12**	2,775
Differences in depreciation and amortisation	**21,369**	23,500	**(189)**	(5,946)
Balance at end of year	**23,746**	26,868		
			(861)	(2,377)

	COMPANY	
	Statement of Financial Position 31 March	
	2013 $'000	2012 $'000
Deferred tax liabilities		
Differences in depreciation and amortisation	**24,213**	25,003
Unremitted foreign dividend and interest income	**6,705**	6,222
Balance at end of year	**30,918**	31,225

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses and capital allowances of approximately $4,087,000 (2012: $12,530,000) 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.

Tax consequences of proposed dividends

There are no income tax consequences (2012: S$nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 11).

22. OTHER NON-CURRENT ASSETS

Other non-current assets relate mainly to guarantee and lease deposits.

23. TRADE AND OTHER RECEIVABLES

	GROUP 31 March		COMPANY 31 March	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Trade and other receivables:				
Trade receivables	**161,135**	151,217	**4,206**	3,607
Staff loans	**230**	601	**83**	30
Sundry receivables	**8,235**	25,897	**1,063**	662
Amounts due from related companies - Trade	**131,125**	116,018	**–**	–
Amounts due from related companies - Non-trade	**–**	–	**45,888**	45,821
	300,725	293,733	**51,240**	50,120

The table below is an analysis of trade receivables and amounts due from related companies - trade:

	GROUP 31 March		COMPANY 31 March	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Not past due and not impaired	**229,573**	223,253	**1,250**	–
Past due but not impaired *	**62,687**	43,982	**2,956**	3,607
	292,260	267,235	**4,206**	3,607
Impaired trade receivables - collectively assessed	**245**	286	**–**	–
Less: Accumulated impairment losses	**(245)**	(286)	**–**	–
	–	–	**–**	–
Other impaired trade receivables - individually assessed	**1,564**	1,270	**181**	198
Less: Accumulated impairment losses	**(1,564)**	(1,270)	**(181)**	(198)
	–	–	**–**	–
Total trade receivables, net	**292,260**	267,235	**4,206**	3,607

* Aging of trade receivables that are past due but not impaired:

Less than 30 days	**34,453**	26,190	**221**	82
30 days to 60 days	**10,024**	9,995	**309**	115
61 days to 90 days	**3,254**	1,578	**77**	30
More than 90 days	**14,956**	6,219	**2,349**	3,380
	62,687	43,982	**2,956**	3,607

23. TRADE AND OTHER RECEIVABLES (cont'd)

Trade receivables denominated in foreign currencies at 31 March are as follows:

	GROUP		COMPANY	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Euro	**–**	25	**–**	–
United States Dollar	**5,749**	8,394	**4,359**	–

The carrying amount of trade receivables 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 receivable is ascertained to be uncollectible, it is written off against the allowance account.

Significant financial difficulties of the debtors, probability that the debtors will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days aging of receivables balances) are considered indicators that the debt owing by the trade receivables is impaired. Individual trade receivables amount is written off when management deems the amount not collectible.

Trade receivables are stated after impairment. Analysis of the impairment account is as follows:

	GROUP 31 March		COMPANY 31 March	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Balance at 1 April	**1,556**	2,528	**198**	1
Disposal of subsidiaries	**–**	(1,428)	**–**	–
Exchange differences	**(5)**	(27)	**–**	–
Write-off against provisions	**(58)**	(347)	**(1)**	–
Charge/(Write-back) to income statement	**316**	830	**(16)**	197
Balance at 31 March	**1,809**	1,556	**181**	198
Bad debts write-off directly to income statement	**9**	20	**–**	–

Staff loans

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% (2012: 1.475% to 3%).

Sundry receivables

Sundry receivables are unsecured, interest-free.

Amounts due from related companies

The amounts due to the Group are trade related, with a credit term of 45 days. The amounts due to the Company are unsecured, interest-free and are repayable on demand.

24. INVENTORIES

	GROUP 31 March		COMPANY 31 March	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Statements of Financial Position:				
Food supplies and dry stores	**44,029**	35,198	**–**	–
Technical spares	**8,163**	7,708	**–**	–
Other consumables	**651**	812	**296**	310
Total inventories at lower of cost or net realisable value	**52,843**	43,718	**296**	310

	GROUP		COMPANY	
	2012-13 $'000	2011-12 $'000	2012-13 $'000	2011-12 $'000
Income Statement:				
Inventories recognised as an expense	**429,093**	390,323	**–**	–
Inclusive of the following charge/(credit):				
– Inventories written down	**680**	1,288	**–**	–
– Reversal of write-down of inventories	**(110)**	–	**–**	–

25. CASH AND SHORT-TERM DEPOSITS

(a) Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts in statements of financial position:

	GROUP 31 March		COMPANY 31 March	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Fixed deposits	**317,160**	374,710	**275,826**	332,000
Cash and bank balances	**88,375**	96,933	**14,728**	23,961
Cash and short-term deposits	**405,535**	471,643	**290,554**	355,961
Bank overdraft	**(1,318)**	(1,530)	**–**	–
	404,217	470,113	**290,554**	355,961

(b) Analysis of capital expenditure cash flows:

	GROUP	
	2012-13 $'000	2011-12 $'000
Addition of property, plant and equipment (Note 14)	**35,553**	54,562
Addition of intangible assets (Note 16)	**2,684**	9,747
Accrual for addition of property, plant and equipment (Note 26)	**(443)**	–
Cash invested in property, plant and equipment and intangible assets	**37,794**	64,309

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.01 % to 3.50% (2012: 0.01% to 3%) per annum. Short-term deposits are made for varying periods of between one day and one year depending on the expected cash requirements of the Group, and earn interest at the effective interest rate ranging from 0.03 % to 4.50% (2012: 0.081% to 0.433%) per annum.

The bank overdraft is part of the secured banking facilities of the Group and it is secured on the properties of certain subsidiaries (Note 14).

25. CASH AND SHORT-TERM DEPOSITS (cont'd)

(c) Cash and short-term deposits denominated in foreign currencies at 31 March are as follows:

	GROUP		COMPANY	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Australian Dollar	**2,126**	3,150	**–**	–
Indian Rupee	**41**	–	**–**	–
Great Britain Pound	**–**	42	**–**	–
United States Dollar	**6,386**	2,908	**5,063**	–
Renminbi	**63**	44	**63**	44

26. TRADE AND OTHER PAYABLES

	GROUP 31 March		COMPANY 31 March	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Trade payables	**119,802**	107,808	**14,270**	15,846
Other payables:				
Tender deposits	**2,388**	2,509	**1,370**	1,515
Accrued expenses	**90,501**	78,307	**240**	2,892
Purchase of property, plant and equipment	**2,367**	1,924	**700**	312
Staff Costs	**13,239**	9,670	**14,928**	7,839
Others	**3,062**	2,912	**–**	–
	111,557	95,322	**17,238**	12,558
Amounts due to related companies	**5,501**	110	**4,777**	86
Deposits placed by subsidiaries	**–**	–	**153,975**	129,161
	5,501	110	**158,752**	129,247
Trade and other payables	**236,860**	203,240	**190,260**	157,651

Trade and other payables denominated in foreign currencies at 31 March are as follows:

	GROUP		COMPANY	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Australian Dollar	**1,112**	520	**–**	–
Euro	**195**	175	**–**	–
United States Dollar	**8,437**	3,979	**14**	–

27. TERM LOANS

	GROUP 31 March 2013 $'000	GROUP 31 March 2012 $'000	COMPANY 31 March 2013 $'000	COMPANY 31 March 2012 $'000
Unsecured:				
Repayable within one year	**4,877**	5,660	**–**	–
Repayable after one year	**102,812**	120,395	**102,812**	119,324
	107,689	126,055	**102,812**	119,324
Secured:				
Repayable within one year	**14,618**	16,305	**–**	–
Repayable after one year	**2,922**	5,704	**–**	–
	17,540	22,009	**–**	–
Total term loans	**125,229**	148,064	**102,812**	119,324

There are four unsecured loans held by the Group as at 31 March 2013. The terms and interest rates are as follows:

	Effective interest rate	Maturity date	Outstanding as at 31 March 2013 $'000	Outstanding as at 31 March 2012 $'000
Unsecured term loans:				
JPY floating rate	1.475%	August 2013	**1,318**	1,530
JPY fixed rate	1.15% to 1.7%	September 2013 to January 2017	**106,371**	124,525
			107,689	126,055

There are eleven secured term loans held by the Group as at 31 March 2013 and they are secured on the property, plant and equipment and other assets of certain subsidiaries (Note 14).

The terms and interest rates are as follows:

	Effective interest rate	Maturity date	Outstanding as at 31 March 2013 $'000	Outstanding as at 31 March 2012 $'000
Secured term loans:				
AUD fixed rate	9.2% to 11.62%	February 2016	**1,523**	1,045
JPY fixed rate	0.85% to 2.845%	March 2014 to March 2017	**4,154**	7,196
JPY floating rate	1.475% to 1.85%	July 2013 to March 2014	**11,863**	13,768
			17,540	22,009

27. TERM LOANS (cont'd)

Hedge of net investments in foreign operations

Included in loans as at 31 March 2013 was a term loan of JPY7.8 billion (2012: JPY7.8 billion), approximately S$102.8 million (2012: S$119.3 million), which has been designated as a hedge of the net investment in its subsidiary, TFK Corporation in Japan, and is being used to hedge the Group's exposure to foreign exchange risk on this investment. Foreign exchange gains or losses on the translation of this term loan are transferred to equity to offset any gains or losses on translation of the net investment in the subsidiary. There is no ineffectiveness portion transferred to profit or loss in the year ended 31 March 2013.

28. FINANCE LEASES

The Group entered into a finance lease agreement for the lease of airport equipment 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 vehicles. 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			
	2013		2012	
	Minimum payments $'000	Present value of payments $'000	Minimum payments $'000	Present value of payments $'000
Not later than one year	**2,179**	**1,923**	3,573	3,209
Later than one year but not later than five years	**3,294**	**2,732**	5,084	4,343
Later than five years	**317**	**308**	917	873
Total future lease payments	**5,790**	**4,963**	9,574	8,425
Less: Amounts representing interest	**(827)**	**–**	(1,149)	–
Present value of minimum lease payments	**4,963**	**4,963**	8,425	8,425

The average discount rate implicit in the leases is 9.45% (2012: 9.45%) per annum for the lease of tractors, 2.0% - 2.4% (2012: 1.2% - 4.8%) per annum for the lease of plant, machinery and equipment.

29. DEFINED BENEFIT PLAN

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 using a combination of final salary and total service years. The benefit plan will vest to the employees after 3 years of service as lump-sum distribution or will vest after 15 years of service as annual payment of plan benefit, and require contributions to be made to separately administered funds.

In the previous year, TFK Corporation reached an agreement with its employees to amend the terms of their retirement benefit plan. The retirement benefit was changed from a 100% defined benefit pension plan to a plan that consist of defined benefit plan, a defined contribution plan and a lump sum payment. The change has resulted in a reduction of defined benefit obligation of the Group as at 31 March 2012.

The following tables summarise the components of net benefit expense recognised in the income statement and the funded status and amounts recognised in the statement of financial position for the plans.

	GROUP	
	31 March	
	2013	2012
Funded pension plans	$'000	$'000
Net benefit expense		
Current service cost	**2,266**	2,356
Interest cost on benefit obligation	**2,118**	2,601
Expected return on plan assets	**(1,750)**	(1,907)
Net benefit expense	**2,634**	3,050
Actual return on plan assets	**(14,438)**	(1,305)
Defined benefit plan liability		
Defined benefit obligation	**(94,042)**	(109,298)
Fair value of plan assets	**86,930**	90,428
Unrecognised net actuarial (gain)/loss	**(5,408)**	3,207
Defined benefit liability	**(12,520)**	(15,663)
Change in present value of defined benefit obligations are as follows:		
As at 1 April	**109,298**	148,999
Interest cost	**2,118**	2,601
Current service cost	**2,266**	2,356
Benefits paid	**(8,502)**	(8,086)
Actuarial loss on obligation	**3,969**	2,718
Change of pension benefit plan	**–**	(41,534)
Exchange differences	**(15,107)**	2,244
As at 31 March	**94,042**	109,298

29. DEFINED BENEFIT PLAN (cont'd)

Funded pension plans	GROUP 31 March 2013 $'000	GROUP 31 March 2012 $'000
Change in fair value of plan assets are as follows:		
As at 1 April	**90,428**	93,178
Expected return on plan assets	**1,750**	1,907
Contributions by employer	**1,826**	2,032
Benefits paid	**(6,586)**	(6,714)
Actuarial gain/(loss)	**13,256**	(602)
Exchange differences	**(13,744)**	627
As at 31 March	**86,930**	90,428

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

	GROUP 31 March 2013 %	GROUP 31 March 2012 %
Japan equities	**27.6**	39.0
Offshore equities	**18.7**	23.3
Japan bonds	**24.9**	11.1
Offshore bonds	**8.6**	9.3
Fixed deposit	**20.2**	17.3
	100.0	100.0

The principal assumptions used in determining pension benefit obligations for the defined benefit plans are shown below:

	GROUP 31 March 2013 %	GROUP 31 March 2012 %
Discount rates	**2.0**	2.0
Expected rate of return on assets	**2.0**	2.0
Future salary increases	**2.0**	2.0
Future pension increases	**2.0**	2.0
Post retirement mortality for pensioners at age 60		
- Male	**0.8**	0.8
- Female	**0.8**	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.

30. RELATED PARTY TRANSACTIONS

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.

In addition to the related party information disclosed elsewhere in the full financial statements, the following significant related party transactions took place on terms agreed between the parties during the financial year:

	GROUP	
	2012-13	2011-12
	$'000	$'000
Services rendered by:		
Related companies	**42,540**	31,885
	42,540	31,885
Sales to:		
Related companies	**698,446**	633,462
Associates	**6,965**	7,773
	705,411	641,235

Directors' and key executives' remuneration:

	GROUP AND COMPANY	
	2012-13	2011-12
	$'000	$'000
Directors		
Directors' fees (Note 6)	**934**	965
Key executives		
Salary, bonuses and other costs	**2,826**	2,071
CPF and other defined contributions	**59**	30
Share-based compensation expense	**521**	554
	3,406	2,655

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
Yacoob Bin Ahmed Piperdi	377,950	(139,800)	238,150
Chang Seow Kuay	98,700	(50,200)	48,500
Leong Kok Hong	592,500	(431,500)	161,000

30. RELATED PARTY TRANSACTIONS (cont'd)

Shares awarded to key executives of the Company 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
Tan Chuan Lye	147,719	412,434	(80,315)	332,119
Ferry Chung Qing An	71,300	251,300	(45,000)	206,300
Yacoob Bin Ahmed Piperdi	65,534	200,395	(63,361)	137,034
Wong Hong	80,000	80,000	–	80,000
Chang Seow Kuay	43,154	164,357	(60,703)	103,654
Leong Kok Hong	38,630	157,100	(42,970)	114,130

* Includes incremental RSP/PSP due to the declaration of a special dividend of $0.15 per share on 26 July 2012.

31. CAPITAL AND OTHER COMMITMENTS

(a) The Group and the Company have commitments for capital expenditure. Such commitments aggregated to $76.2 million (2012: $79.0 million) for the Group and $20.2 million (2012: $18.5 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 with lease periods ranging from 1 to 60 years. The remaining lease periods ranged from 1 month to 39 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	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Within one year	**14,096**	12,073	**1,515**	1,515
After one year but not more than five years	**29,390**	25,792	**6,062**	6,062
Later than five years	**37,371**	35,150	**7,896**	9,411
	80,857	73,015	**15,473**	16,988

32. CONTINGENT LIABILITIES

The Group has provided guarantee up to a maximum amount of approximately S$6.0 million to a Bank for providing credit and banking facilities to an associate, which is liable for in the event of default by the associate.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group operates principally in Singapore and generates revenue mainly in Singapore Dollars. The Group also has investments outside of Singapore and it 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.

Financial risk management policies are periodically reviewed and approved by the Board of Directors.

(a) Foreign Currency Risk

The Group is exposed to the effects of fluctuations in certain foreign exchange rates 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 effects on profit before tax and equity on a 5% strengthening or weakening of SGD against foreign currencies (United States Dollar, Euro and Japanese Yen) in which the Group has major transactions are as follows:

	GROUP 31 March		COMPANY 31 March	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Effect of strengthening of SGD				
Profit before tax	**4,933**	4,621	**5,000**	5,566
Equity	**4,094**	3,835	**4,150**	4,620
Effect of weakening of SGD				
Profit before tax	**(4,933)**	(4,621)	**(5,000)**	(5,566)
Equity	**(4,094)**	(3,835)	**(4,150)**	(4,620)

(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 associates, 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 and JPY. Information relating to other interest-bearing assets and liabilities are disclosed in the notes on associates (Note 18), cash and bank balances (Note 25) and term loans (Note 27).

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Interest Rate Risk (cont'd)

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	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Effect of an increase in 50 basis points in market interest rates				
Profit before tax	**1,962**	2,282	**–**	–
Equity	**1,628**	1,894	**–**	–
Effect of a decrease in 50 basis points in market interest rates				
Profit before tax	**(1,962)**	(2,282)	**–**	–
Equity	**(1,628)**	(1,894)	**–**	–

(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 2013 in relation to each class of recognised financial assets was the carrying amount of those assets as indicated in the statement of financial position.

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. 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.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Counter-Party Risk (cont'd)

The Group determines concentration 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 of the financial assets of the Group and the Company as at 31 March:

GROUP

Counter-party profiles	Outstanding balance 2013 $'000	Outstanding balance 2012 $'000	Percentage of total financial assets 2013 %	Percentage of total financial assets 2012 %
By Industry				
Airlines	**234,276**	219,425	**32.8**	28.4
Financial institutions	**404,893**	472,881	**56.8**	61.2
Others	**74,056**	80,843	**10.4**	10.4
	713,225	773,149	**100.0**	100.0
By Region				
Singapore	**584,218**	622,950	**81.9**	80.6
Japan	**92,894**	96,573	**13.0**	12.4
Others	**36,113**	53,626	**5.1**	7.0
	713,225	773,149	**100.0**	100.0
By Moody's Credit Ratings				
Investment grade (A to AAA)	**397,020**	459,682	**55.6**	59.5
Investment grade (Baa)	**506**	958	**0.1**	0.1
Non-rated	**315,699**	312,509	**44.3**	40.4
	713,225	773,149	**100.0**	100.0

At the end of the reporting period, approximately:

- 44% (2012: 63%) of the Group's trade receivables were due from a major customer located in Singapore.
- 44% (2012: 63%) of the Group's trade receivables were due from related parties.

COMPANY

Counter-party profiles	Outstanding balance 2013 $'000	Outstanding balance 2012 $'000	Percentage of total financial assets 2013 %	Percentage of total financial assets 2012 %
By Industry				
Airlines	**929**	130	**0.2**	–
Financial institutions	**290,587**	356,067	**58.4**	61.5
Others	**206,152**	222,436	**41.4**	38.5
	497,668	578,633	**100.0**	100.0
By Region				
Singapore	**473,591**	552,663	**95.2**	95.5
Others	**24,077**	25,970	**4.8**	4.5
	497,668	578,633	**100.0**	100.0
By Moody's Credit Ratings				
Investment grade (A to AAA)	**290,571**	356,067	**58.4**	61.5
Non-rated	**207,097**	222,566	**41.6**	38.5
	497,668	578,633	**100.0**	100.0

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Liquidity Risk

As at 31 March 2013, the Group had at its disposal, cash and cash equivalents amounting to $404.2 million (2012: $470.1 million). In addition, the Group has available short-term credit facilities of approximately $173.5 million (2012: $160.6 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 (2012: $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 further bank borrowings or public market funding.

The maturity profile of the financial assets and 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 $'000	1–2 years $'000	2–3 years $'000	3–4 years $'000	4–5 years $'000	More than 5 years $'000	Total $'000
2013							
Financial assets:							
Trade and other receivables	300,725	–	–	–	–	–	300,725
Cash and short-term deposits	405,535	–	–	–	–	–	405,535
Total undiscounted financial assets	706,260	–	–	–	–	–	706,260
Financial liabilities:							
Other long-term liability	2,118	2,118	2,118	2,118	2,118	6,517	17,107
Term loans	2,581	23,455	1,666	104,477	–	–	132,179
Finance lease commitments	2,179	1,093	853	674	674	317	5,790
Trade and other payables	236,860	–	–	–	–	–	236,860
Bank overdraft	1,318	–	–	–	–	–	1,318
Total undiscounted financial liabilities	245,056	26,666	4,637	107,269	2,792	6,834	393,254
Total net undiscounted financial assets/(liabilities)	461,204	(26,666)	(4,637)	(107,269)	(2,792)	(6,834)	313,006
2012							
Financial assets:							
Trade and other receivables	293,733	–	–	–	–	–	293,733
Cash and short-term deposits	471,643	–	–	–	–	–	471,643
Total undiscounted financial assets	765,376	–	–	–	–	–	765,376
Financial liabilities:							
Other long-term liability	2,749	2,734	2,703	2,703	2,703	11,178	24,770
Term loans	24,339	5,616	3,686	3,206	121,723	–	158,570
Finance lease commitments	3,573	2,368	1,159	882	674	918	9,574
Trade and other payables	203,240	–	–	–	–	–	203,240
Bank overdraft	1,530	–	–	–	–	–	1,530
Total undiscounted financial liabilities	235,431	10,718	7,548	6,791	125,100	12,096	397,684
Total net undiscounted financial assets/(liabilities)	529,945	(10,718)	(7,548)	(6,791)	(125,100)	(12,096)	367,692

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Liquidity Risk (cont'd)

COMPANY	Within 1 year $'000	1–2 years $'000	2–3 years $'000	3–4 years $'000	4–5 years $'000	More than 5 years $'000	Total $'000
2013							
Financial assets:							
Trade and other receivables	51,240	–	–	–	–	–	51,240
Loan to subsidiaries	313	372	6,093	170	58	142,655	149,661
Cash and short-term deposits	290,554	–	–	–	–	–	290,554
Total undiscounted financial assets	342,107	372	6,093	170	58	142,655	491,455
Financial liabilities:							
Term loans	1,666	1,666	1,666	104,477	–	–	109,475
Trade and other payables	190,260	–	–	–	–	–	190,260
Total undiscounted financial liabilities	191,926	1,666	1,666	104,477	–	–	299,735
Total net undiscounted financial assets/(liabilities)	150,181	(1,294)	4,427	(104,307)	58	142,655	191,720
2012							
Financial assets:							
Trade and other receivables	50,120	–	–	–	–	–	50,120
Loan to subsidiaries	797	3,552	108	2,396	55	158,522	165,430
Cash and short-term deposits	355,961	–	–	–	–	–	355,961
Total undiscounted financial assets	406,878	3,552	108	2,396	55	158,522	571,511
Financial liabilities:							
Term loans	1,933	1,933	1,933	1,933	120,865	–	128,597
Trade and other payables	157,651	–	–	–	–	–	157,651
Total undiscounted financial liabilities	159,584	1,933	1,933	1,933	120,865	–	286,248
Total net undiscounted financial assets/(liabilities)	247,294	1,619	(1,825)	463	(120,810)	158,522	285,263

34. FINANCIAL INSTRUMENTS

(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 statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

GROUP	Loans and receivables $'000	Available-for-sale financial assets $'000	Financial liabilities at amortised costs $'000	Total $'000
2013				
Assets				
Long-term investment	–	8,319	–	8,319
Trade and other receivables	300,725	–	–	300,725
Amount due from associates	6,965	–	–	6,965
Cash and short-term deposits	405,535	–	–	405,535
	713,225	8,319	–	721,544
Total non-financial assets				1,283,677
Total assets				2,005,221
Liabilities				
Other long-term liability	–	–	17,107	17,107
Term loans	–	–	125,229	125,229
Finance lease commitments	–	–	4,963	4,963
Trade and other payables	–	–	236,860	236,860
Bank overdrafts	–	–	1,318	1,318
	–	–	385,477	385,477
Total non-financial liabilities				123,067
Total liabilities				508,544

GROUP	Loans and receivables $'000	Available-for-sale financial assets $'000	Financial liabilities at amortised costs $'000	Total $'000
2012				
Assets				
Long-term investment	–	8,382	–	8,382
Trade and other receivables	293,733	–	–	293,733
Amount due from associates	7,773	–	–	7,773
Cash and short-term deposits	471,643	–	–	471,643
	773,149	8,382	–	781,531
Total non-financial assets				1,340,989
Total assets				2,122,520
Liabilities				
Other long-term liability	–	–	24,770	24,770
Term loans	–	–	148,064	148,064
Finance lease commitments	–	–	8,425	8,425
Trade and other payables	–	–	203,240	203,240
Bank overdrafts	–	–	1,530	1,530
	–	–	386,029	386,029
Total non-financial liabilities				120,269
Total liabilities				506,298

34. FINANCIAL INSTRUMENTS (cont'd)

(a) Classification of financial instruments (cont'd)

COMPANY	Loans and receivables $'000	Available-for-sale financial assets $'000	Financial liabilities at amortised costs $'000	Total $'000
2013				
Assets				
Long-term investment	–	7,886	–	7,886
Trade and other receivables	51,240	–	–	51,240
Loan to subsidiaries	148,910	–	–	148,910
Amount due from associates	6,965	–	–	6,965
Cash and short-term deposits	290,554	–	–	290,554
	497,669	7,886	–	505,555
Total non-financial assets				1,163,576
Total assets				1,669,131
Liabilities				
Term loans	–	–	102,812	102,812
Trade and other payables	–	–	190,260	190,260
	–	–	293,072	293,072
Total non-financial liabilities				39,772
Total liabilities				332,844

COMPANY	Loans and receivables $'000	Available-for-sale financial assets $'000	Financial liabilities at amortised costs $'000	Total $'000
2012				
Assets				
Long-term investment	–	7,886	–	7,886
Trade and other receivables	50,120	–	–	50,120
Loan to subsidiaries	164,779	–	–	164,779
Amount due from associates	7,773	–	–	7,773
Cash and short-term deposits	355,961	–	–	355,961
	578,633	7,886	–	586,519
Total non-financial assets				1,185,324
Total assets				1,771,843
Liabilities				
Term loans	–	–	119,324	119,324
Trade and other payables	–	–	157,651	157,651
	–	–	276,975	276,975
Total non-financial liabilities				36,077
Total liabilities				313,052

34. FINANCIAL INSTRUMENTS (cont'd)

(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 carrying value of the unquoted equity instrument held as a long-term investment is stated at a cost of $8,319,000 (2012: $8,382,000) 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.

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 receivables (Note 23), Amount due from associates (Note 18), Amounts due from related companies (Note 23), Loan to subsidiaries (Note 17a), Cash and cash equivalents (Note 25), Trade and other payables (Note 26), Term loans - floating rate (Note 27), Finance leases – current (Note 28) and Other long-term liabilities.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair value, 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.

Term loan - fixed rate (Note 27) and Finance leases – non-current (Note 28).

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.

35. CAPITAL MANAGEMENT

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 2013 and 31 March 2012, no changes were made in the objectives, policies or processes relating to the management of the Group's capital structure.

35. CAPITAL MANAGEMENT (cont'd)

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 below 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	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Term loans (Note 27)	**125,229**	148,064	**102,812**	119,324
Finance leases (Note 28)	**4,963**	8,425	**–**	–
Bank overdraft (Note 25)	**1,318**	1,530	**–**	–
Total debt	**131,510**	158,019	**102,812**	119,324
Equity attributable to owners of the Company	**1,401,453**	1,509,420	**1,336,287**	1,458,791
Total debt equity ratio	**0.09**	0.10	**0.08**	0.08

36. SEGMENT REPORTING

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 both airport and cruise terminal services. The airport terminal services includes airfreight handling services, passenger services, aviation security services, baggage handling services and apron services to the Group's airline customers. On the provision of cruise terminal services, the segment manages and operates the Singapore International Cruise Terminal at Marina South.

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 inventories, receivables, prepayments, amount due from associates, cash and short term deposits, other non-current assets and other long-term investment.

Capital expenditure comprises additions to property, plant and equipment and intangible assets, excluding those acquired through business combinations and finance leases.

Transfer prices between operating segments are on arm's length bases in a manner similar to transactions with third parties.

36. SEGMENT REPORTING (cont'd)

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 $'000	Gateway Services $'000	Corporate $'000	Total $'000
Financial year ended 31 March 2013				
Revenue				
External revenue	1,164,667	648,725	5,600	1,818,992
Operating profit	158,553	20,803	12,979	192,335
Interest on borrowings	(644)	–	(1,956)	(2,600)
Interest income	406	–	671	1,077
Dividend from long-term investment, gross	–	–	1,245	1,245
(Loss)/gain on disposal of property, plant and equipment	(2,061)	224	(658)	(2,495)
Share of results of associates/joint ventures, net of tax	3,936	48,768	–	52,704
Loss on disposal of a subsidiary	(366)	–	–	(366)
Other non-operating (expenses)/income	(618)	–	39	(579)
Profit before tax from continuing operations	159,206	69,795	12,320	241,321
Income tax expense	(29,965)	(4,619)	(5,155)	(39,739)
Profit from continuing operations, net of tax	129,241	65,176	7,165	201,582
As at 31 March 2013				
Segment assets	407,201	181,377	206,337	794,915
Property, plant and equipment and investment property	346,331	240,065	17,136	603,532
Associates/joint ventures	97,036	292,914	201	390,151
Deferred tax assets	21,624	2,122	–	23,746
Intangibles	176,980	3,790	12,107	192,877
Total assets	1,049,172	720,268	235,781	2,005,221
Current liabilities	153,916	69,111	36,569	259,596
Long-term liabilities	38,860	37,389	62,152	138,401
Tax liabilities	53,232	17,543	39,772	110,547
Total liabilities	246,008	124,043	138,493	508,544
Capital expenditure	17,078	13,782	7,377	38,237
Depreciation and amortisation charges	46,489	39,693	6,742	92,924

36. SEGMENT REPORTING (cont'd)

BY BUSINESS (cont'd)

	Food Solutions $'000	Gateway Services $'000	Corporate $'000	Total $'000
Financial year ended 31 March 2012				
Revenue				
External revenue	1,076,951	602,731	5,731	1,685,413
Operating profit	116,670	44,790	7,531	168,991
Write-back of retirement benefit plan obligations	10,147	–	–	10,147
Interest on borrowings	(1,051)	(3)	(1,401)	(2,455)
Interest income	553	–	507	1,060
Dividend from long-term investment, gross	–	–	1,250	1,250
Gain on early retirement of obligations related to sale and leaseback arrangement	–	–	826	826
Amortisation of deferred income, net of expenses	–	–	677	677
(Loss)/gain on disposal of property, plant and equipment	(10)	78	–	68
Share of results of associates/joint ventures, net of tax	142	41,091	–	41,233
Gain on liquidation of a subsidiary	–	–	15	15
Profit before tax from continuing operations	126,451	85,956	9,405	221,812
Income tax expense	(22,218)	(9,830)	(4,687)	(36,735)
Profit from continuing operations, net of tax	104,233	76,126	4,718	185,077
As at 31 March 2012				
Segment assets	394,721	158,152	294,164	847,037
Property, plant and equipment and investment property	388,534	263,879	14,916	667,329
Associates/joint ventures	93,679	274,440	201	368,320
Deferred tax assets	24,728	2,140	–	26,868
Intangibles	193,275	6,043	13,648	212,966
Total assets	1,094,937	704,654	322,929	2,122,520
Current liabilities	150,504	50,939	28,501	229,944
Long-term liabilities	55,198	37,931	78,619	171,748
Tax liabilities	49,112	19,418	36,076	104,606
Total liabilities	254,814	108,288	143,196	506,298
Capital expenditure	27,469	23,910	12,930	64,309
Depreciation and amortisation charges	55,022	38,126	4,221	97,369

36. SEGMENT REPORTING (cont'd)

BY GEOGRAPHICAL LOCATION

Revenue, total assets and capital expenditure information based on the geographical location of the subsidiaries deriving the revenue and owning the assets respectively are as follows:

	Singapore $'000	Japan $'000 (Restated)	Others $'000 (Restated)	Total $'000
Financial year ended 31 March 2013				
Revenue	1,389,855	334,353	94,784	1,818,992
As at 31 March 2013				
Segment assets	665,942	104,347	24,626	794,915
Property, plant and equipment and investment property	458,241	132,666	12,625	603,532
Associates/joint ventures	201	2,586	387,364	390,151
Deferred tax assets	912	19,859	2,975	23,746
Intangibles	160,784	30,853	1,240	192,877
Total assets	1,286,080	290,311	428,830	2,005,221
Capital expenditure	32,416	2,871	2,950	38,237
Financial year ended 31 March 2012				
Revenue	1,298,528	302,633	84,252	1,685,413
As at 31 March 2012				
Segment assets	710,630	110,854	25,553	847,037
Property, plant and equipment and investment property	491,256	162,746	13,327	667,329
Associates/joint ventures	–	3,172	365,148	368,320
Deferred tax assets	541	23,499	2,828	26,868
Intangibles	173,839	38,531	596	212,966
Total assets	1,376,266	338,802	407,452	2,122,520
Capital expenditure	46,631	1,950	15,728	64,309

Information about a major customer

Revenue from one major customer amount to $690 million (2012: $633 million), arising from sales by all segments.

1. INTERESTED PERSON TRANSACTIONS

The interested person transactions entered into during the financial year ended 31 March 2013 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) $'000	Aggregate value of all interested person transactions entered into during the financial year below under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions of value less than S$100,000) $'000
Transactions for the Sale of Goods and Services		
Singapore Airlines Limited	–	2,628,496
Tiger Airways Singapore Pte. Ltd.	–	58,990
Singapore Technologies Kinetics Ltd	–	290
SilkAir (Singapore) Private Limited	–	1,461
Singapore Airlines Cargo Pte Ltd	–	4,345
Scoot Pte. Ltd.	–	70,610
PT. Mandala Airlines	–	170
Transactions for the Purchase of Goods and Services		
Singapore Airlines Limited	–	1,200
ST Synthesis Pte Ltd	–	1,392
NCS Pte. Ltd.	–	598
Sembcorp Gas Pte Ltd	–	916
Total	–	2,768,468

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 2013, 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.

3. APPOINTMENT OF AUDITORS

The Company confirms that it has complied with Rule 712 and Rule 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited in relation to its auditing firms.

INFORMATION ON SHAREHOLDINGS

AS AT 23 MAY 2013

Number of Issued Shares	:	1,115,049,785
Number of Issued Shares (excluding Treasury Shares)	:	1,114,428,008
Class of Shares	:	Ordinary shares
Number / Percentage of Treasury Shares	:	621,777 / 0.0558%*
Voting Rights	:	1 vote per share

ANALYSIS OF SHAREHOLDINGS

Range of shareholdings	No. of shareholders	%	No. of shares (excluding treasury shares)	%*
1 – 999	7,134	20.77	4,006,674	0.36
1,000 – 10,000	24,035	69.99	69,151,051	6.20
10,001 – 1,000,000	3,151	9.18	104,965,888	9.42
1,000,001 and above	22	0.06	936,304,395	84.02
Total	34,342	100.00	1,114,428,008	100.00

MAJOR SHAREHOLDERS

No.	Name	No. of shares held	%*
1	Venezio Investments Pte. Ltd.	479,096,858	42.99
2	DBS Nominees (Private) Limited	122,812,924	11.02
3	Citibank Nominees Singapore Pte Ltd	110,432,787	9.91
4	DBSN Services Pte. Ltd.	62,123,662	5.57
5	HSBC (Singapore) Nominees Pte Ltd	41,856,479	3.76
6	United Overseas Bank Nominees (Private) Limited	31,982,780	2.87
7	BNP Paribas Securities Services	30,067,655	2.70
8	Raffles Nominees (Pte.) Limited	20,491,327	1.84
9	DB Nominees (Singapore) Pte Ltd	7,725,222	0.69
10	Bank Of Singapore Nominees Pte. Ltd.	5,149,334	0.46
11	Leong Khuen Nyean	2,953,000	0.26
12	Morgan Stanley Asia (Singapore)	2,828,449	0.25
13	Wong Kong Choo	2,781,000	0.25
14	OCBC Nominees Singapore Private Limited	2,593,312	0.23
15	Tan Leng Yeow	2,368,470	0.21
16	Heng Siew Eng	2,188,000	0.20
17	DBS Vickers Securities (Singapore) Pte Ltd	2,068,029	0.19
18	Sing Chung Hui @ Sing Chung Sui	1,500,000	0.13
19	Phillip Securities Pte Ltd	1,459,586	0.13
20	Merrill Lynch (Singapore) Pte. Ltd.	1,296,877	0.12
		933,775,751	83.78

* The shareholding percentage has been calculated based on the number of issued ordinary shares of the Company as at 23 May 2013, excluding any ordinary shares held in treasury as at that date.

SUBSTANTIAL SHAREHOLDERS

As at 23 May 2013, the substantial shareholders of the Company and their direct and deemed interests, as shown in the Company's Register of Substantial Shareholders, were as follows:

Name of substantial shareholder	No. of shares in which the substantial shareholder has a direct interest (representing percentage* of total shareholding)	No. of shares in which the substantial shareholder has a deemed interest (representing percentage* of total shareholding)	Total no. of shares in which the substantial shareholder is interested (representing percentage* of total shareholding)
Temasek Holdings (Private) Limited	–	479,577,172** (approximately 43.03%*)	479,577,172 (approximately 43.03%*)
Tembusu Capital Pte. Ltd.	–	479,096,858** (approximately 42.99%*)	479,096,858 (approximately 42.99%*)
Napier Investments Pte. Ltd.	–	479,096,858** (approximately 42.99%*)	479,096,858 (approximately 42.99%*)
Venezio Investments Pte. Ltd.	479,096,858 (approximately 42.99%*)	–	479,096,858 (approximately 42.99%*)

* The shareholding percentage has been calculated based on the number of issued ordinary shares of the Company as at 23 May 2013, excluding any ordinary shares held in treasury as at that date.

** Derived mainly through the direct interest of Venezio Investments Pte. Ltd.

SHAREHOLDINGS HELD BY THE PUBLIC

Based on information available to the Company as at 23 May 2013, approximately 56.78% of the issued ordinary shares of the Company are 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 40th 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 Friday 26 July 2013 at 11.00 a.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 2013 and the Auditor's 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 4 cents per share for the financial year ended 31 March 2013.

3. To re-appoint Mr David Zalmon Baffsky under Section 153(6) of the Companies Act, Chapter 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 Keith Tay Ah Kee, who will retire by rotation in accordance with Article 83 of the Company's Articles of Association and who, being eligible, will offer himself for re-election as Director.

5. To re-elect Mr Nihal Vijaya Devadas Kaviratne CBE, who will retire by rotation in accordance with Article 83 of the Company's Articles of Association and who, being eligible, will offer himself for re-election as Director.

6. To re-elect Mr Alexander Charles Hungate, who will retire by rotation in accordance with Article 83 of the Company's Articles of Association and who, being eligible, will offer himself for re-election as Director.

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 S$1,300,000 for the financial year ending 31 March 2014 (2013: up to S$1,300,000).

SPECIAL BUSINESS

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 percent 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 percent 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 ("**Performance Share Plan**") and/or the SATS Restricted Share Plan ("**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 percent 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 percent 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 21 June 2013 (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.

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:

"**Maximum Limit**" means that number of issued Shares representing 2 percent 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 percent of the Average Closing Price of the Shares;

where:

"**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; and

"**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 herein) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase; 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

Prema d/o K Subramaniam
Company Secretary

Dated this 21st day of June 2013
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 pursuant to 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 FY2012-13 for more information relating to Mr Baffsky. Mr Baffsky will, upon re-appointment, continue to serve as the Chairman of the Nominating Committee and a member of the Audit Committee. Mr Baffsky is considered to be an independent Director.

   (b) In relation to Ordinary Resolution No. 4, Mr Keith Tay Ah Kee 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 FY2012-13 for more information relating to Mr Tay. Mr Tay is the Chairman of the Audit Committee and a member of the Board Executive Committee. Mr Tay is considered to be an independent Director.

   (c) In relation to Ordinary Resolution No. 5, Mr Nihal Vijaya Devadas Kaviratne CBE 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 FY2012-13 for more information relating to Mr Kaviratne. Mr Kaviratne is a member of the Audit Committee and the Board Risk Committee. Mr Kaviratne is considered to be an independent Director.

   (d) In relation to Ordinary Resolution No. 6, Mr Alexander Charles Hungate 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 FY2012-13 for more information relating to Mr Hungate. Mr Hungate is a member of the Remuneration and Human Resource Committee and the Nominating Committee. Mr Hungate is considered to be an independent Director as at the date of this Notice. Mr Hungate will be appointed as an Executive Director of the Company on 16 July 2013 and will take over the role of President and Chief Executive Officer ("PCEO") with effect from 1 January 2014.

2. Ordinary Resolution No. 8 is to approve the payment of an aggregate sum of up to S$1,300,000 as Directors' remuneration for the Directors of the Company for the current financial year ("**FY2013-14**"). If approved, the proposal will facilitate the payment of Directors' remuneration during the financial year in which such fees are incurred. The amount of Directors' remuneration has been computed on the basis of the anticipated number of Board and Board Committee meetings for FY2013-14, 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 FY2012-13, 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 FY2013-14. 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, from the date of this Annual General Meeting until the date of the next Annual General Meeting. The number of shares which the Directors may issue under this Ordinary Resolution will not exceed 50 percent of the issued shares (excluding treasury shares) in the capital of the Company with a sub-limit of 5 percent for issues other than on a *pro rata* basis. The 5 percent sub-limit for non-*pro rata* issues is lower than the 20 percent 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 Ordinary Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible instruments or share options or vesting of share awards which are outstanding at the time this Ordinary 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 percent 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 percent 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 2013 (the "**Latest Practicable Date**"), the purchase by the Company of 2 percent of its issued Shares (excluding Shares which are held as treasury Shares) will result in the purchase or acquisition of a maximum number of 22,288,560 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 22,288,560 Shares at the maximum price of S$3.41 for one Share (being the price equivalent to 5 percent 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 22,288,560 Shares is approximately S$76,003,989.60.

   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 2013, based on certain assumptions, are set out in paragraph 3.7 of the Letter to Shareholders.

   Please refer to the Letter to Shareholders for more details.

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

Notes

1. A member of the Company entitled to attend and vote at the Annual General 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, 112 Robinson Road #05-01, Singapore 068902, not less than 48 hours before the time appointed for the Annual General Meeting.

CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN that, subject to the approval of shareholders of the proposed final and special dividends being obtained at the 40th Annual General Meeting of the Company to be held on 26 July 2013, the Transfer Books and Register of Members of the Company will be closed on 7 August 2013 for the preparation of dividend warrants.

Duly completed and stamped transfers together with all relevant documents of or evidencing title received by the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902, up to 5.00 p.m. on 6 August 2013 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 6 August 2013 will be entitled to the proposed final and special dividends.

The proposed final and special dividends, if approved by shareholders, will be paid on 16 August 2013.

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.
3. CPF investors who wish to attend the Annual General Meeting as observers have to submit their request through their CPF Approved Nominees so that their CPF Approved Nominee may register, within the specified timeframe, with the Company's Share Registrar. (CPF Approved Nominee: Please refer to Note No. 9 on the reverse side of this form on the required details).
4. CPF investors who wish to vote must submit their voting instructions to their CPF Approved Nominees to enable them to vote on their behalf.

*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 26 July 2013 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.	Resolutions	**For	**Against
	Ordinary Business		
1	Adoption of the Directors' Report, Audited Accounts and the Auditor's 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 Keith Tay Ah Kee as Director		
5	Re-election of Mr Nihal Vijaya Devadas Kaviratne CBE as Director		
6	Re-election 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 2014		
	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.

Dated this ________ day of ____________________ 2013.

Total Number of Shares Held

____
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, 112 Robinson Road #05-01, Singapore 068902 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 certified by The Central Depository (Pte) Limited to the Company.
9. CPF Approved Nominees acting on the request of the CPF investors who wish to attend the AGM as observers are requested to submit in writing, a list with details of the CPF investors' names, NRIC/Passport numbers, addresses and number of Shares held. The list, signed by an authorized signatory of the CPF Approved Nominee, should reach the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 at least 48 hours before the time appointed for the AGM.

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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
112 Robinson Road #05-01,
Singapore 068902

3rd fold along this line and glue overleaf. Do not staple.

3rd fold along this line and glue overleaf. Do not staple.

CORPORATE INFORMATION
AS AT 23 MAY 2013

BOARD OF DIRECTORS

Edmund Cheng Wai Wing (Chairman)
David Zalmon Baffsky
David Heng Chen Seng
Alexander Charles Hungate
Nihal Vijaya Devadas Kaviratne CBE
Koh Poh Tiong
Keith Tay Ah Kee
Leo Yip Seng Cheong

BOARD COMMITTEES

Audit Committee

Keith Tay Ah Kee (Chairman)
David Zalmon Baffsky
Nihal Vijaya Devadas Kaviratne CBE
Koh Poh Tiong

Board Executive Committee

Edmund Cheng Wai Wing (Chairman)
David Heng Chen Seng
Keith Tay Ah Kee

Board Risk Committee

Koh Poh Tiong (Chairman)
David Heng Chen Seng
Nihal Vijaya Devadas Kaviratne CBE

Nominating Committee

David Zalmon Baffsky (Chairman)
Alexander Charles Hungate
Leo Yip Seng Cheong

Remuneration and Human Resource Committee

Edmund Cheng Wai Wing (Chairman)
Alexander Charles Hungate
Leo Yip Seng Cheong

COMPANY SECRETARIES

Prema d/o K Subramaniam
Andrew Cheong Fook Onn
Tan Wan Hoon (Assistant Company Secretary)

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

AUDITORS

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

Audit Partner
Nagaraj Sivaram
(appointed since FY2010-11)

COMPANY REGISTRATION NO.

197201770G

REGISTERED OFFICE

20 Airport Boulevard
SATS Inflight Catering Centre 1
Singapore 819659

EXECUTIVE MANAGEMENT

Tan Chuan Lye
President and Chief Executive Officer

Ferry Chung Qing An
Executive Vice President,
Enterprise Development

Yacoob Bin Ahmed Piperdi
Executive Vice President,
Food Solutions

Wong Hong
Executive Vice President,
Gateway Services

Chang Seow Kuay
Senior Vice President,
Institutional Catering

Tony Goh Aik Kwang
Senior Vice President,
Sales and Marketing

Leong Kok Hong
Senior Vice President,
Greater China

Andrew Lim Cheng Yueh
Senior Vice President,
Passenger Services

Denis Suresh Kumar Marie
Senior Vice President,
Apron Services

Poon Choon Liang
Advisor,
Singapore Food Industries Pte. Ltd.

Prema d/o K Subramaniam
Senior Vice President,
Legal and Secretariat,
General Counsel

Tan Li Lian
Senior Vice President,
Human Capital

Peter Tay Kay Phuan
Senior Vice President,
Inflight Catering

Ronald Yeo Yoon Choo
Senior Vice President,
Cargo Services

Helen Chan Yin Foong
Group Financial Controller

This Annual Report is printed on environmentally friendly paper

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Company Registration No.
197201770G

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