GROWING SCALE

ENHANCING CONNECTIVITY

SATS LTD.
Annual Report 2013-14

SATS is Asia's leading food solutions and gateway services company.

Our state-of-the-art facilities and comprehensive suite of services give us scale advantages as we serve both the existing and emerging needs of our customers.

Seamless coordination across our extensive operations enables us to better connect our customers and passengers at different gateways throughout Asia.

New technologies, our culture of innovation and the passion of our people are creating new opportunities to invent new ways of working and drive greater efficiencies.

Contents

Key Figures

FROM FY2012-13

-1.8%

Revenue

FY 2013-14	$1,786.7 million
FY 2012-13	$1,819.0 million

FROM FY2012-13

-2.4%

Profit Attributable to Owners of the Company

FY 2013-14	$180.4 million
FY 2012-13	$184.8 million

FROM FY2012-13

-3.0%

Earnings Per Share

FY 2013-14	16.1 cents
FY 2012-13	16.6 cents

FY2013-14

12.8%

Return on Equity

FY 2013-14	12.8%
FY 2012-13	12.7%

For the financial year ended 31 March 2014, Group revenue decreased 1.8% year-on-year to $1.79 billion due to lower food revenue (-5.2%), offset partially by higher gateway revenue (+4.5%). Operating expenditure decreased 0.7% to $1.62 billion and operating profit fell 11.1% to $171 million. Profit attributable to owners of the Company decreased 2.4% to $180.4 million and excluding one-off items, underlying net profit from continuing operations was $183 million. Earnings per share was 3% lower at 16.1 cents and the Group generated a return on equity of 12.8%, 0.1 percentage point higher year-on-year.

Five-Year Group Financial and Operational Summary

	FY2013-14	FY2012-13 Restated^	FY2011-12 Restated^	FY2010-11 Restated^	FY2009-10
Income Statement ($ million)					
Total revenue	**1,786.7**	1,819.0	1,871.6	1,729.1	1,538.9
Operating profit	**171.0**	192.3	165.7	184.5	184.4
Share of results of associates/ joint venture, net of tax	**47.2**	52.7	41.2	46.9	46.1
Profit after tax	**182.1**	184.8	175.0	191.8	182.1
Profit attributable to owners of the Company	**180.4**	184.8	170.9	191.4	181.2
Statement of Financial Position ($ million)					
Equity holders' funds	**1,416.8**	1,403.4	1,508.3	1,523.0	1,481.8
Non-controlling interests	**97.6**	96.8	105.8	100.1	18.3
Total Equity	**1,514.4**	1,500.2	1,614.1	1,623.1	1,500.1
Property, plant and equipment	**567.9**	592.2	653.9	741.9	594.4
Investment properties	**9.2**	11.3	13.5	16.2	6.5
Other non-current assets	**718.1**	619.5	625.0	872.4	822.5
Current assets	**724.6**	780.3	831.2	687.6	485.7
Total assets	**2,019.8**	2,003.3	2,123.6	2,318.1	1,909.1
Non-current liabilities	**175.9**	193.0	237.2	201.4	131.7
Current liabilities	**329.5**	310.1	272.3	493.6	277.3
Total liabilities	**505.4**	503.1	509.5	695.0	409.0
Net Assets	**1,514.4**	1,500.2	1,614.1	1,623.1	1,500.1
Financial Ratios					
Return on equity (%)	**12.8**	12.7	11.3	12.7	12.6
Return on total assets (%)	**9.1**	9.0	7.9	9.1	9.2
Net margin (%)	**10.2**	10.2	9.4	11.1	11.8
Debt-equity ratio (times)	**0.08**	0.09	0.10	0.12	0.02
Economic value added (EVA) ($ million)	**39.9**	68.5	42.7	68.3	67.2
Productivity and Employee Data					
Value added ($ million)	**1,011.4**	1,018.3	1,014.7	916.9	802.8
Value added per employee ($)	**69,222**	70,732	69,475	69,200	67,283
Value added per $ employment cost (times)	**1.43**	1.48	1.50	1.60	1.66
Revenue per employee ($)	**122,284**	126,354	128,148	130,500	128,974
Staff costs per employee ($)	**48,254**	47,705	46,305	43,212	40,533
Average number of employees	**14,611**	14,396	14,605	13,250	11,932

	FY2013-14	FY2012-13 Restated^	FY2011-12 Restated^	FY2010-11 Restated^	FY2009-10
Per Share Data					
Earnings after tax					
- Basic (cents)	**16.1**	16.6	15.4	17.4	16.7
- Diluted (cents)	**16.0**	16.5	15.4	17.3	16.7
Net assets value per share (cents)	**126.6**	126.0	136.0	137.5	136.9
Dividends					
Interim dividend per share (cents)	**5.0**	5.0	5.0	5.0	5.0
Final and special dividends per share (cents)	**8.0**	10.0	21.0	12.0	8.0
Dividend cover (times)	**1.2**	1.1	0.6	1.0	1.3
Dividend payout (%)	**80.8**	90.7	168.6	98.4	78.5
Cash Flows ($ million)					
Cash flows from operations	**288.3**	277.5	210.7	250.2	302.8
Free cash flow	**189.8**	208.1	103.7	132.1	188.9
Capital expenditure	**57.1**	37.8	64.3	68.1	64.1
Operating Statistics					
Cargo/mail processed (million tonnes)	**1.50**	1.46	1.50	1.49	1.41
Passengers handled (million)	**43.47**	41.23	37.92	35.38	32.99
Gross meals produced (million)	**26.11**	28.26	26.50	25.06	23.47
Flights handled (thousand)	**134.09**	123.01	115.19	103.73	96.28

Notes:

1. SATS' financial year is from 1 April to 31 March. Throughout this report, all financial figures are stated in Singapore Dollars and include both continuing and discontinued operations, unless otherwise stated.
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 (excluding treasury shares) in issue at 31 March.
7. Dividend cover is derived by dividing profit attributable to owners of the Company by total dividend (net of tax).
8. Dividend payout ratio is derived by dividing total dividend (net of tax) 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.
10. Final dividend for FY2013-14 is subject to shareholders' approval at the forthcoming Annual General Meeting.
11. Gross meals produced refer to airline meals catered at Singapore Changi Airport but exclude meals sold on board low-cost carriers.

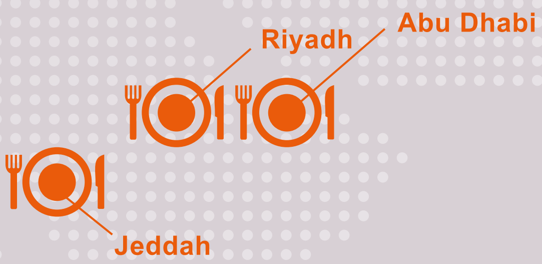
^ Restatement was due to the adoption of Revised FRS 19 Employee Benefits.

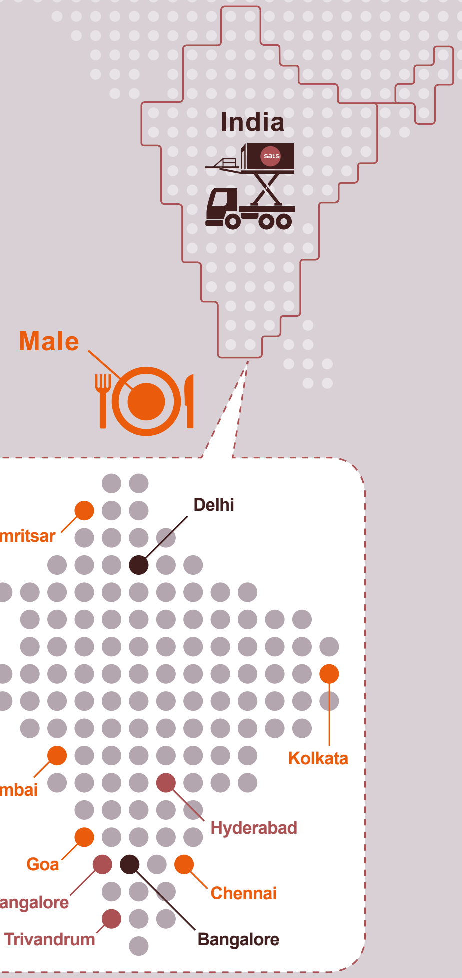
Geographical Presence

As at 28 May 2014

Spans
44
Airports

Across
12
Countries



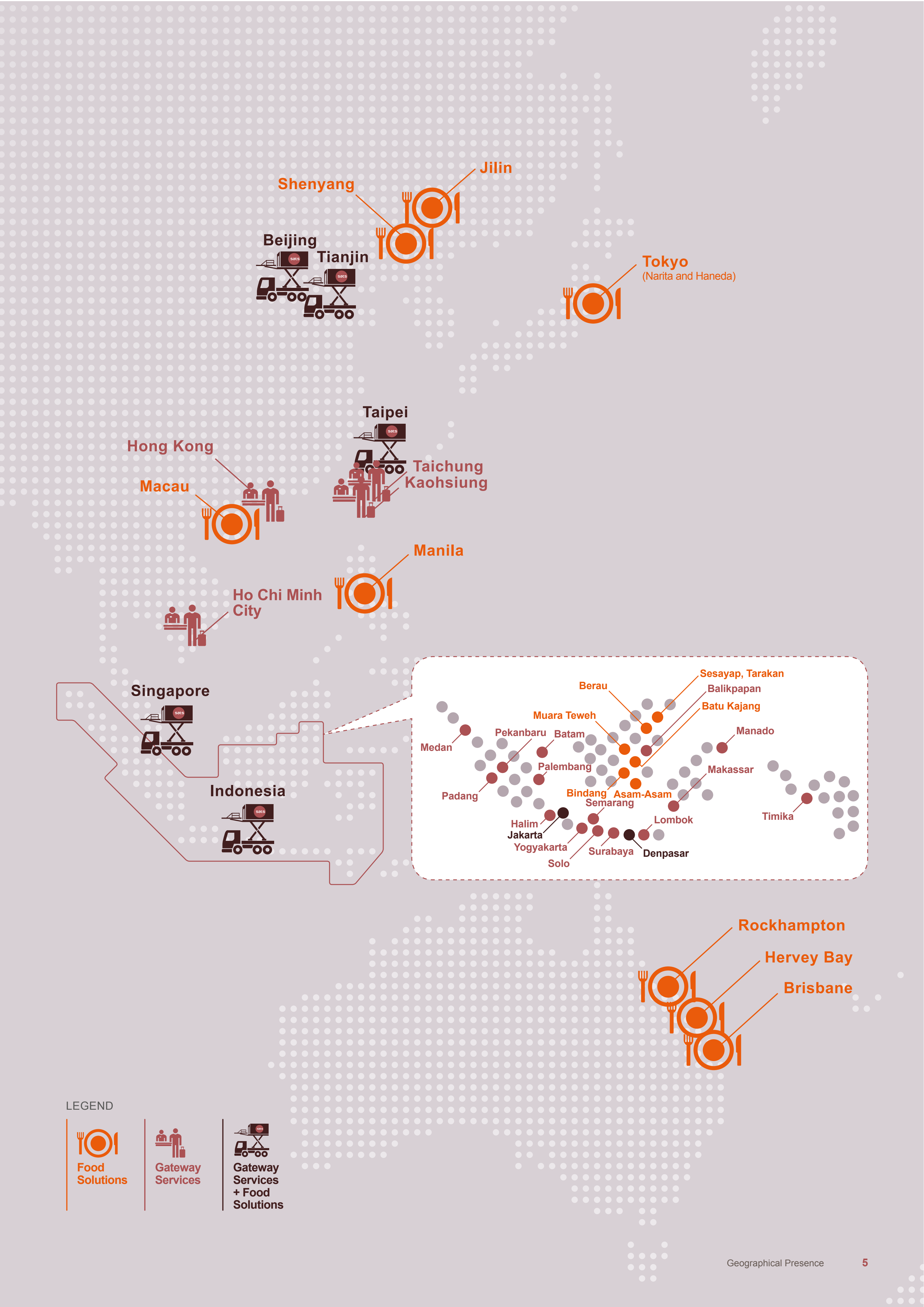


626,000 Flights Handled*

83,000,000 Passengers Handled*

76,000,000 Meals Served*

* Based on FY2013-14 aviation statistics for Singapore and overseas operations



LEGEND

- Food Solutions
- Gateway Services
- Gateway Services + Food Solutions

Chairman's Statement

“Our mission is to be the first-choice provider of food solutions and gateway services by delighting customers with our innovation and passion. To achieve this, we will leverage our world-class facilities, comprehensive suite of services and new technologies to give us scale advantages and improve connectivity for our customers.”

Edmund Cheng
Chairman

Dear Shareholders,

For the financial year in review, SATS operated in a very challenging business environment. Uncertainty in the global economy, pressure on airline profits arising from overcapacity in Asia and competition from the Middle Eastern carriers, as well as increased manpower costs continued to weigh on our performance. In addition, we had to grapple with lower meal volumes due to the shift of Qantas Airways' transit hub from Singapore to Dubai and the foreign exchange translation impact arising from the weakening of the Japanese Yen.

As a result, our revenue declined 1.8% year-on-year to $1.79 billion and profit attributable to owners of the Company dropped 2.4% to $180.4 million. Our return on equity was 12.8%, up from 12.7% a year ago. As at 31 March 2014, our total assets grew marginally to $2.02 billion while cash and cash equivalents declined 16% to $339.6 million due mainly to dividends paid to shareholders and our $118.3 million investment in PT Cardig Aero Services (CAS). Free cash flow generated during the year amounted to $189.8 million and debt-equity ratio was a healthy 0.08 times.

Taking into consideration our financial performance as well as capital management and long-term growth objectives, your Board of Directors has proposed a final ordinary dividend of 8 cents per share. Including the interim ordinary dividend of 5 cents per share paid on 5 December 2013, the total dividend of 13 cents per share translates to a dividend payout ratio of 80.8%. If approved at the forthcoming Annual General Meeting on 23 July 2014, the proposed dividend will be paid on 13 August 2014.

Growing Scale, Enhancing Connectivity

SATS has set a clear direction to realise our refreshed vision to be Asia's leading food solutions and gateway services company. We will operate state-of-the-art facilities to provide food solutions that delight our customers and improve connectivity for our customers through our comprehensive gateway services across the region.

Our mission is to be the first-choice provider of food solutions and gateway services by delighting customers with our innovation and passion. To achieve this, we will leverage our world-class facilities, comprehensive suite of services and new technologies to give us scale advantages and improve connectivity for our customers.

We are also constantly on the lookout for ways to do more, with greater efficiency and cost-effectiveness. SATS has been championing productivity improvements for years, powered by our shared values of innovation and collaboration. New technology is multiplying opportunities for us to invent new ways of working and drive greater efficiencies to address rising manpower costs.

Moreover, the seamless coordination of our extensive operations will enable us to better connect our customers and passengers at different gateways across Asia, saving them valuable time, providing greater convenience and improving reliability.

Return on Equity
12.8%
in FY2013-14

Dividend Payout Ratio
80.8%
in FY2013-14

The seamless coordination of our extensive operations will enable us to better connect our customers and passengers at different gateways across Asia, saving them valuable time, providing greater convenience and improving reliability.

Chairman's Statement

> As a responsible corporate citizen, our duties lie not just with our shareholders, but also with the communities where we live and work. We believe in active citizenship as a means of giving back and strengthening connectivity with our communities.

Growing Market

Our focus continues to be on Asia including the Middle East, with Indonesia, China, and India as our priority markets first. We know we can scale up further and better connect our extensive operations across the region.

Asia's middle-class population is booming. Rising affluence goes hand-in-hand with increasing demand for travel and high quality, cosmopolitan food. We are poised to capitalise on these growth trends with our state-of-the-art facilities and comprehensive suite of services, which will give us the scale we need to serve both the existing and emerging needs of our customers.

In our home market, the expansion of Changi Airport is progressing steadily. Terminal 4's completion in 2017 will increase the airport's capacity by 16 million to 82 million passengers. The third runway will be ready by early 2020s. Terminal 5, to be operational in mid-2020s, will double the existing handling capacity of Changi Airport to 135 million passengers. These plans represent opportunities to extend our partnerships with new and existing customers.

At the same time, there are new business models emerging from the aviation industry as low-cost carriers challenge the status quo. We will align our resources to meet the changing priorities of our customers and to help them accelerate the generation of new revenue streams. This strategy will enable us to stay ahead of the curve whilst capturing the significant growth opportunities across Asia.

Seeking Value-Creating Opportunities

In February this year, we made a strategic move to acquire a 41.65% equity stake in CAS for $118.3 million. CAS is the leading gateway and food service provider in Indonesia with a presence in 23 cities and 17 airports across the country. Indonesia is an attractive market where domestic passenger traffic is projected to grow at an annual rate of close to 20%, reaching 180 million passengers by 2021 while international passenger traffic is expected to grow at 5.4% per annum, up till 2017. SATS has developed a successful partnership with CAS over the last 10 years through our associate, PT Jasa Angkasa Semesta. We look forward to collaborating with CAS to add scale to our presence in Indonesia and improve connectivity for our customers.

Connecting with the Community

As a responsible corporate citizen, our duties lie not just with our shareholders, but also with the communities where we live and work. We believe in active citizenship as a means of giving back and strengthening connectivity with our communities.

The SATS Foundation forms the cornerstone of our efforts to connect with the community, through initiatives which are geared towards the long-term by enabling and empowering its beneficiaries. This year, the SATS Foundation maintained its support for 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 while RSVP Singapore is a non-profit organisation that aims to promote and enable senior volunteerism.

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, the SATS Staff Association that brings our employees together in meaningful community service work, has supported nearly 30 different projects and events. Our employees rose to the occasion, pouring in time, effort and personal financial resources into supporting these good causes.

In July last year, we partnered with Metta School to commission a special art project involving its special needs students. SATS senior management visited the school and worked with its students to create Hari Raya-themed coasters which were given out to our staff as tokens of appreciation. We raised nearly $40,000 for the students through this project.

In November, we were deeply saddened to learn of the damage wrought by Typhoon Haiyan in the Philippines. Working hand-in-hand with our local associate, MacroAsia Catering Services, we delivered 23,000 ready-to-eat meals to affected areas, which we hope had played some small part in easing the challenges faced by the victims in the wake of the disaster. Similarly, we partnered with PT Jasa Angkasa Semesta to provide ready-to-eat meals to the victims affected by the flooding in Jakarta in January this year.

Acknowledgements

With the strong support of our staff and management, the leadership transition since July 2013 had been a smooth one. On 1 January 2014, Alex Hungate took over as President and Chief Executive Officer from Tan Chuan Lye. Having served on the Board since July 2011, Alex is no stranger to SATS and the Company is already benefiting from his global leadership experience.

I am pleased to inform you that Chuan Lye has been appointed as Chairman of Food Solutions. A large part of his career was spent leading and transforming SATS' food business into what it is today, so there can be no better person than Chuan Lye to take on this new role.

We are also privileged to have two new directors, Euleen Goh and Yap Chee Meng, come on board during the year. Euleen brings her strong grounding in banking and finance to bear in her role as Chairman of the Audit Committee while Chee Meng joins us as Chairman of the Risk and Safety Committee with his wealth of experience in finance and strategy development. I would like to take this opportunity to thank my fellow Board members for their invaluable contributions and wise counsel.

For the forthcoming Annual General Meeting of the Company, two of our fellow Directors Keith Tay and David Heng have elected to retire from the Board. I am sad to bid farewell to Keith and David who have served close to seven and five years on the Board respectively. Keith has contributed immeasurably through his active participation and invaluable experience while David has also served with distinction on the Board. On behalf of the Company and the Board, I wish to express our deep appreciation for their unstinting service and wish them well in their future endeavours.

My sincere thanks go also to our customers, business partners and staff unions for their trust and unwavering support, as well as to you, our shareholders, for your continued confidence and loyalty.

Finally, I would like to extend my utmost gratitude to our dedicated employees who are driven to give their best to achieve the Company's objectives and have been the cornerstone of our growth and success throughout the years.

Edmund Cheng
Chairman

28 May 2014

Board of Directors

Yap Chee Meng | Koh Poh Tiong | David Baffsky | Nihal Kaviratne | Leo Yip

David Heng | **Euleen Goh** | **Edmund Cheng** | **Alex Hungate** | **Keith Tay**

PCEO's Statement

> Despite the ongoing strong headwinds in regional aviation, the management team and I are confident that we can return SATS to profitable growth.

Alex Hungate
President and Chief Executive Officer

Dear Shareholders,

It is a pleasure to lead a team of 14,500 dedicated people who are passionate about what they do and work hard every day to make SATS Asia's leading food solutions and gateway services company.

Despite the ongoing strong headwinds in regional aviation, the management team and I are confident that we can return SATS to profitable growth.

FY2013-14 was a challenging year for us, with rising wage costs and airlines profitability coming under pressure from overcapacity in Asia and intense competition from the Middle East.

Our revenue declined 1.8% year-on-year to $1.79 billion. This was due to lower revenue from our food solutions business. Our unit meal volumes at Changi Airport dropped 5.8% mainly because of Qantas Airways moving its hub for European flights from Singapore to Dubai. The weakening of the Japanese Yen also resulted in a translation loss on TFK's revenue.

Higher revenue from our gateway services business helped to mitigate the lower revenue from food solutions. During the year, we handled higher volumes of flights and airfreight. Our unit services grew 6.6% while cargo throughput improved 2.6%, with express cargo and perishable segments recording the highest year-on-year growth.

However, the trend of rising staff costs, resulting from a tight labour market, continued during the year. As a result, our operating profit declined 11.1% to $171 million and operating margin contracted by 1 percentage point to 9.6%.

Our share of profits from our associates and joint venture around the region declined 10.4% year-on-year to $47.2 million. This was due mainly to the poorer performance of some of our gateway associates and joint venture arising from lower cargo volumes and higher manpower costs.

Overall, profit attributable to owners of the Company dropped 2.4% to $180.4 million.

Operational Excellence

We take pride in our premium service levels and aim to be the first-choice provider in every market in which we operate. So, we are always heartened when others recognise our efforts.

At the recent biennial Food and Hotel Asia Culinary Challenge, SATS emerged as champion in the Gourmet Team category, beating nine other teams across Asia to clinch this prestigious title. Besides this and a gold medal in the Gourmet Team category, eight of our participating chefs also picked up one gold, two silver and five bronze medals in the individual categories. These wins are a testament to all our chefs' commitment and efforts in creating tantalising, top-rated food every day for our customers worldwide.

In February this year, our on-airport perishable handling facility, SATS Coolport, was certified by the International Air Transport Association as the world's first Centre of Excellence for Pharmaceutical Handling. This certification gives pharmaceutical companies the guarantee of excellence in service and helps them save resources on facility audits. It also provides airlines and global shippers further assurance that their pharmaceutical shipments are handled to the most exacting standards at Coolport.

SATS was named the Best Air Cargo Terminal in Asia for the 15th time at the Asian Freight and Supply Chain Awards 2013 while AISATS, our

Market Share
~80%
at Changi Airport

Airline Contracts Secured
~40
in Singapore

In February this year, our on-airport perishable handling facility, SATS Coolport, was certified by the International Air Transport Association as the world's first Centre of Excellence for Pharmaceutical Handling.

Quick Facts

67
YEARS
IN BUSINESS

14.5K*
EMPLOYEES
* As at 31 March 2014

Working As One

SATS has been growing its businesses organically and through value-creating acquisitions. With a presence in 44 airports and 12 countries, our knowledge, experience and expertise within the region is unrivalled.

Across the Group, our shared culture of collaboration and driving innovation ensures that our systems, processes and services are consistently calibrated to the same high standards that our customers have come to expect.

The SATS Integrated Operations Centre is the nerve centre which monitors and coordinates flight handling processes across our Apron, Baggage, Cargo, Passenger Services and Security operations, including exception handling, at Changi Airport. It underscores the tight collaboration across our gateway operations in ensuring seamless and smooth handling of flights on the ground.

PCEO's Statement

joint venture company in India, garnered the Excellence Award for Air Cargo Terminal Management at the Indian Chamber of Commerce Supply Chain and Logistics Excellence Awards 2014.

Two of our staff, Tan Beng Luan, a Lost and Found Duty Manager and Christina Dong Qing, a Customer Services Agent, won Changi Airport's Service Personality of the Year and Service Staff (Bronze) Awards respectively.

To meet the growing trend of healthy eating, we successfully developed and launched healthier choice meals on board Scoot flights early this year. Two of our tray meals, namely Beef Bourguignon Pasta Stew and Thai Red Curry Vegetables with Mixed Brown Rice, are the first inflight meals to be officially licensed by the Health Promotion Board, Singapore to bear its Healthier Choice Symbol.

Finally, to benefit from our unique scale advantage in Singapore, we launched a quick response team known as the SATS YES Team in September last year to support our airline clients in the event of major flight disruptions. Comprising nearly 200 non-operations staff volunteers, the YES Team is trained to help airlines provide recovery services to their passengers in the face of adversity. It clearly underscores the commitment of our whole company to supporting our customers.

Competitive Success

SATS is Asia's leading provider of food solutions and gateway services.

In our home market, we have approximately 80% market share at Changi Airport. We offer a comprehensive suite of services that is necessary to turn around an aircraft. In FY2013-14, we secured a total of about 40 airline contracts and added Cathay Pacific Cargo, Ethiopian Airlines, Spring Airlines and Uzbekistan Airways to our client roster. At the Marina Bay Cruise Centre, we welcomed several new vessels including Mariner of the Seas, Silver Whisper, Sea Princess, Crystal Serenity and Costa Atlantica; we handled close to 110 ship calls and about 416,000 passengers for the year in review.

In Japan, our inflight catering subsidiary TFK serves 40 airlines across its operations at both Narita and Haneda airports, where it holds a market share of around 50% and 40% respectively. During the year, TFK secured new contracts with Philippine Airlines, Shanghai Airlines, Spring Japan Airlines and Vanilla Air, and renewed five contracts with existing airline customers.

Our wholly-owned subsidiary SATS HK, meanwhile, won nine new customers and renewed contracts with another four to bring its client roster to a total of 46 airlines. This represents a new record market share of 30% at Hong Kong International Airport.

We have also grown our non-aviation food business, benefiting from the scale of our state-of-the-art catering facilities. At the Singapore Indoor Stadium which is part of the upcoming Singapore Sports Hub, we have catered to a total of 19 events including popular concerts by Bruno Mars and Eric Clapton. We have secured catering contracts with hospitals in Tokyo and Abu Dhabi through TFK and Food And Allied Support Services Corporation respectively. At the same time, our Beijing associate has won new contracts supplying food to retailers like IKEA and 7-Eleven from its inflight kitchen; and similarly, our Manila associate has won new institutional catering contracts with Google Philippines to provide staff meals and with the Asian Development Bank for food services management.

As we continue to grow our business and deepen our presence across Asia, particularly in our priority markets of China, India and Indonesia, it is critical that we link our operations to grow scale and create unique service offerings that will address the existing and emerging needs of our customers.

Our investment in PT Cardig Aero Services is a good case in point. This strategic investment represents more than just an additional flag on the map – it forms another node in our growing extensive regional network. By linking each of our gateways together, we can then offer our customers and passengers enhanced connectivity and smooth, hassle-free journeys.

Looking Ahead

In the next 12 months, the regional aviation landscape will continue to be challenging while excess capacity remains in the system.

At Changi Airport, we have observed a moderating trend in passenger traffic. A stronger Singapore Dollar continues to affect inbound tourist arrivals while slowing growth in China is dampening the Chinese demand for travel around this region. Nonetheless, the fundamentals of the Singapore air hub remain strong and Asia's structural growth prospects are intact in the medium- to long-term. The prospects for our priority markets of China, India and Indonesia remain attractive and demand for safe travel and quality food will continue to grow.

SATS is well-placed to capture the opportunities before us and sharpen our core competencies in food and gateway. While we did not proceed with the acquisition of Singapore Cruise Centre, our commitment to grow our cruise operations in Singapore and our ambition to pursue regional cruise opportunities remain strong. With a clear strategy and a healthy balance sheet, we remain disciplined in assessing organic growth and value-creating opportunities that have a strategic fit with our business. We will deploy our capital productively to earn the best returns on a risk-adjusted basis and continually invest in state-of-the-art technologies that offer greater efficiencies and lower our operating costs in the long run. At the same time, we will consciously strike a balance between investing for growth and rewarding our shareholders.

While we are making progress, there is still more work to be done. We must transform our operations to improve service and productivity. New technologies, together with our culture of innovation and the passion of our people, will create exciting opportunities to invent new ways of working and drive greater efficiencies. Process automation will be key: self check-in for passengers, driverless ground support equipment, and the use of robotics in our kitchens, are all on the cards to lower our operating costs.

Our People

At the start of 2014, I shared our refreshed vision and mission for SATS with everyone in the Company to set a clear direction for growth. The management team and I discussed our strategy in detail with the line managers, and they in turn cascaded the discussion down to their teams. At every level, our people are actively thinking about how we can work together to implement our strategy.

In parallel, we launched several new transformational human capital initiatives during the year. They include the SATS Ambassador Programme which aims to facilitate a deeper understanding amongst our people of the Company's core values of safety and security, trust, innovation, collaboration and excellence; and the Innovation and Productivity Launch which aims to grow our innovative culture by encouraging improvements in our work processes and the development of new products and services.

We believe that these new programmes, along with existing initiatives like the Annual Excellence Conference, which recognises innovation and cascades best practices across our regional operations; and the Annual Safety Campaign, which reinforces a strong safety culture in the Group, have created a fertile environment for learning, development and talent management at SATS. In fact, at the Singapore HR Awards 2013, we were honoured to receive the Leading HR Practices Award in two categories, namely Learning & Human Capital Development, and Talent Management, Retention & Succession Planning.

Recently, we successfully concluded two new collective agreements with our unions, which we are confident will drive mutual benefits for both the Company and our people. Working with the Air-Transport Executive Staff Union, we introduced a performance-based wage component to the remuneration packages of our Administrative Officers for the first time. This will help bolster SATS' performance-driven culture and ensure our people are rightfully rewarded for their contributions to the Company's success.

Our new collective agreement with the SATS Workers' Union will help to promote a Singaporean core workforce, improve productivity by encouraging upskilling, and introduce a progressive wage model for critical operational positions. This will support our drive for productivity improvements, promote a performance-driven culture as well as enhance our competitiveness for the long-term.

In closing, our people are working hard to implement our scale and connectivity strategy and I would like to thank them for their dedication and support. I am confident that with the expertise, creativity and passion of this committed team across the region, SATS will continue to prosper and grow.

Alex Hungate
President and Chief Executive Officer

28 May 2014

At our dedicated meat processing plant, we offer frozen and chilled halal beef, lamb, mutton and poultry of various cuts. We also produce a delectable array of halal sausages and hams which are crafted with the perfect blend of finest ingredients.

Serving Asia's Growing Middle-Class

With our state-of-the-art facilities and award-winning culinary team, we deliver high quality, cosmopolitan food to delight Asia's growing middle-class population.

We will continue to grow scale in food solutions and invest in technology to drive greater efficiencies across our network.

Quick Facts

76M*

MEALS SERVED

* Based on FY2013-14 aviation statistics for Singapore and overseas operations.

800

WEEKLY INFLIGHT MENUS OFFERED IN SINGAPORE

Operations Review

sats FOOD

Food solutions' revenue decreased 5.2% to $1.1 billion, mainly due to lower TFK revenue arising from the weakening of the Japanese Yen. Inflight meal volumes were also affected by the shift of Qantas Airways' transit hub from Singapore to Dubai. At the same time, operating margin was impacted by the continued increase in manpower costs. The net result of these factors was a 10.5% decline in food solutions' operating profit to $141.9 million. However, share of after-tax profits of our food associates improved by 48.7% to $5.8 million.

Growing Scale

Notwithstanding these challenges in the external environment, we continued to grow our scale in food solutions.

At Changi Airport, SATS is the leading inflight caterer, serving over 40 airlines which correspond to more than 80% of all flights. In FY2013-14, we produced over 26 million meals and secured 12 contracts with both new and returning customers such as British Airways, Cathay Pacific Airways, Etihad Airways and Uzbekistan Airways.

We extended our scale across many of Singapore's iconic projects. At the Singapore Indoor Stadium which is part of the upcoming Singapore Sports Hub, we catered to a total of 19 events including popular concerts by Bruno Mars and Eric Clapton. We won bids to supply raw food materials to the two integrated resorts and Suntec Singapore Convention & Exhibition Centre. We again secured catering business to provide staff meals at the prestigious Singapore Formula 1 Grand Prix for the fourth consecutive year.

Through our remote catering subsidiary Food And Allied Support Services Corporation, we also won a contract with a large new hospital in Abu Dhabi to provide patient and staff meals.

In our efforts to offer a different military outfield dining experience, we introduced an innovative mobile food service kiosk which allows our servicemen to enjoy hot and freshly served meals while training in the ranges. We successfully launched the Handwerker range of sausages at Fairprice's outlets, bringing authentic German-style sausages made with premium ingredients to the halal market in Singapore for the first time. We also launched selected Farmpride products into convenience stores.

In Tokyo, TFK commands a market share of around 50% at Narita airport and 40% at Haneda airport by the number of airlines served. For the year in review, it secured nine catering contracts with new and existing customers including Air France, Japan Airlines and Philippine Airlines. It renovated its facility at Haneda airport to handle higher meal volumes from the increase in landing slots for international flights.

Many of our overseas associates also grew their scale this year. Beijing Airport Inflight Kitchen (BAIK) signed Air France, KLM Royal Dutch Airlines and Finnair as new customers during the year; Evergreen Sky Catering Corporation, our associate in Taiwan, grew its market share with the win of new clients including Emirates, Spring Airlines and Juneyao Airlines; Maldives Inflight Catering secured new contracts with Cathay Pacific Airways and Korean Air; while Taj SATS Air Catering (TSAC), which operates across six Indian cities, won new contracts to provide meals to airlines and institutional clients.

Leveraging their inflight kitchens and scale to grow institutional catering business, TFK secured its first non-aviation contract to provide hospital catering to the Higashi Chiba Medical Centre while MacroAsia Catering Services, our associate in Manila, won new contracts with Google Philippines to supply staff meals and with the Asian Development Bank for food services management. In addition, Chennai-based Taj Madras Flight Kitchen (TMFK) secured a multi-year institutional catering contract from Caterpillar; BAIK won new contracts supplying food to retailers like IKEA and 7-Eleven; and MCS-Macau Catering Service clinched a new contract to provide staff and patient meals for a government hospital.

Innovation and Productivity Improvements

With rising staff costs a common theme across the region, we continued to focus on driving innovation and productivity improvements to increase efficiency and reduce waste. Our move to fully

CUSTOMER QUOTE

We would like to thank the TFK team for working non-stop to ensure a smooth launch for our two new daily services at Haneda Airport. The team went through rounds of training and also enlisted help from colleagues at Narita to deliver a perfect start.

Joël Renneson
Catering Manager
for Asia and Europe
Air France

automate six cookhouses in the Singapore Armed Forces' camps is a prime example. This initiative increased staff productivity by 12% while boosting the cooking capacity of the cookhouses by 30%.

At our inflight kitchens, we recently implemented a catering control management system to improve workflow in the areas of meal management and tray assembly. Leveraging mobile computing technology, the system updates the difference in passenger loads nearer to flight departure, and generates packing list for our food checkers and the list of food items for our tray assembly assistants to collect and preset on trays. It provides real-time data; ensures accuracy of items collected and handed over; and reduces waiting time for food items. As a result, staff productivity has improved as more flights can be handled within the same amount of time.

Investments in technology have paid dividends for our overseas associates too. By installing GPS devices in their hi-lift catering trucks, TSAC was able to better track and optimise its fleet deployment in real-time. The installation of a water recycling plant by TMFK resulted in recurring savings from reduced water usage.

Our businesses also continued to find new ways to apply LEAN management to our operations, with the aim of optimising manpower utilisation and reducing material wastage while maintaining, or even raising our service standards. In Singapore, our food operations successfully implemented 40 LEAN projects to achieve a total savings of about $2.7 million. In addition, 47 staff underwent training in operational excellence and 36 were added to our pool of certified yellow and green belt holders.

At TFK, 18 new LEAN projects were implemented, with successful outcomes including reduced food costs, cross-functional staff deployment and more efficient work processes. Combined, these projects saved nearly $4.5 million for the company.

Awards and Accolades

We were honoured to receive various awards recognising our performance.

At the biennial Food and Hotel Asia Culinary Challenge 2014, SATS emerged as champion in the Gourmet Team category. The SATS Gourmet Team also took home a gold medal while eight of our other participating chefs picked up one gold, two silver and five bronze medals in the individual categories. Led by our SFI executive chef Matthew Yim, the Singapore National Culinary Team did the nation proud as overall champion in the National Team category of the culinary challenge.

Another such award came from the International Aerospace Review & Analysis magazine to TSAC, which scooped the inaugural "Best Inflight Caterer Award" from the industry. TSAC Delhi also won the "Best Inflight Caterer Award" at the GMR – IGI Airport Awards 2013 in recognition of its excellent food quality, on-time performance and safety record.

Our experienced team of technical ramp specialists handles the receiving and dispatching of aircraft which includes marshalling, parking, pushback, towing and exterior cleaning of aircraft.

Ensuring Smooth, Hassle-Free Journeys

The seamless coordination of our regional operations has enabled us to better connect our customers and passengers at different gateways across Asia, saving them valuable time and improving reliability.

Technological change is creating new opportunities to automate our processes further and tap into the growing e-commerce market and demand for high value airfreight.

Quick Facts

83M*
PASSENGERS HANDLED

4M*
TONNES OF CARGO HANDLED

* Based on FY2013-14 aviation statistics for Singapore and overseas operations.

Operations Review

sats GATEWAY

Gateway services' revenue increased 4.5% to $678.1 million, driven mainly by growth in flights and cargo tonnage handled. However, the escalation of staff costs continued to weigh on operating margins, with operating profit declining 33.7% to $13.8 million. Share of after-tax profits of our gateway associates also declined by 15.2% to $41.4 million as a result of lower cargo volumes and higher staff costs reported by some of our associates.

Growing Scale, Enhancing Connectivity

During the year in review, we continued to grow scale in our comprehensive suite of gateway services and enhance connectivity for our customers.

At Changi Airport, we handle close to 60 airlines and about 75% of all flights. In FY2013-14, we grew our client roster, adding and renewing nearly 30 ground and cargo handling contracts with customers including Air China, All Nippon Airways, Cathay Pacific Cargo, Singapore Airlines Cargo and Spring Airlines.

As a leading ground handler, we are constantly driving innovation and service improvements. Our perishable handling facility, SATS Coolport, was certified in February this year as the world's first Centre of Excellence for Pharmaceutical Handling by the International Air Transport Association. With the increased handling of pharmaceutical airfreight at Coolport, this certification will further assure our customers that their pharmaceutical shipments are handled to the most exacting standards. Moreover, as demand for end-to-end, assured handling of high value pharmaceutical products continue to grow, we will look at extending our state-of-the-art cold chain capabilities to our network across Asia.

At the Marina Bay Cruise Centre, we handled about 416,000 passengers and close to 110 ship calls in FY2013-14, including new vessels such as the Mariner of the Seas, Silver Whisper, Sea Princess, Crystal Serenity and Costa Atlantica. There are now 13 cruise ships which home port or turnaround at the terminal.

Our wholly-owned subsidiary SATS HK secured nine new airline clients and renewed contracts with another four. This brings its market share in passenger and ramp handling to 30% by the number of airlines served. Some of its 46 airline customers include American Airlines, Asiana Airlines, Singapore Airlines and Thai Airways.

Indonesia, with its burgeoning middle-class population, is a priority market for us. The country is set to implement the ASEAN Open Skies policy in 2015, and is upgrading and expanding its airport infrastructure in anticipation of an increase in flight volumes. We are already seeing these trends playing out. Our Indonesian associate, PT Jasa Angkasa Semesta (JAS) opened a new warehouse at the Medan airport and inaugurated a new station at the Lombok airport to serve the growing number of flights there. For the year in review, JAS handled higher volumes of flights, passengers and cargo. It secured 11 new contracts while renewing another eight.

In February this year, we acquired a 41.65% equity stake in PT Cardig Aero Services (CAS), which owns JAS as well as four other subsidiaries in common and adjacent business areas such as inflight and institutional catering, ramp handling, and facilities management. With a presence in 17 airports across the Indonesian archipelago, CAS adds scale to our long-standing and successful partnership at JAS. Its strategic fit with our core business as well as the importance of Indonesia as a key market for growth also made the acquisition very compelling.

Innovation and Productivity Improvements

Throughout SATS, our businesses are constantly rethinking and improving processes as well as investing in equipment and technology to drive greater efficiencies and boost productivity. For instance, our Cargo operations saved nearly $700,000 in FY2013-14 by optimising the deployment of equipment and service crews as well as converting to energy-efficient lighting and air-conditioning systems. We invested in a new mobile export checking system to reduce manual, paper-based processes and provide real-time cargo information anywhere within our airfreight terminals.

We also continued to implement LEAN management across our operations to reduce our operating costs and optimise manpower deployment. In FY2013-14,

CUSTOMER QUOTE

> A big thank you to SATS for your fantastic effort in handling flight SQ317. I was heartened to see the collective efforts shown by everybody to go the extra mile for SIA. This incident gave me the opportunity to see SATS at its finest hour. The fact that our passengers were happy with the service recovery is a testament to the hard work put in by each and every SATS staff.

Quentin Chin
Station Manager
Singapore Airlines, Singapore Station

38 operational excellence projects were successfully implemented, realising a total of $3.3 million in savings. In addition, 65 staff underwent training in operational excellence and 32 were added to our pool of certified yellow and green belt holders.

Furthermore, we have embarked on key initiatives to review our business processes, leverage technology, and encourage multi-skilling and job upgrading to lessen our dependency on manpower. Some examples include using digital technology for load planning and implementing self-service check-in kiosks.

At the same time, investing in equipment and new technologies to improve productivity is gaining pace amongst our overseas associates including JAS, Air India SATS Airport Services (AISATS), Evergreen Airline Services Corporation, Asia Airfreight Terminal, and Tan Son Nhat Cargo Services. For instance, JAS began using Voice over Internet Protocol technology for its internal communications, yielding potential savings of over $100,000 annually. AISATS' Bangalore cargo operations introduced carton clamps which are attached to forklifts for efficient handling of loose cargo. This reduces cargo build-up time while improving productivity.

Awards and Accolades

Receiving recognition from the industry and our customers is always an encouraging endorsement of our efforts.

We were named the Best Air Cargo Terminal Operator in Asia at the Asian Freight & Supply Chain Awards 2013, based on votes from the air cargo industry. We were honoured to receive this award, which recognises our consistent service quality, innovation, reliability and customer relationships, for the 15th time.

We were also heartened to see many of our staff winning various awards for delivering exceptional service. Tan Beng Luan, our Lost and Found Duty Manager, won Changi Airport's Service Personality of the Year Award and Christina Dong Qing, our Customer Services Agent, took the Service Staff (Bronze) Award. A team from our Customer Services Unit bagged the Merit Award for Airport Operations at the prestigious SIA CEO TCS Awards 2014. In addition, the Pride of SilkAir Award 2013 for Best Airport Operations (Individual) went to our Duty Manager, Abdullah Mohd, and this was his second consecutive win.

Overseas, our subsidiary SATS HK was conferred the Airport Safety Recognition Award 2013/14 by the Hong Kong Airport Authority for its outstanding achievement in accident prevention. AISATS won the Air Cargo Terminal Operator of the Year Award at the Indian Chamber of Commerce's Indian Supply Chain and Logistics Summit & Excellence Awards 2014. This was its third consecutive win since the inauguration of this Award.

Executive Management

01 02 03 04 05 06 07 08 09

From left:

01 Poon Choon Liang
02 Peter Tay
03 Wong Hong
04 Andrew Lim
05 Yacoob Piperdi
06 Tan Li Lian
07 Cho Wee Peng
08 Helen Chan
09 Leong Kok Hong

10 Tony Goh
11 Alex Hungate
12 Tan Chuan Lye
13 Ronald Yeo
14 Prema Subramaniam
15 Denis Marie
16 Chang Seow Kuay
17 Ferry Chung

Corporate Social Responsibility

As a socially responsible organisation, SATS is committed to make meaningful contributions and connect with the community through our philanthropic efforts.

GIVING BACK THROUGH THE SATS FOUNDATION

The SATS Foundation forms the cornerstone of our efforts to give back to society. It looks at long-term initiatives which can enable and empower its beneficiaries, rather than solely providing them monetary and transient assistance.

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 integrate with society and aid retirees in their career transition.

Upholding our belief in driving social change through empowerment, SATS Foundation continues to provide support for both the Assumption Pathway School (APS) and RSVP Singapore.

APS is an educational institute which focuses on secondary-level students who are unable to further their studies in the mainstream education system. Our support includes providing financial assistance to needy students as well as granting awards for academic achievements and progress. In addition, we also offer our expertise to the school's training restaurant by conducting practical workshops, among other initiatives.

RSVP Singapore is a non-profit organisation which aims to provide seniors with an opportunity to serve the community with their talent and experience through purpose-driven volunteerism. Our support for RSVP Singapore centres on training senior volunteers in social service, so as to motivate and equip them with the skills they need to effectively contribute to the community.

We have worked with the Community Foundation of Singapore (CFS) – an independent, non-profit philanthropic organisation – to administer and disburse an average of approximately $270,000 annually to APS and RSVP Singapore. We continue to work with CFS to identify other worthy initiatives which we can support.

In July last year, SATS Foundation also supported Metta School's signature visual arts programme which promotes integration, independence and employment for youths with special needs by equipping them with life skills. In this special commissioned project, our senior management attended a batik painting session at Metta School where the youths taught them the craft and worked with them to create Hari Raya-themed batik pieces. Beverage coasters were then produced using the senior management's painted artwork and were given to our staff as tokens of appreciation.

COMMUNITY AT THE CORE

The SATS Staff Association (SSA) has been bringing our employees together in meaningful community service work over the years. Our employees are not only able to connect and be involved with the community but also bond with their fellow colleagues. This indirectly enhances their relationship with the company and helps to build a sense of loyalty and engagement.

In FY2013-14, under the auspices of the SSA, our employees contributed nearly $100,000 as well as their time and services

Senior management at Metta School doing batik painting

44 staff volunteers celebrated Lunar New Year with residents at the Society for the Aged Sick

across nearly 30 different projects and events. These include:

- raising funds for disaster relief in the wake of Typhoon Haiyan in the Philippines;
- providing food packages to about 60 needy families, with volunteers from different departments and business units taking turns every month to prepare and deliver the packages;
- sending volunteers on a monthly basis to provide basic housekeeping and home maintenance for needy families;
- providing daily lunch to Arc Children's Centre;
- contributing donations and participating in the National Kidney Foundation's Sit-A-Thon event, which aims to raise awareness of the plight that kidney patients face;
- organising a trishaw tour outing, a trip to Gardens by the Bay, as well as a Chinese New Year celebration for residents from the Society for the Aged Sick; and
- preparing a contemporary buffet spread for residents of the Moral Seniors Activity Centre to mark International Chefs Day.

Our overseas subsidiaries and associates also embrace the same spirit. For instance, TFK and MacroAsia Catering Services (MACS) pitched in towards the Typhoon Haiyan relief efforts; TFK raised funds through staff donations while MACS collaborated with SATS to deliver 23,000 ready-to-eat meals directly to affected areas in the Philippines.

PT Jasa Angkasa Semesta organised two blood donation drives while Taj SATS Air Catering offered its inflight kitchens as collection centres for relief supplies in the wake of devastating floods in Uttarakhand, India.

SATS HK has kept itself active in the community by organising visits to elderly centre and participating in charitable events. In recognition of its commitment to the community, its employees and environment, SATS HK was named a Caring Company by the Hong Kong Council of Social Service. Air India SATS Airport Services also took part in various community programmes which include donation of daily necessities and clothing to the less fortunate.

BUILDING A GREENER FUTURE

SATS firmly believes that what is good for the environment is often good for the business as well. With our footprint across the region, we are keenly aware of the benefits that increased resource efficiency can bring to our environment.

The energy-saving initiatives we undertook in our cargo operations are a good example. During the year, we replaced aging skylight panels in four of our airfreight terminals to allow natural light and reduce the need for artificial lighting; we installed more energy-efficient air handling units in one of our canteens; and we replaced all of the high-bay industrial lights in our facilities with energy-saving induction lights instead. These three projects alone will save more than 1.1 million kilowatt-hours in energy consumption annually – enough to power approximately 250 Singaporean households. This also translates to more than $250,000 savings in energy costs.

Similarly, our catering operations optimised the air-conditioning systems in one of our Inflight Catering Centres, slashing electricity consumption and driving savings of more than $185,000 annually.

We have also reviewed processes at our laundry facility to cut down on water usage and optimise dryer temperatures, hence reducing drying duration and energy consumption.

Our associates across the region did the same. For example, Evergreen Air Cargo Services Corporation in Taiwan applied green building standards when expanding its transit warehouse, making extensive use of energy-efficient lighting. Asia Airfreight Terminal in Hong Kong retrofitted its air-conditioning system which helped to save electricity, while TFK analysed the usage patterns of its air compressors to reduce operating hours.

23,000 meals were delivered to areas affected by Typhoon Haiyan

Financial Review

HIGHLIGHTS

In FY2013-14, the Group recorded revenue of $1,786.7 million, a drop of $32.3 million or 1.8% compared to last financial year, mainly due to lower revenue from food solutions. Revenue from gateway services was $678.1 million, an increase of 4.5%. Revenue from food solutions was $1,103.6 million, a drop of 5.2%, mainly attributed to the weakening of the Japanese Yen and the shift of the Qantas Airways' transit hub from Singapore to Dubai.

Operating expenditure for the Group recorded a drop of 0.7% to $1,615.7 million. The Group managed to reduce its cost in most categories of expenses except for staff costs and other costs. The Group continued to face on-going pressure from rising manpower costs.

Operating profit dropped by 11.1% to $171 million while share of results of associates/joint venture also declined by 10.4% to $47.2 million.

The Group net profit attributable to owners of the Company was $180.4 million, a decline of 2.4% amidst the challenging and competitive operating environment.

The Group maintained a healthy return on equity of 12.8%, 0.1 percentage point above last year.

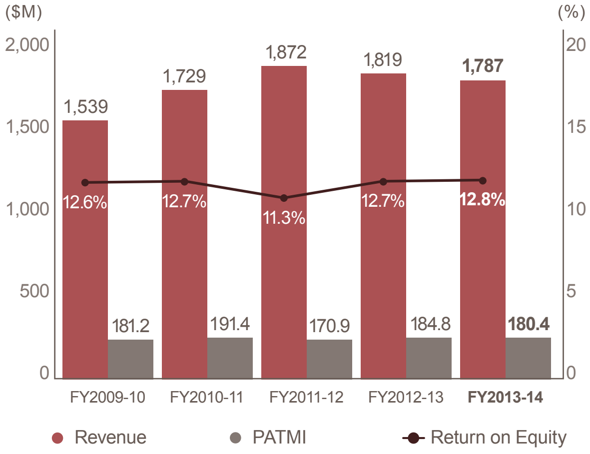
EARNINGS PER SHARE

The Group earnings per share was 16.1 cents, a drop of 3% from last financial year.

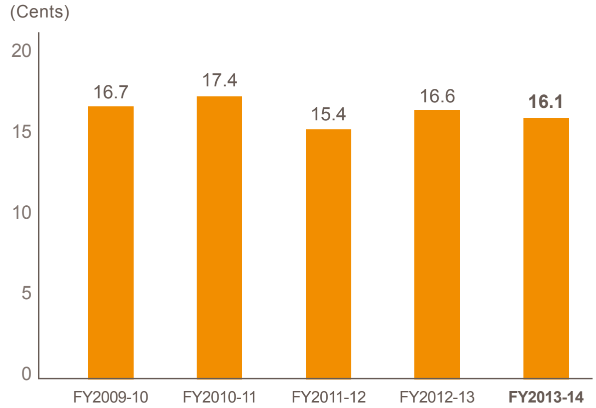
DIVIDEND

During the year, the Company paid an interim dividend of 5 cents per share in respect of FY2013-14, amounting to $56.2 million. The Board of Directors has proposed a final ordinary dividend of 8 cents per share, amounting to $89.5 million to be paid, subject to shareholders' approval in the forthcoming Annual General Meeting. The total ordinary dividend for FY2013-14, if approved, will be 13 cents per share, representing an 80.8% payout ratio.

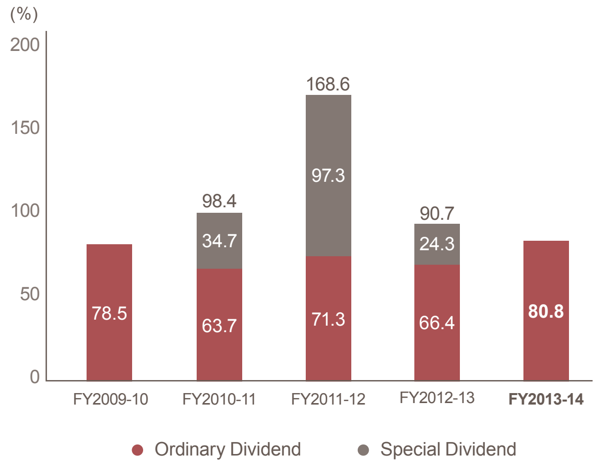
Revenue and Profitability



Earnings Per Share

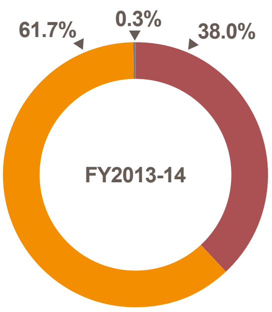


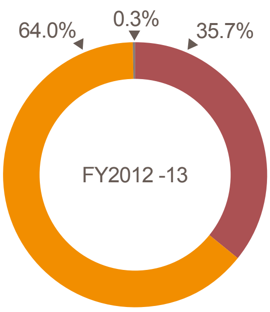
Dividend Payout Ratio



REVENUE – BY BUSINESS, INDUSTRY AND GEOGRAPHICAL LOCATION

Business



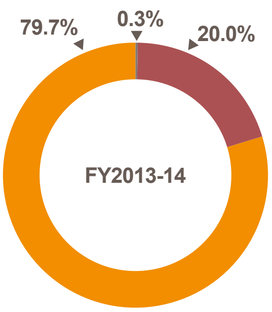


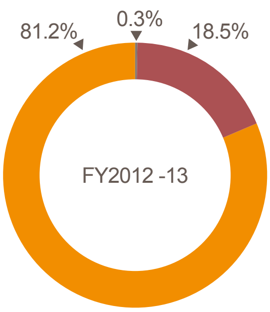
By Business

REVENUE ($M)	FY2013-14	FY2012-13	YOY % Change
Food solutions	**1,103.6**	1,164.7	(5.2)
Gateway services	**678.1**	648.7	4.5
Corporate	**5.0**	5.6	(10.7)
Total	**1,786.7**	1,819.0	(1.8)

Notes:
- Food solutions: revenue from inflight catering, institutional catering, remote catering, food distribution and logistics, chilled, frozen and retort food manufacturing, hospitality services and airline linen and laundry services.
- 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.
- Corporate: revenue from the corporate arm.

Industry



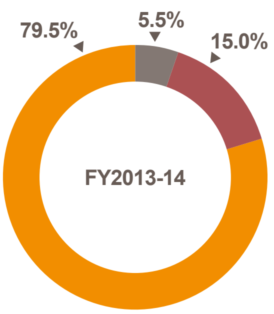


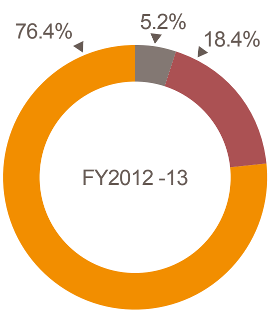
By Industry

REVENUE ($M)	FY2013-14	FY2012-13	YOY % Change
Aviation	**1,424.2**	1,476.1	(3.5)
Non-aviation	**357.5**	337.3	6.0
Corporate	**5.0**	5.6	(10.7)
Total	**1,786.7**	1,819.0	(1.8)

Notes:
- Aviation: revenue from aviation-related businesses in food solutions and gateway services.
- Non-aviation: revenue from Singapore Food Industries group, Food and Allied Support Services Corporation group and SATS-Creuers Cruise Services.
- Corporate: revenue from the corporate arm.

Geographical Location





By Geographical Location

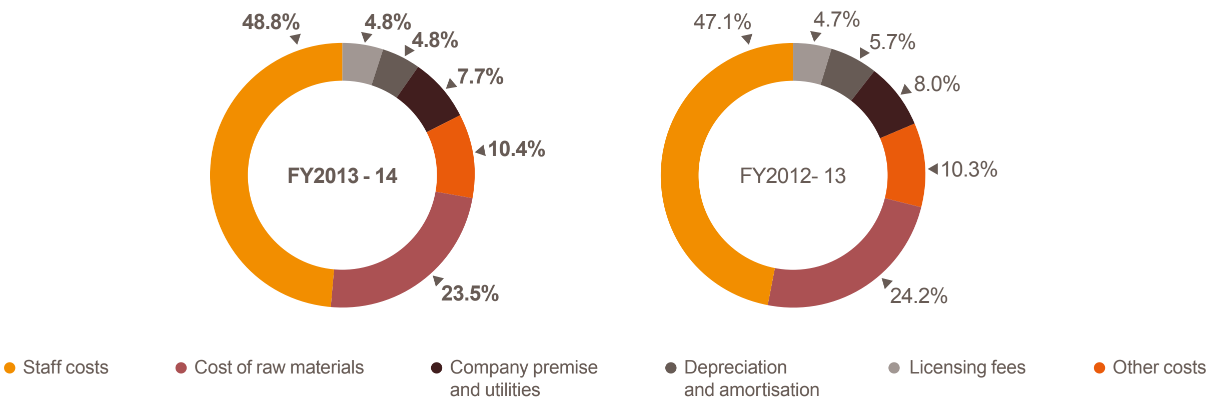
REVENUE ($M)	FY2013-14	FY2012-13	YOY % Change
Singapore	**1,421.0**	1,389.9	2.2
Japan	**268.1**	334.4	(19.8)
Others	**97.6**	94.7	3.1
Total	**1,786.7**	1,819.0	(1.8)

Notes:
- Singapore: revenue from food solutions and gateway services businesses within Singapore.
- Japan: revenue from TFK.
- Others: revenue from Singapore Food Industries group (Australia), Food and Allied Support Services Corporation group (Australia and India) and SATS HK.

Financial Review

EXPENDITURE

The Group's operating expenditure dropped by 0.7% to $1.615.7 million. Staff costs and cost of raw materials made up 72.3% of the total expenditure of the Group.



CASH FLOWS AND FINANCIAL POSITION

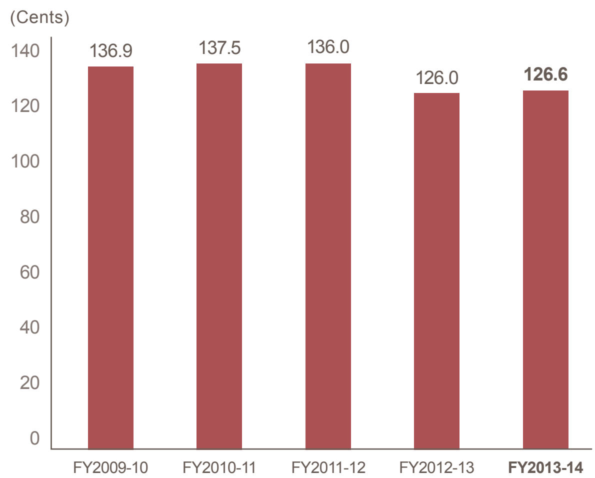
As at 31 March 2014, the equity attributable to the owners of the Company was $1,416.8 million, an increase of 1% compared to $1,403.4 million a year ago. The increase arose mainly from profit generated for the year of $180.4 million and increase in share capital from the exercise of stock options. These were offset by the dividend payment, purchase of treasury shares and foreign currency translation losses.

Total Group assets increased by $16.5 million or 0.8% to $2,019.8 million as at 31 March 2014.

The Group had an ending cash and cash equivalents of $339.6 million as at 31 March 2014, $64.6 million lower than the balance a year ago. Net cash from operating activities was $246.9 million, an increase of $1 million. Net cash used in investing activities was also higher by $129.3 million due mainly to the investment of $118.3 million for 41.65% stake in PT Cardig Aero Services (CAS). Cash used in financing activities of $162.6 million was $123.8 million lower than the prior year due to lower dividends paid to the shareholders. The Group's free cash flow generated during the financial year was $189.8 million.

Group gearing (as measured by gross debt/equity) was 0.08 times, lower than the 0.09 times a year ago.

Net Asset Value Per Share



VALUE ADDED

The value added of the Group was $1,011.4 million, a decrease of $6.9 million or 0.7% compared to the preceding year. The value distribution for FY2013-14 is reflected in the table below.

Value Added Statement ($ million)	FY2013-14	FY2012-13	FY2011-12	FY2010-11	FY2009-10
Total Revenue	**1,786.7**	1,819.0	1,871.6	1,729.1	1,538.9
Less: Purchase of goods and services	**833.4**	847.0	920.9	876.0	780.0
	953.3	972.0	950.7	853.1	758.9
Add/(less):					
Interest income	**1.1**	1.1	1.1	0.5	0.6
Share of profit before tax of associates/ joint venture	**57.9**	64.2	55.5	61.2	41.9
Amortisation of deferred income	**–**	–	0.7	0.9	0.9
Gain on disposal of property, plant and equipment	**–**	(2.5)	0.1	0.2	0.5
Income from long-term investments	**1.9**	1.3	1.2	1.0	–
Exceptional items *	**(2.8)**	(17.8)	5.4	–	–
Total value added available for distribution	**1,011.4**	1,018.3	1,014.7	916.9	802.8
Applied as follows:					
To employees					
- Salaries and other staff costs	**705.0**	686.8	676.3	572.5	483.4
To government					
- Corporate taxes **	**44.2**	51.3	51.8	53.7	40.9
To supplier of capital					
- Dividends	**168.4**	288.6	188.5	143.5	118.9
- Interest on borrowings	**2.9**	2.6	2.9	2.8	5.3
Retained for future capital requirements					
- Depreciation and amortisation	**77.2**	92.9	108.6	96.1	90.8
- Non-controlling interests	**1.7**	–	4.1	0.4	0.9
- Retained profits	**12.0**	(103.9)	(17.5)	47.9	62.6
Total value added	**1,011.4**	1,018.3	1,014.7	916.9	802.8
Value added per $ revenue	**0.57**	0.56	0.54	0.53	0.52
Value added per $ employment cost	**1.43**	1.48	1.50	1.60	1.66
Value added per $ investment in fixed assets	**0.67**	0.67	0.67	0.58	0.58

Notes:

* Exceptional items refer to (i) Impairment loss on carrying value of Assets Held for Sale (FY2013-14: $2.6 million, FY2012-13: nil) (ii) Provision for impairment of Daniels Group deferred consideration (FY2013-14: nil, FY2012-13: $16.8 million) (iii) Loss on disposal of a subsidiary, Country Foods Macau (FY2013-14: nil, FY2012-13: $0.4 million) (iv) Other non-operating expenses (FY2013-14: $0.2 million, FY2012-13: $0.6 million).

** Includes share of tax of associates/joint venture.

STAFF STRENGTH AND PRODUCTIVITY

The Group's average staff strength for the current financial year was 14,611, an increase of 1.5% over the preceding year. The increase was primarily due to gateway services' staff strength which was in response to the growth in the business volume and improvement in service level.

The breakdown of the average staff strength is as follows:

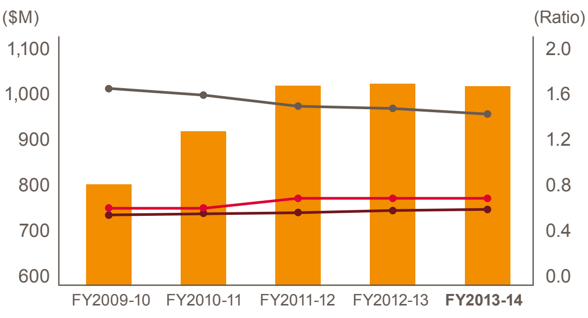
	FY2013-14	FY2012-13	YOY % Change
Food solutions	**5,709**	5,761	-0.9%
Gateway services	**8,607**	8,339	3.2%
Corporate	**295**	296	–
Total	**14,611**	14,396	1.5%

The staff productivity, measured by value added per employee, dropped by 2.1% to $69,222. Value added per dollar of employment cost had decreased by 3.4% to $1.43. This was mainly due to higher average headcount and increased employment costs.

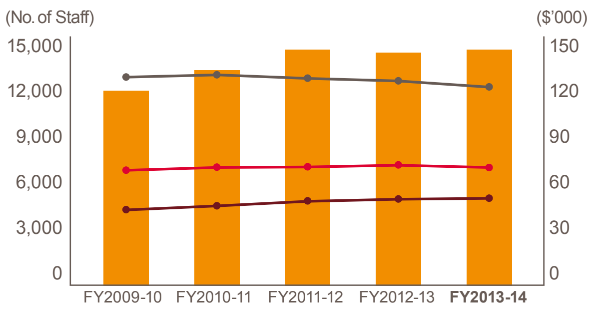
Productivity Analysis	**FY2013-14**	FY2012-13	FY2011-12	FY2010-11	FY2009-10
Value added ($ million)	**1,011.4**	1,018.3	1,014.7	916.9	802.8
Value added per employee ($)	**69,222**	70,732	69,475	69,200	67,283
Value added per $ employment cost (times)	**1.43**	1.48	1.50	1.60	1.66
Revenue per employee ($)	**122,284**	126,354	128,148	130,500	128,974
Staff costs per employee ($) **	**48,254**	47,705	46,305	43,212	40,533

Notes:
** Staff costs exclude cost of contract labour.

Group Value Added Productivity Ratios



Group Staff Strength and Productivity



ECONOMIC VALUE ADDED (EVA)

The EVA of the Group was $39.9 million. This was $28.6 million or 41.8% lower than the preceding financial year. The decrease was due mainly to lower profit.

Financial Calendar

Financial year ended 31 March 2014	
Announcement of 1Q FY2013-14 results Results conference call with live webcast	25 July 2013
Payment of final and special dividends	16 August 2013
Announcement of 2Q FY2013-14 results Results conference call with live webcast	5 November 2013
Payment of interim dividend	5 December 2013
Announcement of 3Q FY2013-14 results Results conference call with live webcast	11 February 2014
Announcement of 4Q FY2013-14 results Results briefing for analysts and media with live webcast	22 May 2014
Despatch of Summary Report to shareholders	25 June 2014
Despatch of Annual Report to shareholders	9 July 2014
41st Annual General Meeting	23 July 2014
Book closure date	4 August 2014
Proposed payment of final dividend	13 August 2014

Financial year ending 31 March 2015	
Proposed announcement of 1Q FY2014-15 results	22 July 2014
Proposed announcement of 2Q FY2014-15 results	13 November 2014
Proposed announcement of 3Q FY2014-15 results	January/ February 2015
Proposed announcement of 4Q FY2014-15 results	May 2015

Board of Directors

As at 28 May 2014

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
11 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 (Japan)
- Eye Max Centre Pte Ltd

Major appointments (other than directorships)
- 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, National Arts 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

Alexander Charles Hungate

Executive Director,
President and Chief Executive Officer

Date of first appointment as a Director
27 July 2011
Date of last re-election as a Director
26 July 2013
Length of service as a Director
2 years 10 months

Board committee(s) served on
- Board Executive Committee

Present directorships
Listed companies
Nil

Others
- Chairman, Asia Airfreight Terminal Company Limited
- Chairman, SATS-Creuers Cruise Services Pte. Ltd.
- Chairman, SATS HK Limited
- Air India SATS Airport Services Private Limited
- Food And Allied Support Services Corporation Pte. Ltd.
- SATS (India) Co. Private Limited
- SATS Investments Pte. Ltd.
- SATS Investments (II) 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, Factiva
- Chairman, HSBC Bank Turkey A.S.
- Chief Executive Officer, The Hongkong and Shanghai Banking Corporation Limited, Singapore
- Global Head of Personal Financial Services and Marketing, HSBC
- Member, HSBC Group Management Board and Risk Management Committee
- Director, The Hongkong and Shanghai Banking Corporation Limited and its group of companies
- Director, HSBC Bank Egypt S.A.E.
- Council Member, The Association of Banks in Singapore
- Managing Director, Reuters, Asia Pacific

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

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 2013
Length of service as a Director
6 years 0 months

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

Present directorships
Listed companies
- Chairman, Ariadne Australia Limited

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

Major appointments (other than directorships)
- Honorary Chairman, Accor Asia Pacific
- Trustee and Chairman of Risk Management Committee, Art Gallery of New South Wales
- Deputy Chairman of 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
- Chairman, Voyages Indigenous Tourism Australia Limited
- Founder and Director, Tourism Asset Holdings Limited
- Director, Edenred Pte Ltd
- Director, Indigenous Land Corporation
- 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

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
4 years 7 months

Board committee(s) served on
- Board Risk and Safety Committee

Present directorships
Listed companies
Nil

Others
- A.S. Watsons Holdings Limited
- Breedens Investments Pte Ltd
- Duxton Investments Pte Ltd
- First Heritage Brands Limited
- Sentosa Development Corporation
- TFK Corporation (Japan)

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, Perikatan Asia Sdn Bhd
- Director, Sorak Financial Holdings Pte. Ltd.
- Vice-President of 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

Euleen Goh Yiu Kiang

Non-executive and independent Director

Date of first appointment as a Director
1 August 2013
Date of last re-election as a Director
N.A.
Length of service as a Director
10 months

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

Present directorships
Listed companies
- CapitaLand Limited
- DBS Group Holdings Ltd

Others
- Chairman, DBS Foundation Ltd
- Chairman, Singapore Chinese Girls' School
- DBS Bank Ltd

Major appointments (other than directorships)
- Chairman, Board of Governors of Singapore International Foundation
- Chairperson, Board of Governors of NorthLight School
- Trustee, Singapore Institute of International Affairs Endowment Fund
- Member, Management Advisory Board, NUS Business School

Past directorships in listed companies held over the preceding three years
- Director, Aviva Plc
- Director, Singapore Airlines Limited
- Director, Singapore Exchange Limited

Past key appointments
- Group Head, Corporate & Institutional Banking Sales, Standard Chartered Bank
- Chief Executive Officer, Standard Chartered Bank Singapore

Achievements
- Her World Woman of the Year 2005
- Public Service Medal at the Singapore National Day awards 2005
- Public Service Star at the Singapore National Day awards 2012

Academic and professional qualification(s)
- Associate member, Institute of Chartered Accountants in England & Wales
- Associate member, The Chartered Institute of Taxation, UK
- Member, Institute of Singapore Chartered Accountants
- Associate member, Institute of Financial Services, UK

Board of Directors

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
26 July 2013

Length of service as a Director
3 years 10 months

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

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

Others
- President Commissioner, PT TVS Motor Company, Indonesia
- Wildlife Reserves Singapore Pte Ltd
- DBS Bank Ltd.
- TVS Motor (Singapore) Pte. Limited
- DBS Foundation Ltd.

Major appointments (other than directorships)
- Founder, St Jude India ChildCare Centres
- Founder President, International Wine & Food Society, Bombay Branch
- Member, Advisory Board, Bain & Company SEA/Indonesia
- Member, UK Government's Department for International Development (DFID) Private Sector Portfolio Advisory Committee for India

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

Past key appointments
- Chairman and Chief Executive Officer, PT Unilever, Indonesia
- Chairman, Home & Oral Care, Unilever Asia
- Managing Director, Unilever Argentina

Achievements
- BusinessWeek Stars of Asia Award, one of the "25 leaders at forefront of change"
- 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)
- BA (Honours), Bombay University, India
- AMP, Harvard Business School, USA
- AEP, Northwestern University, USA

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
2 years 7 months

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

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

Others
- Chairman, National Kidney Foundation
- Chairman, Times Publishing Limited

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 of Advisory Committee, Gan Eng Seng School
- Chief Executive Officer, Food and Beverage, Fraser and Neave Limited
- Chief Executive Officer, Asia Pacific Breweries Limited
- Director, National Healthcare Group Pte Ltd
- Director, PSA Corporation Limited
- Director, PSA International Pte Ltd
- Member of Resource Panel, Government Parliamentary Committee (Finance, Trade & Industry)

Achievements
- The Public Service Star from the Singapore Government (Agri-food & Veterinary Authority)
- Service to Education Award by the Ministry of Education
- Outstanding CEO Award from DHL/ The Business Times
- Public Service Star Award from the Government of Singapore (Singapore Kindness Movement)

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

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
26 July 2013

Length of service as a Director
6 years 10 months

Board committee(s) served on
- Audit Committee
- Board Executive Committee
- Nominating Committee

Present directorships
Listed companies
- FJ Benjamin Holdings Ltd
- Rotary Engineering Limited
- Singapore Post Limited
- Singapore Reinsurance Corporation Limited
- YTL Starhill Global REIT Management Limited

Others
- Chairman, Stirling Coleman Capital Limited
- Chairman, Famous Holdings Pte Ltd
- Food And Allied Support Services Corporation Pte. Ltd.
- TFK Corporation (Japan)

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 Limited
- 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, ICPAS
- Associate Member, The Chartered Institute of Taxation, UK

Yap Chee Meng
Non-executive and independent Director

Date of first appointment as a Director
1 October 2013
Date of last re-election as a Director
N.A.
Length of service as a Director
8 months

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

Present directorships
Listed companies
- Keppel Land Limited
- SMRT Corporation Ltd

Others
- AXA Insurance Singapore Pte Ltd
- The Esplanade Co Ltd

Major appointments (other than directorships)
- Board Member, National Research Foundation

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

Past key appointments
- Chief Operating Officer for the Asia Pacific Region, KPMG International
- Member, KPMG International's Global Executive Team
- Regional Head of Financial Services, KPMG Asia Pacific
- Senior Partner / Leadership Team, KPMG Singapore
- Country Head of Financial Services & Real Estates, KPMG Singapore
- Member, various Committees, ACRA and ICPAS

Academic and professional qualification(s)
- Fellow, Institute of Chartered Accountants in England & Wales
- Fellow, Institute of Singapore Chartered Accountants

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
3 years 9 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
- 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

1. Tan Chuan Lye

Mr Tan was appointed as Chairman, Food Solutions of SATS since January 2014. Prior to this, he was the President and Chief Executive Officer of SATS from April 2012 to December 2013.

Mr Tan joined SATS in May 1976. In a career spanning over 38 years, he has 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 Executive Vice President, Food Solutions since 2009, overseeing and growing SATS' aviation and non-aviation food businesses.

Mr Tan is the Chairman of Singapore Food Industries Pte. Ltd., SFI Manufacturing Private Limited, Sports Catering Services Pte. Ltd. He is also the Vice Chairman of Beijing Airport Inflight Kitchen Ltd. In addition, he sits on various Boards of SATS' subsidiaries and associated companies.

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

2. Cho Wee Peng

Mr Cho joined SATS in July 2013 as Chief Financial Officer. He oversees finance, treasury, insurance, investor relations and corporate communications functions of the Group. He has over 20 years of experience in finance with both local companies as well as multinationals in Singapore and USA.

Before joining SATS, he was the Group Executive Vice President and Chief Financial Officer of Hyflux Ltd, where he was responsible for finance, investments, treasury and information technology functions of the Group. Prior to that, he was with The Dow Chemical Company, holding roles in treasury, financial planning, corporate finance, credit and financial risk management in Dow's corporate headquarters in Michigan, and Dow's Asia Pacific office in Singapore.

Mr Cho sits on various Boards of SATS' subsidiaries. He graduated from the Nanyang Technological University with a Bachelor of Accountancy (2nd upper honours). He also holds a Master of Science (Applied Finance) from the National University of Singapore. He is a Chartered Financial Analyst since 2001.

3. 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 and investment portfolio, information technology, centre of excellence for lean management, general administration (facility and 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 in the US. 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 Siemens, Cap Gemini Ernst & Young, KPMG Consulting Asia Pacific, Deloitte & Touche Consulting and Accenture.

Mr. Chung sits on the various Boards of SATS' subsidiaries and associated companies includes: Vice Chairman of PT Cardig Aero Services Tbk, Vice Chairman of PT Jasa Angkasa Semesta Tbk, Vice Chairman of Tan Son Nhat Cargo Services Ltd, and a Director of Taj-SATS Air Catering Limited. He graduated from the University of Auckland with a Bachelor of Computer Science degree.

4. Yacoob Bin Ahmed Piperdi

Mr Piperdi is the Executive Vice President, Gateway Services since January 2014. Prior to this, he was Executive Vice President, Food Solutions.

Mr Piperdi joined SATS in April 1981. He assumed various positions including Senior Vice President, Cargo Services, Vice President, Apron Services, Vice President, Cargo Services, Vice President, Inflight Catering Centre 2 as well as other managerial positions in Apron and Baggage, Passenger Services, Marketing and in SIA Ground Services, where he was responsible for network procedures and ground handling contracts.

Mr Piperdi sits on various Boards of SATS' subsidiaries and associate companies. He currently serves as a member of the Independent Expert Panel under the Food Manufacturing Workgroup of the National Productivity and Continuing Education Council in Singapore. Mr Piperdi graduated from the National University of Singapore with a Bachelor of Arts (Honours) degree, majoring in English.

5. Wong Hong

Mr Wong is the Executive Vice President, Food Solutions of SATS since April 2014. He joined SATS in July 2012 as Executive Vice President, Gateway Services.

Prior to this, Mr Wong was Regional Director, Asia Pacific for Industry Distribution & 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 Singapore Airlines, holding various senior appointments.

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

6. Helen Chan Yin Foong

Ms Chan is the Senior Vice President, Finance of SATS. She joined SATS in August 2011 as Group Financial Controller and was also the Acting Chief Financial Officer from August 2012 to June 2013.

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

Ms Chan sits on the Board of a SATS' subsidiary. She graduated from the National University of Singapore with a Bachelor Degree in Accountancy. She is a Chartered Accountant (Singapore) and a member of the Institute of Singapore Chartered Accountants.

7. Chang Seow Kuay

Mr Chang is the Senior Vice President, Institutional Catering of Singapore Food Industries Pte. Ltd. (SFI), 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 & 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 associated companies. He graduated from the National University of Singapore with a Bachelor of Science (Honours) degree, majoring in Biochemistry.

8. 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 has 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.

9. Leong Kok Hong

Mr Leong is the Senior Vice President, Greater China. 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 and Senior Vice President, North Asia. 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 Company Limited and Board Director of SATS HK Limited. He also sits on various Boards of SATS' associated companies. He graduated from the University of Singapore with a Bachelor of Science (Honours) degree in Physics.

10. Andrew Lim Cheng Yueh

Mr Lim is the Senior Vice President, Passengers 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 & 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 associated companies. He graduated from the University of Singapore with a Bachelor of Social Science (Honours) degree, majoring in Sociology.

11. Denis Suresh Kumar Marie

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

Executive Management

President, Passenger Services.

With 18 years of experience in security and law enforcement, he had held senior positions in training and security management. He left with the rank of Deputy Assistant Commissioner 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.

12. 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 Pte Ltd. 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 SATS' subsidiaries and associated companies. 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.

13. Prema d/o K Subramaniam

Ms Subramaniam is the General Counsel and Senior Vice President, Legal and Secretariat. 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 of SATS 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 Listing Manual of the Singapore Exchange Securities Trading Limited 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 & 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.

14. 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 as treasurer in 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.

15. 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 where he was responsible for designing, developing and managing operations at SATS Airfreight Terminals.

Mr Tay is the Alternate Director of Servair–SATS Holding Company Pte Ltd. He also sits on various Boards of SATS' subsidiaries and associated companies. He graduated from the University of Dundee, UK with a Bachelor of Engineering (First Class Honours) degree and a Master of Business Administration from the National University of Singapore.

16. 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.

He also sits on various Boards of SATS' subsidiaries and associated companies. He graduated from the University of Singapore with a Bachelor of Engineering (Honours) degree.

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 took effect with respect to Annual Reports of listed entities relating to financial years commencing from 1 November 2012. 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 and Safety Committee.

Corporate Governance Report

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 and Safety Committee[1]
Mr Edmund Cheng	Chairman & Independent Director	Chairman			Chairman	
Mr Alex Hungate[2]	Executive Director	Member				
Mr David Baffsky	Independent Director			Chairman	Member	
Ms Euleen Goh[3]	Independent Director	Member	Chairman			
Mr David Heng	Non-Independent Director					Member
Mr Nihal Kaviratne	Independent Director		Member			Member
Mr Koh Poh Tiong	Independent Director		Member		Member	
Mr Keith Tay	Independent Director	Member	Member	Member		
Mr Yap Chee Meng[4]	Independent Director					Chairman
Mr Leo Yip	Independent Director			Member	Member	

Notes:

1. Board Risk Committee was renamed as Board Risk and Safety Committee with effect from 25 July 2013.
2. Mr Alex Hungate assumed 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.
3. Ms Euleen Goh was appointed to the Board on 1 August 2013, as Chairman of the Audit Committee and member of the Board Executive Committee with effect from 1 August 2013.
4. Mr Yap Chee Meng was appointed to the Board on 1 October 2013 and as Chairman of the Board Risk and Safety Committee with effect from 1 January 2014.

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

Board meetings are scheduled in advance. In addition, ad hoc Board meetings are convened if and when there are pressing matters requiring the Board's deliberation and decision in between the scheduled meetings. 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 FY2013-14, various Directors have participated in Board or Board Committee meetings by way of telephone conferences. 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 FY2013-14, five Board meetings, including a three-day Board Strategy meeting, were held. The Directors' attendances at Board and Board Committee meetings for FY2013-14 are set out below.

		No. of Board and Board Committee meetings attended in FY2013-14				
	Board meetings	Board Executive Committee	Audit Committee	Nominating Committee	Remuneration and Human Resource Committee	Board Risk and Safety Committee
No. of meetings held	5	4	4	1	2	4
Board Members						
Mr Edmund Cheng	5	4			2	
Mr Alex Hungate[1]	5	1/1		1	0/1	
Mr David Baffsky[2]	5		2/2	1	1/1	
Ms Euleen Goh[3]	3/3	2/2	2/2			
Mr David Heng[4]	5	3/3				4
Mr Nihal Kaviratne	5		4			4
Mr Koh Poh Tiong[5]	5		4		1/1	3/3
Mr Keith Tay	5	4	4			
Mr Yap Chee Meng[6]	3/3					1/1
Mr Leo Yip	5			1	2	

Notes:

1. Mr Alex Hungate stepped down as a member of Remuneration and Human Resource Committee on 16 July 2013 and was appointed as a member of the Board Executive Committee on 1 January 2014. He did not attend the Remuneration and Human Resource Committee meeting held on 8 July 2013 but attended 1 out of 1 Board Executive Committee meeting, which was held during his term as a member of the Remuneration and Human Resource Committee and Board Executive Committee respectively in FY2013-14.
2. Mr David Baffsky stepped down as a member of the Audit Committee and was appointed as a member of the Remuneration and Human Resource Committee on 1 August 2013. He attended 2 out of 2 Audit Committee meetings and 1 out of 1 Remuneration and Human Resource Committee meeting, which were held during his term as a member of the Audit Committee and Remuneration and Human Resource Committee respectively in FY2013-14.
3. Ms Euleen Goh was appointed as a Director, Chairman of the Audit Committee and a member of the Board Executive Committee on 1 August 2013. She attended 3 out of 3 Board meetings (including the Board Strategy meeting), 2 out of 2 Audit Committee meetings and 2 out of 2 Board Executive Committee meetings, which were held during her term as a Director, Chairman of the Audit Committee and as a member of the Board Executive Committee respectively in FY2013-14.
4. Mr David Heng stepped down as a member of the Board Executive Committee on 1 January 2014. He attended 3 out of 3 Board Executive Committee meetings which were held during his term as a member of the Board Executive Committee in FY2013-14.
5. Mr Koh Poh Tiong stepped down as Chairman of the Board Risk and Safety Committee and was appointed as member of the Remuneration and Human Resource Committee on 1 January 2014. He attended 3 out of 3 Board Risk and Safety Committee meetings and 1 out of 1 Remuneration and Human Resource Committee meeting, which were held during his term as Chairman of the Board Risk and Safety Committee and as a member of the Remuneration and Human Resource Committee respectively in FY2013-14.
6. Mr Yap Chee Meng was appointed as a Director on 1 October 2013 and as Chairman of the Board Risk and Safety Committee on 1 January 2014. He attended 3 out of 3 Board meetings (including the Board Strategy meeting) and 1 out of 1 Board Risk and Safety Committee meeting, which were held during his term as a Director and Chairman of the Board Risk and Safety Committee respectively in FY2013-14.

Corporate Governance Report

All members of the Board participate actively 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.

Board Executive Committee

The Board has delegated to the Board Executive Committee the function of reviewing and approving certain matters, which include, *inter alia*, reviewing and monitoring the Company's key strategic risks, legal risks, financial policy and risk appetite limits, for approval by the Board; guiding Management on business, strategic and operational issues as well as risk management; 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 four members:

- Mr Edmund Cheng, Chairman
- Mr Alex Hungate, Member
- Ms Euleen Goh, Member
- Mr Keith Tay, 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 FY2013-14. 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 FY2013-14, legal advisors were invited to update the Board on the Personal Data Protection Act. The Company also invited The Boston Consulting Group to provide a briefing to the Board and senior management on the global aviation landscape and outlook during the Board Strategy meeting held in October 2013. 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. Mr Nihal Kaviratne attended the Programme for Enhancing Board Stewardship course organised by the Stewardship & Corporate Governance Centre on 22 April 2013 and 23 April 2013. Mr Yap Chee Meng also attended the LCD Module – Listed Company Director Essentials – "Understanding the Regulatory Environment in Singapore: What every director ought to know" organised by the Singapore Institute of Directors on 16 January 2014. The course fees were borne by the Company.

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 eight out of the ten Directors on the Board are currently considered by the Nominating Committee and the Board to be independent. These eight Directors are Mr Edmund Cheng, Mr David Baffsky, Ms Euleen Goh, Mr Nihal Kaviratne, Mr Koh Poh Tiong, Mr Keith Tay, Mr Yap Chee Meng and Mr Leo Yip.

Mr Alex Hungate assumed the role of an Executive Director on 16 July 2013 and as PCEO on 1 January 2014 and is thus, a non-independent Director.

The Nominating Committee and the Board consider Mr David Heng 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 28 May 2014, Mr Edmund Cheng would have served as Chairman of the Board for more than ten 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.

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. Ms Euleen Goh and Mr Yap Chee Meng were appointed to the Board on 1 August 2013 and 1 October 2013 respectively.

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 twelve 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, and to constructively challenge and help develop proposals on strategy. 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 is the non-executive and independent Chairman, and Mr Alex Hungate 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.

The responsibilities of the Chairman and PCEO are documented and agreed on by 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 of Board and Board Committee members, 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
- carrying out 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 independent Directors:

- Mr David Baffsky, Chairman
- Mr Keith Tay, Member
- Mr Leo Yip, Member

The Nominating Committee is required by its terms of reference to hold meetings at least once a year. It held one meeting in FY2013-14.

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	Chairman	22 May 2003 (as Director and Chairman)	26 July 2012
Mr Alex Hungate[1]	Executive Director	27 July 2011	26 July 2013
Mr David Baffsky[2]	Director	15 May 2008	26 July 2012
Ms Euleen Goh[3]	Director	1 August 2013	Not applicable
Mr David Heng[4]	Director	15 October 2009	26 July 2012
Mr Nihal Kaviratne[5]	Director	30 July 2010	26 July 2013
Mr Koh Poh Tiong[6]	Director	1 November 2011	26 July 2012
Mr Keith Tay[7]	Director	26 July 2007	26 July 2013
Mr Yap Chee Meng[8]	Director	1 October 2013	Not applicable
Mr Leo Yip[9]	Director	1 September 2010	27 July 2011

Notes:

1. Mr Alex Hungate assumed the role of PCEO of the Company with effect from 1 January 2014.
2. Mr David 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 41st Annual General Meeting to be held on 23 July 2014 ("**41st 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 Remuneration and Human Resource Committee.
3. Ms Euleen Goh, who will retire pursuant to Article 90 and has indicated her willingness to stand for re-appointment, will be standing for re-appointment at the 41st AGM. Ms Goh is currently considered by the Nominating Committee and the Board to be an independent Director. Ms Goh is the Chairman of the Audit Committee and a member of the Board Executive Committee.
4. Mr David Heng has elected to retire from office at the 41st AGM. Mr Heng is currently considered by the Nominating Committee and the Board to be a non-independent Director. Mr Heng is a member of the Board Risk and Safety Committee.
5. Mr Nihal Kaviratne, has attained the age of 70 years in March 2014 and his office as a Director of the Company will be vacated at the 41st AGM pursuant to Section 153(2) of the Companies Act. Mr Kaviratne has indicated his willingness to stand for re-appointment and will be standing for re-appointment pursuant to Section 153(6) of the Companies Act at the Company's 41st AGM. Mr Kaviratne is currently regarded 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 and Safety Committee.
6. Mr Koh Poh Tiong, 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 41st AGM. Mr Koh is currently considered by the Nominating Committee and the Board to be an independent Director. Mr Koh is a member of both the Audit Committee and the Remuneration and Human Resource Committee.
7. Mr Keith Tay has elected to retire from office at the 41st AGM. Mr Tay is currently considered by the Nominating Committee and the Board to be an independent Director. Mr Tay is a member of the Audit Committee, the Board Executive Committee and the Nominating Committee.
8. Mr Yap Chee Meng, who will retire pursuant to Article 90 and has indicated his willingness to stand for re-appointment, will be standing for re-appointment at the 41st AGM. Mr Yap is currently considered by the Nominating Committee and the Board to be an independent Director. Mr Yap is the Chairman of the Board Risk and Safety Committee.
9. Mr Leo Yip, 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 41st AGM. Mr Yip is currently considered by the Nominating Committee and the Board to be an independent Director. Mr Yip is a member of both the Remuneration and Human Resource Committee and the Nominating Committee.

Corporate Governance Report

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 41st AGM are Mr Koh Poh Tiong and Mr Leo Yip. Ms Euleen Goh and Mr Yap Chee Meng are standing for re-appointment pursuant to Article 90. Mr David Baffsky and Mr Nihal Kaviratne are standing for re-appointment pursuant to Section 153 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 insights 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 FY2013-14, 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 Chairman of the Board meets with the Chairman of the Nominating Committee to discuss the assessment of each individual Director to the effectiveness of the Board.

In FY2013-14, the Nominating Committee conducted the Board assessment 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/her to discharge his/her 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, the 2012 Code, and the Listing Manual of the SGX-ST; communicating with relevant regulatory authorities and bodies and Shareholders on behalf of the Company; and performing such other duties of a company secretary, as required under laws and regulations or as specified in the Listing Manual of the SGX-ST 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 four members, all of whom (including the Chairman) are non-executive and independent Directors:

- Mr Edmund Cheng, Chairman
- Mr David Baffsky, Member
- Mr Koh Poh Tiong, Member
- Mr Leo Yip, 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 FY2013-14.

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 Listing Manual 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
- carrying out 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 FY2013-14, 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 FY2013-14. 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 FY2013-14, 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 2015 is the same as that for FY2013-14, and is set out below.

Types of Appointment	Scale of Directors' fees (FY2014-15)
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 FY2013-14 is as indicated in the table below:

Directors	Fee (S$)	Salary[1] (S$)	Bonuses (S$)	Benefits[2] (S$)	Shares (S$)	Total (S$)
Mr Edmund Cheng	157,200	–	–	–	–	157,200
Mr Alex Hungate[3]	30,594	580,200	–	42,700	639,423	1,292,917
Mr David Baffsky	122,556	–	–	–	–	109,334
Ms Euleen Goh[4]	71,467	–	–	–	–	71,467
Mr David Heng	85,928	–	–	–	–	85,928
Mr Nihal Kaviratne	112,000	–	–	–	–	112,000
Mr Koh Poh Tiong	106,428	–	–	–	–	106,428
Mr Keith Tay	122,823	–	–	–	–	109,601
Mr Yap Chee Meng[5]	38,645	–	–	–	–	38,645
Mr Leo Yip	83,600	–	–	–	–	83,600

Notes:

1. Salary includes annual wage supplement (AWS) and employer's CPF.
2. Includes transport and flexible benefits.
3. Mr Alex Hungate stepped down as Chief Executive Officer of HSBC (Singapore) in March 2013 and assumed the role of Executive Director on 16 July 2013 and as PCEO of the Company with effect from 1 January 2014. His Director's fee payable was for the period 1 April 2013 to 15 July 2013. He was granted a base award under the SATS RSP for FY2013-14 on 16 July 2013. The number of shares awarded to him under the SATS RSP will vest over a two-year period; there will be no performance conditions for vesting. The share awards are based on the fair value of $3.1225 as at date of grant.
4. Ms Euleen Goh was appointed as a Director of the Company on 1 August 2013.
5. Mr Yap Chee Meng was appointed as a Director of the Company on 1 October 2013.

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 41st AGM to approve the payment of Directors' fees up to a stipulated amount for FY2014-15 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 (of which, a portion is tied to Economic Value Added "EVA" performance) 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 employees 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 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 FY2013-14, a total of 1,924,279 shares and 1,200,000 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 FY2013-14.

The aggregate compensation paid to or accrued to the top five key management personnel for FY2013-14 (who are also not Directors or the PCEO as at the date of this report) is indicated in the table below:

	Salary (S$)	Bonuses[1] (S$)	Benefits (S$)	Total (S$)	Award under SATS RSP[2]	Award under SATS PSP[2]
Tan Chuan Lye[3]	772,000	233,000	60,900	1,065,900	161,000	326,000

	Remuneration Band[4]	Salary	Bonuses[1]		Benefits	Total	Award under SATS RSP[2]	Award under SATS PSP[2]
		%	Fixed (%)	Variable (%)	%	%		
Ferry Chung Qing An	$500,001 to $750,000	67	6	22	5	100	68,000	110,000
Yacoob Bin Ahmed Piperdi	$500,001 to $750,000	65	6	20	9	100	89,000	144,000
Wong Hong	$500,001 to $750,000	73	6	14	7	100	51,000	83,000
Cho Wee Peng[5]	$250,001 to $500,000	87	6	0	7	100	0	0

Notes:

1. Includes actual performance bonus paid for FY2012-13.
2. Denotes the base awards of shares granted under the SATS RSP and the SATS PSP for FY2013-14 on 15 November 2013. Final number of shares awarded to the recipient could range between 0% to 120% of the base granted under the SATS RSP, and between 0% to 150% of the base award granted under the SATS PSP. All awards of shares will vest in the award holder subject to the achievement of pre-determined targets over a one-year period for the SATS RSP and a three-year period for the SATS PSP.
3. Mr Tan was the PCEO of the Company from 1 April 2012 and stepped down on 31 December 2013. He assumed the role of Chairman, Food Solutions from 1 January 2014. He was granted awards under the SATS RSP and SATS PSP on 3 December 2013.
4. Remuneration bands as indicated do not include the value of any awards granted under the SATS RSP and/or the SATS PSP.
5. Mr Cho joined the Company on 1 July 2013 as Chief Financial Officer.

The total remuneration paid to the top five key management personnel (who are also not Directors or the PCEO as at the date of this report) was S$3,280,898.

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 FY2013-14.

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.

Corporate Governance 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 Listing Manual of the SGX-ST for the Board to issue a negative assurance statement that accompanies the Company's announcement of its quarterly and full-year financial statements.

Monthly management accounts of the Group (covering, *inter alia*, consolidated unaudited profit and loss accounts, 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 is responsible for the governance of risk. It ensures that Management maintains sound risk management and internal control systems to safeguard Shareholders' interests and investments and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives. It also determines the company's levels of risk tolerance and risk policies, and oversees Management in the design, implementation and monitoring of the risk management and internal control systems.

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 and compliance risks; through the Board Risk and Safety Committee, it oversees and reviews the Group's operational and information technology risks and ensures that a robust risk management system is maintained; and through the Board Executive Committee, oversees the strategic, legal and financial risks faced by the Group.

Board Risk and Safety Committee

The Board Risk and Safety Committee changed its name from "Board Risk Committee" during the year, to emphasize its role in reviewing SATS' safety systems and programs. It oversees and reviews the adequacy and effectiveness of the Group's risk management systems as well as its safety systems and programmes.

The Board Risk and Safety 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:

- Mr Yap Chee Meng, Chairman
- Mr David Heng, Member
- Mr Nihal Kaviratne, Member

The written terms of reference of the Board Risk and Safety 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 and Safety 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 Risk Management and Internal Controls Statement;
- 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 and Safety Committee is required by its terms of reference to meet at least four times a year. The Committee met four times in FY2013-14.

The "**Risk Management and Internal Controls Statement**" section in this Annual Report sets out details of the Group's systems of internal controls and risk management, and the Board's views on the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls.

PRINCIPLE 12: AUDIT COMMITTEE

Audit Committee

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

- Ms Euleen Goh, Chairman
- Mr Keith Tay, Member
- Mr Nihal Kaviratne, Member
- Mr Koh Poh Tiong, Member

The Audit Committee's primary role is to assist the Board to ensure integrity of financial reporting and sound internal control systems. During the year, it reviewed the Group's financial statements before the announcement of the quarterly and full-year results. In the process, it reviewed the key areas of management judgment, critical accounting policies, and any significant changes that would have a material impact on the financial statements.

Two members of the Audit Committee, including the Chairman, are qualified accountants. All members of the Audit Committee have extensive experience in financial management. The Board is of the view that the members of the Audit Committee have the necessary and appropriate expertise and experience to effectively discharge 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 which have a material 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's internal audit team, and the external auditors, report their findings and recommendations to the Audit Committee independently.

The Audit Committee is required by its terms of reference to meet at least four times a year. It met four times in FY2013-14, and at least one of these meetings was conducted without the presence of Management. The Audit Committee meets (a) with the external auditors, and (b) with the internal auditors, in each case without the presence of Management, at least annually.

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 FY2013-14, 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 103.

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

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

- compliance and information technology (financial reporting) risks;
- quarterly and annual financial statements and financial announcements as required under the Listing Manual of the SGX-ST;
- 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);
- 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 Risk Management and 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 Listing Manual of the SGX-ST and the Company's Shareholders' mandate for interested person transactions.

The Audit Committee is also tasked to perform all other functions and responsibilities of an audit committee that may be imposed by the Companies Act, the Listing Manual of the SGX-ST, the 2012 Code and other relevant laws and regulations.

Whistle-blowing Policy

The Company's "Policy on Reporting Wrongdoing" institutionalises the Group's procedures on reporting possible improprieties, independent investigation of such matters, and follow-up actions. A dedicated email address, and a 24-hour hotline managed by an independent external service provider, allows employees or any other persons 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

The Company's Internal Audit Department ("**IAD**") provides the Audit Committee with reasonable assurance that the Company maintains adequate and effective internal controls, through assessing the design and operating effectiveness of key internal controls and procedures that govern key business processes and risks identified in the overall risk framework of the Group.

IAD is headed by Vice President, Internal Audit, and staffed by suitably qualified executives. Under the Group's Internal Audit Charter, which was approved by the Audit Committee, 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 Audit Committee.

IAD is a corporate member of the Singapore chapter of the Institute of Internal Auditors ("**IIA**"). It is guided by the Standards for the Professional Practice of Internal Auditing set by the IIA. 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. While the Articles currently provide for a limit of up to two proxies for each Shareholder (including nominee companies), the Company, in compliance with the spirit of the 2012 Code, allows nominee companies to specify, in writing, the names of the beneficial owners of shares in the Company to attend general meetings as observers. 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

SATS strives to communicate pertinent information to Shareholders and the investment community on a regular and timely basis; in a clear, forthcoming and detailed manner; and by taking into consideration their views when addressing their concerns.

The Company disseminates material, price-sensitive information to ensure that it is made publicly available on a timely and non-selective basis. Material information relating to SATS' financial performance, business and strategic developments is published on SGXNet first, followed by the Company's website (www.sats.com.sg).

In addition, there is a dedicated Investor Relations section on the Company's website where current and past 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.

Every quarter, with the exception of the fourth quarter, the Company organises an earnings conference call with live audio webcast to brief shareholders, the investment community and the media on SATS' financial performance as well as key business and corporate developments. For the fourth quarter, it hosts a face-to-face briefing for both analysts and the media, with live audio webcast. An on-demand audio webcast is made available on its website on the same day of each earnings conference call and briefing.

The Company's Corporate Relations department, together with the PCEO, and the CFO, actively engage shareholders and the investment community from Singapore and overseas through investor meetings, conference calls, investment conferences and operational site visits to help them better understand the Company's businesses and growth strategy. The Company also participated in seminars organised by the Securities Investors Association Singapore in its bid to reach out to retail shareholders. To grow and achieve a wider geographical spread in its shareholder base, the Company tracks changes in its share register on a regular basis.

The Company's Corporate Relations department is responsible for managing the dissemination of corporate information to the media, the public, shareholders and the investment community. It also promotes relations with and acts as a liaison point for such entities and parties.

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 Company will be employing electronic poll voting at the upcoming AGM. 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 Listing Manual of the SGX-ST, the Company has in place a policy and guidelines on dealings in the securities of the Company, which have been disseminated to employees of the Group and Directors of the companies within the Group. The policy and guidelines restrict certain employees (including all administrative officers and employees of managerial grade and above, and employees in departments which are likely to be privy to confidential material price-sensitive information, such as the offices of the PCEO, 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 a trading halt in the Company's securities, which assists the Company to manage its continuous disclosure obligations in accordance with the spirit of rule 703 of the Listing Manual of the SGX-ST in the event of a leak of material unpublished information, or a false rumour or report where a media comment about the Company is sufficiently specific and detailed to warrant a response or to adequately respond to a query by the SGX-ST arising from such leak of material unpublished information or a false rumour or report.

In addition, the Directors and 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 SATS RSP and the SATS PSP 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.

The SATS RSP and the SATS PSP are due to expire in July 2015. The Remuneration and Human Resource Committee has approved the proposed extension of the duration of the SATS RSP and the SATS PSP for a further period of 10 years to July 2025. There will be no change to the maximum limit of new shares which may be issued under the SATS RSP and the SATS PSP following the extension of their respective durations. The proposed extension of the SATS RSP and the SATS PSP will be proposed to shareholders for approval at the forthcoming 41st AGM.

(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 2013. Pursuant to the Mandate, the Company had purchased a total of 5,667,000 shares of the Company as at 28 May 2014, prior to the printing of this Annual Report, to satisfy obligations under the ESOP, SATS RSP and the SATS PSP. As at 28 May 2014, being the latest practicable date prior to the printing of this Annual Report, 4,489,901 shares purchased or acquired by the Company were held as treasury shares.

Risk Management and Internal Control Statement

RESPONSIBILITY

The Board is responsible for risk governance, and for overseeing and reviewing the adequacy and effectiveness of the Group's internal controls and risk management system implemented by management to address strategic, financial, operational, compliance and information technology risks. 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

Board Executive Committee

The Board, through the Board Executive Committee ("**EXCO**"), regularly reviews and monitors the key strategic and legal risks facing the Company. The EXCO also reviews the financial policy and risk appetite limits for the approval of the Board. In addition, it provides advice and guidance to the Group's Management on managing business, strategic and operational issues.

Audit Committee

The Board, through the Audit Committee ("**AC**"), oversees and reviews the financial controls and reporting process, ensures the integrity of the Group's financial statements, and the adequacy and effectiveness of the Group's internal control and compliance systems.

The Group's internal audit provides an independent assessment to the AC on the processes and controls which may have a material financial impact on the Company. There are formal procedures for both internal and external auditors to report independently their conclusions and recommendations to the AC.

The AC reviews the policy and arrangements by which employees of the Company and any other persons may in confidence raise concerns about possible improprieties in financial reporting and other matters.

Board Risk and Safety Committee

The Board, through the Board Risk and Safety Committee ("**BRSC**"), oversees and reviews the Group's operational and information technology risks (including cyber security risks). The BRSC assists the Board in reviewing the adequacy and effectiveness of the systems of safety and risk management. Under its oversight, the safety and risk management programme is executed with an integrated view of the organisation and its needs in mind.

The BRSC is supported by the SATS Group Risk and Safety Committee ("**SGRSC**"). The BRSC reviews the activities of the SGRSC, including regular risk management reports, initiatives, processes and exercises. The SGRSC, chaired by the President and Chief Executive Officer ("**PCEO**"), meets on a quarterly basis to review the risk management system and mitigation measures.

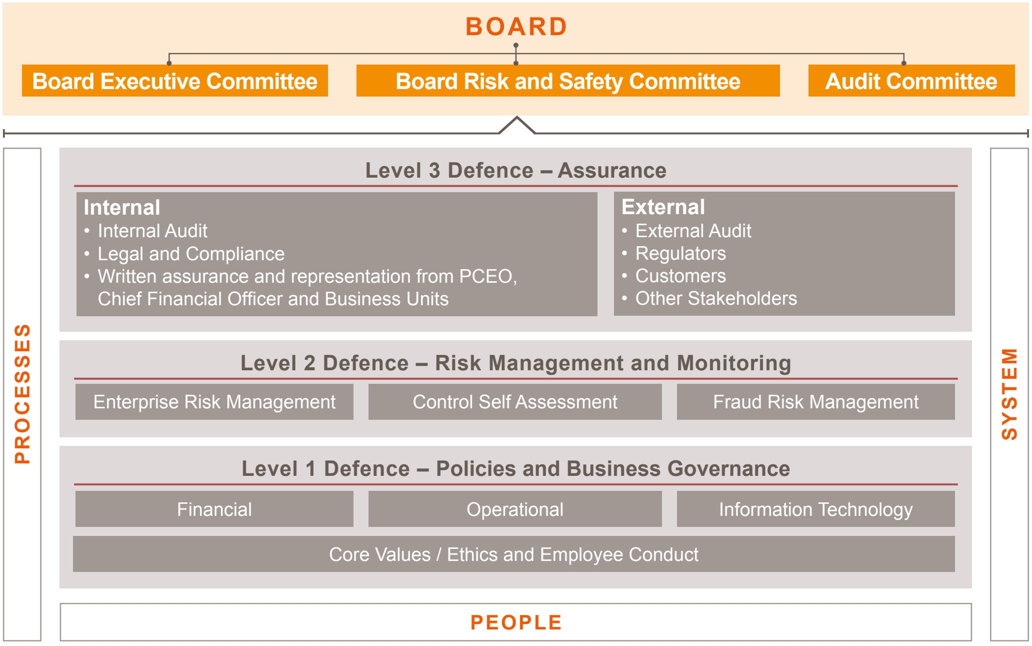
The Risk Management Department coordinates and facilitates the risk management processes within the Group. It provides support to the SGRSC in carrying out its functions.

During the year, a third-party consultant was engaged to review the Group's risk management policies and processes against the risk management practices set out in ISO31000:2009 standards. The Group has received the consultant's recommendations and is in the process of implementing the relevant recommendations.

More information on the EXCO, AC and BRSC's composition, 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 defence towards ensuring the adequacy and effectiveness of the Group's system of risk management and internal controls.



LEVEL 1 DEFENCE – 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 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 organisational 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.

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 of the Group.

LEVEL 2 DEFENCE – 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's 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 BRSC 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.

Risk Management and Internal Control Statement

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
- control self assessment ("**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 from the top with regard to employees' business and ethical conduct.

LEVEL 3 DEFENCE – ASSURANCE

Management monitors internal controls through CSAs 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 to increase the strength of the control environment.

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 Auditors review the effectiveness of the Group's material internal controls (addressing financial, operational, information technology and compliance risks), and risk management system. The external auditors will highlight any material internal control weaknesses which have come to their attention in the course of their statutory audit. 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 BRSC, oversees the Group's systems of internal controls and risk management. The Board has received assurance from the PCEO and Chief Financial Officer:

(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 adequacy and effectiveness of the Group's risk management and internal control systems, addressing financial, operational, compliance and information technology risks.

CONCLUSION

Taking into account the views of the AC and BRSC 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 and effective as at the date of the "**Directors' Report**".

Financial Statements

Directors' Report

The Directors are pleased to present their report to the members 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 2014.

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	
Euleen Goh Yiu Kiang	*(appointed on 1 August 2013)*
Yap Chee Meng	*(appointed on 1 October 2013)*

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed in this report, 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 SHARES AND DEBENTURES

The following Directors who held office at the end of the financial year, had according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and share options of the Company as stated below:

	Direct interest		Deemed interest	
Name of Director	**At the beginning of financial year or date of appointment**	**At the end of financial year**	**At the beginning of financial year or date of appointment**	**At the end of financial year**
Ordinary Shares				
Keith Tay Ah Kee	35,000	35,000	–	–
Euleen Goh Yiu Kiang	2,774	2,774	–	–
Award under SATS Restricted Share Plan ("RSP")				
Alexander Charles Hungate*	–	207,236	–	–

* Alexander Charles Hungate was appointed as Executive Director on 16 July 2013 and as President and Chief Executive Officer on 1 January 2014. He was granted a base award under the SATS RSP for FY2013-14 on 16 July 2013. The number of shares awarded to him under the SATS RSP will vest over a two-year period; there will be no performance conditions for vesting.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2014.

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

4. DIRECTORS' CONTRACTUAL BENEFITS

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

5. 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 15,364,485 unissued ordinary shares in the Company were outstanding:

Date of grant	Balance at 1.4.2013	Forfeited/ Lapsed	Exercised	Balance at 31.3.2014	Exercise price *	Exercisable period
01.07.2003	445,050	(143,800)	(301,250)	–	$1.21	01.07.2004 - 30.06.2013
01.07.2004	1,698,400	(36,400)	(742,450)	919,550	$1.79	01.07.2005 - 30.06.2014
01.07.2005	3,948,900	(81,200)	(1,101,300)	2,766,400	$1.97	01.07.2006 - 30.06.2015
03.07.2006	3,194,100	(113,625)	(1,041,440)	2,039,035	$1.80	03.07.2007 - 02.07.2016
02.07.2007	12,383,200	(288,600)	(5,101,700)	6,992,900	$2.76	02.07.2009 - 01.07.2017
01.07.2008	4,384,000	(113,300)	(1,624,100)	2,646,600	$1.92	01.07.2010 - 30.06.2018
	26,053,650	(776,925)	(9,912,240)	15,364,485		

* Following approval by the Company's shareholders of the declaration of a special dividend of $0.04 per share on 26 July 2013, the Committee administering the Share Option Plan has approved a $0.04 reduction in the exercise prices of all share options outstanding on 19 August 2013. 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 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 to FY2012-13, the final number of restricted shares awarded is 100% of the restricted grants and for performance shares, between 0% and 200% of the initial grant of performance shares.

In respect of FY2013-14 RSP and PSP grants, the final number of restricted shares and performance shares awarded could range between 0% and 120% of the initial restricted grants and between 0% and 150% of the initial grant of performance shares, depending on the achievement of pre-determined targets over a one-year period for the RSP and a three-year period for PSP.

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 and the balance will vest equally over the subsequent two years with fulfilment of service requirements. For grants from FY2010-11 to FY2012-13, 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.

With effect from FY2013-14, the RSP award based on meeting stated performance conditions over a one-year performance period, will vest over a three-year period. For the grant on 16 July 2013, the RSP will vest over a two-year period without performance condition. 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
David Zalmon Baffsky	Member
Koh Poh Tiong	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 1.4.2013/ Date of grant	Vested	Forfeited	Adjustments#	Balance at 31.3.2014
12.11.2009	64,800	(64,476)	(324)	–	–
02.08.2010	417,960	(204,500)	(20,935)	2,327	194,852
01.08.2011	145,800	(48,600)	–	1,166	98,366
03.08.2011	757,984	(248,400)	(60,344)	5,615	454,855
01.08.2012	966,500	(241,500)	(84,859)	8,912	649,053
11.10.2012	45,750	(11,500)	–	445	34,695
16.07.2013	204,779	–	–	2,457	207,236
15.11.2013	1,558,500	–	(26,000)	–	1,532,500
03.12.2013	161,000	–	–	–	161,000
	4,323,073	(818,976)	(192,462)	20,922	3,332,557

Adjustment due to the declaration of a special dividend of $0.04 per share on 26 July 2013.

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 1.4.2013/ Date of grant**	**Vested**	**Forfeited**	**Adjustments#**	**Balance at 31.3.2014**
02.08.2010	501,120	(291,600)	(209,520)	–	–
03.08.2011	521,379	–	(22,788)	6,970	505,561
11.03.2013	698,500	–	(27,342)	12,429	683,587
15.11.2013	874,000	–	–	–	874,000
03.12.2013	326,000	–	–	–	326,000
	2,920,999	(291,600)	(259,650)	19,399	2,389,148

Adjustment due to the declaration of a special dividend of $0.04 per share on 26 July 2013.

Based on the Monte Carlo simulation model, the estimated fair values at the date of grant for each share granted during the year under the RSP ranges from $2.94 to $3.17 (2013: $2.18 to $2.71) and the estimated weighted average fair values at the date of grant for each share granted during the year under the PSP are $1.84 and $1.86 (2013: $2.68).

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 2014, were 3,332,557 (2013: 2,398,794) and 2,389,148 (2013: 1,720,999) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from 1,639,057 to 3,671,257 (2013: 2,398,794) and zero to a maximum of 4,178,296 (2013: zero to maximum 3,441,998) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

6. AUDIT COMMITTEE

The Audit Committee performed the functions specified in the Singapore 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 and Safety 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 and effective 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

ALEXANDER CHARLES HUNGATE
Executive Director /
President and Chief Executive Officer

Dated this 21 May 2014

Statement by Directors

We, EDMUND CHENG WAI WING and ALEXANDER CHARLES HUNGATE, 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 2014, 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 2014 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

ALEXANDER CHARLES HUNGATE
Executive Director /
President and Chief Executive Officer

Dated this 21 May 2014

Independent Auditor's Report

for the financial year ended 31 March 2014
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 73 to 155, which comprise the statements of financial position of the Group and the Company as at 31 March 2014, 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 2014 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
Chartered Accountants
Singapore

Dated this 21 May 2014

Consolidated Income Statement

for the financial year ended 31 March 2014

	Note	2013-14 $'000	2012-13 $'000
Continuing operations			
Revenue	4	**1,786,688**	1,818,992
Expenditure			
Staff costs	5	**(788,457)**	(765,445)
Cost of raw materials		**(379,551)**	(393,036)
Licensing fees		**(76,789)**	(76,982)
Depreciation and amortisation charges		**(77,216)**	(92,924)
Company premise and utilities expenses		**(124,921)**	(130,484)
Other costs		**(168,750)**	(167,786)
		(1,615,684)	(1,626,657)
Operating profit	6	**171,004**	192,335
Interest on borrowings	7	**(2,930)**	(2,600)
Interest income	8	**1,139**	1,077
Dividends from long-term investment, gross		**1,874**	1,245
Loss on disposal of property, plant and equipment		**(5)**	(2,495)
Loss on disposal of a subsidiary		**–**	(366)
Share of results of associates/joint venture, net of tax		**47,197**	52,704
Impairment of assets held for sale		**(2,653)**	–
Other non-operating expenses		**(170)**	(579)
Profit before tax from continuing operations		**215,456**	241,321
Income tax expense	9	**(33,401)**	(39,739)
Profit from continuing operations, net of tax		**182,055**	201,582
Discontinued operations			
Loss from discontinued operations, net of tax	17	**–**	(16,801)
Profit for the year		**182,055**	184,781
Profit attributable to:			
Owners of the Company			
Profit from continuing operations, net of tax		**180,387**	201,565
Loss from discontinued operations, net of tax	17	**–**	(16,801)
Profit for the year attributable to owners of the Company		**180,387**	184,764
Non-controlling interests			
Profit from continuing operations, net of tax		**1,668**	17
		182,055	184,781
Earnings per share from continuing operations attributable to owners of the Company (cents)			
Basic	10	**16.1**	18.1
Diluted	10	**16.0**	18.0
Earnings per share (cents)			
Basic	10	**16.1**	16.6
Diluted	10	**16.0**	16.5

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

for the financial year ended 31 March 2014

	2013-14 $'000	2012-13 $'000 (Restated)
Profit for the year	**182,055**	184,781
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Actuarial gain on defined benefit plan	**42**	5,600
Items that may be reclassified subsequently to profit or loss:		
Net fair value changes on available-for-sale assets	**57**	221
Foreign currency translation	**(14,784)**	(25,635)
Reclassification of foreign currency translation to profit or loss	**–**	(221)
	(14,727)	(25,635)
Other comprehensive income for the year, net of tax	**(14,685)**	(20,035)
Total comprehensive income for the year	**167,370**	164,746
Total comprehensive income attributable to:		
Owners of the Company		
From continuing operations, net of tax	**171,748**	190,540
From discontinued operations, net of tax	**–**	(16,801)
	171,748	173,739
Non-controlling interests	**(4,378)**	(8,993)
Total comprehensive income for the year	**167,370**	164,746

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

as at 31 March 2014

		GROUP			COMPANY	
	Note	31.3.2014 $'000	31.3.2013 $'000 (Restated)	01.4.2012 $'000 (Restated)	31.3.2014 $'000	31.3.2013 $'000
Equity attributable to owners of the Company:						
Share capital	12	**367,947**	338,423	326,229	**367,947**	338,423
Treasury shares	12	**(15,688)**	(2,069)	(827)	**(15,688)**	(2,069)
Share-based compensation reserve	13	**13,649**	17,718	18,934	**13,649**	17,718
Statutory reserve	13	**7,924**	7,598	6,962	**–**	–
Fair value reserve	13	**122**	65	(50)	**–**	–
Foreign currency translation reserve	13	**(119,532)**	(110,971)	(96,812)	**–**	–
Revenue reserve		**1,162,353**	1,152,582	1,253,862	**951,068**	982,215
		1,416,775	1,403,346	1,508,298	**1,316,976**	1,336,287
Non-controlling interests		**97,594**	96,846	105,839	**–**	–
Total equity		**1,514,369**	1,500,192	1,614,137	**1,316,976**	1,336,287
Non-current assets						
Property, plant and equipment	14	**567,867**	592,234	653,840	**9,498**	5,548
Investment properties	15	**9,194**	11,298	13,489	**295,267**	319,347
Intangible assets	16	**185,043**	192,877	212,966	**10,853**	12,107
Investment in subsidiaries	17	**–**	–	–	**541,030**	541,030
Investment in associates	18	**473,171**	369,643	351,099	**264,131**	270,819
Investment in a joint venture	19	**21,546**	20,508	17,221	**12,014**	12,014
Long-term investments	20	**8,330**	8,319	8,382	**7,886**	7,886
Loan to subsidiaries	17	**–**	–	–	**262,965**	148,910
Deferred tax assets	21	**21,232**	21,853	27,990	**–**	–
Other non-current assets	22	**8,838**	6,291	7,426	**–**	–
		1,295,221	1,223,023	1,292,413	**1,403,644**	1,317,661

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

as at 31 March 2014

		GROUP			COMPANY	
	Note	31.3.2014 $'000	31.3.2013 $'000 (Restated)	01.4.2012 $'000 (Restated)	31.3.2014 $'000	31.3.2013 $'000
Current assets						
Trade and other receivables	23	**287,483**	300,725	293,733	**55,419**	51,240
Prepayments		**13,807**	14,237	14,362	**2,670**	2,415
Amount due from associates	18	**3,552**	6,965	7,773	**3,552**	6,965
Inventories	24	**46,258**	52,843	43,718	**315**	296
Cash and short-term deposits	25	**340,809**	405,535	471,643	**188,194**	290,554
Assets of disposal groups classified as held for sale	17	**32,659**	–	–	**979**	–
		724,568	780,305	831,229	**251,129**	351,470
Current liabilities						
Bank overdraft - secured	25	**1,224**	1,318	1,530	**–**	–
Trade and other payables	26	**267,253**	236,860	203,240	**204,440**	190,260
Income tax payable		**42,402**	50,453	42,422	**9,497**	8,854
Term loans	27	**15,832**	19,495	21,965	**–**	–
Finance leases	28	**616**	1,923	3,209	**–**	–
Liabilities of disposal group classified as held for sale	17	**2,219**	–	–	**–**	–
		329,546	310,049	272,366	**213,937**	199,114
Net current assets		**395,022**	470,256	558,863	**37,192**	152,356
Non-current liabilities						
Deferred tax liabilities	21	**61,304**	60,094	62,184	**28,368**	30,918
Term loans	27	**96,417**	105,734	126,099	**95,492**	102,812
Finance leases	28	**172**	3,040	5,216	**–**	–
Defined benefit plan	29	**4,768**	7,112	18,870	**–**	–
Other long-term liabilities		**13,213**	17,107	24,770	**–**	–
		175,874	193,087	237,139	**123,860**	133,730
Net assets		**1,514,369**	1,500,192	1,614,137	**1,316,976**	1,336,287

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 March 2014

		Attributable to owners of the Company									
	Note	Share Capital $'000	Treasury Shares $'000	Share-Based Compensation Reserve $'000	Statutory Reserve * $'000	Fair Value Reserve $'000	Foreign Currency Translation Reserve $'000	Revenue Reserve $'000	Total $'000	Non-controlling Interests $'000	Total Equity $'000
GROUP											
Balance at 1 April 2013 (As previously stated)		338,423	(2,069)	17,718	7,598	65	(110,971)	1,150,689	1,401,453	95,224	1,496,677
Effects of adopting Revised FRS 19		–	–	–	–	–	–	1,893	1,893	1,622	3,515
Balance at 1 April 2013 (As restated)		338,423	(2,069)	17,718	7,598	65	(110,971)	1,152,582	1,403,346	96,846	1,500,192
Profit for the year		–	–	–	–	–	–	180,387	180,387	1,668	182,055
Other comprehensive income for the year		–	–	–	–	57	(8,561)	(135)	(8,639)	(6,046)	(14,685)
Total comprehensive income for the year		–	–	–	–	57	(8,561)	180,252	171,748	(4,378)	167,370
Contributions by and distributions to owners											
Share-based payment		–	–	4,254	–	–	–	–	4,254	–	4,254
Share options exercised and lapsed		28,239	–	(5,404)	–	–	–	390	23,225	–	23,225
Purchase of treasury shares		–	(17,400)	–	–	–	–	–	(17,400)	–	(17,400)
Issuance of new shares pursuant to equity compensation plans		1,285	–	(1,285)	–	–	–	–	–	–	–
Treasury shares reissued pursuant to equity compensation plans		–	3,781	(1,634)	–	–	–	(2,147)	–	–	–
Dividends, net	11	–	–	–	–	–	–	(168,398)	(168,398)	–	(168,398)
Total contributions by and distributions to owners		29,524	(13,619)	(4,069)	–	–	–	(170,155)	(158,319)	–	(158,319)
Others											
Capital contributions from non-controlling interests		–	–	–	–	–	–	–	–	6,030	6,030
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	(904)	(904)
Transfer to statutory reserve		–	–	–	326	–	–	(326)	–	–	–
Balance at 31 March 2014		367,947	(15,688)	13,649	7,924	122	(119,532)	1,162,353	1,416,775	97,594	1,514,369

* 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 accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 March 2014

	Note	Share Capital $'000	Treasury Shares $'000	Share-Based Compensation Reserve $'000	Statutory Reserve * $'000	Fair Value Reserve $'000	Foreign Currency Translation Reserve $'000	Revenue Reserve $'000	Total $'000	Non-controlling Interests $'000	Total Equity $'000
		Attributable to owners of the Company									
GROUP											
Balance at 1 April 2012 (As previously stated)		326,229	(827)	18,934	6,962	(50)	(96,812)	1,254,984	1,509,420	106,802	1,616,222
Effects of adopting Revised FRS 19		–	–	–	–	–	–	(1,122)	(1,122)	(963)	(2,085)
Balance at 1 April 2012 (As restated)		326,229	(827)	18,934	6,962	(50)	(96,812)	1,253,862	1,508,298	105,839	1,614,137
Profit for the year		–	–	–	–	–	–	184,764	184,764	17	184,781
Other comprehensive income for the year (Restated)		–	–	–	–	119	(14,159)	3,015	(11,025)	(9,010)	(20,035)
Total comprehensive income for the year		–	–	–	–	119	(14,159)	187,779	173,739	(8,993)	164,746
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)	1,152,582	1,403,346	96,846	1,500,192

* 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 accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 March 2014

	Note	Share Capital $'000	Treasury Shares $'000	Share-Based Compensation Reserve $'000	Revenue Reserve $'000	Total Equity $'000
COMPANY						
Balance at 1 April 2013		338,423	(2,069)	17,718	982,215	1,336,287
Profit for the year		–	–	–	139,008	139,008
Total comprehensive income for the year		–	–	–	139,008	139,008
Contributions by and distributions to owners						
Share-based payment		–	–	4,254	–	4,254
Share options exercised and lapsed		28,239	–	(5,404)	390	23,225
Purchase of treasury shares		–	(17,400)	–	–	(17,400)
Issuance of new shares pursuant to equity compensation plans		1,285	–	(1,285)	–	–
Treasury shares reissued pursuant to equity compensation plans		–	3,781	(1,634)	(2,147)	–
Dividends, net	11	–	–	–	(168,398)	(168,398)
Total contributions by and distributions to owners		29,524	(13,619)	(4,069)	(170,155)	(158,319)
Balance at 31 March 2014		367,947	(15,688)	13,649	951,068	1,316,976

	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
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

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

for the financial year ended 31 March 2014

	Note	2013-14 $'000	2012-13 $'000
Cash flows from operating activities			
Profit before tax from continuing operations		**215,456**	241,321
Loss before tax from discontinued operations		**–**	(16,801)
Profit before tax, total		**215,456**	224,520
Adjustments for:			
Interest and investment (income)/expense, net		**(83)**	278
Depreciation and amortisation charges		**77,216**	92,924
Unrealised foreign exchange gain		**(100)**	(25)
Loss on disposal of property, plant and equipment		**5**	2,495
Loss on disposal of a subsidiary		**–**	366
Share of results of associates/joint venture, net of tax		**(47,197)**	(52,704)
Share-based payment expense		**4,254**	2,613
Impairment of deferred consideration		**–**	16,801
Impairment of assets held for sale		**2,653**	–
Other non-cash items		**1,133**	1,569
Operating cash flows before working capital changes		**253,337**	288,837
Changes in working capital:			
Decrease/(increase) in receivables		**8,499**	(22,997)
Decrease in prepayments		**430**	125
Decrease/(increase) in inventories		**5,730**	(9,695)
Increase in payables		**16,916**	20,630
Decrease in amount due from associates		**3,413**	643
Cash generated from operations		**288,325**	277,543
Interest paid to third parties		**(2,915)**	(2,328)
Income taxes paid		**(38,493)**	(29,268)
Net cash from operating activities		**246,917**	245,947
Cash flows from investing activities			
Capital expenditure	25	**(57,090)**	(37,794)
Dividends from associates/joint venture		**27,164**	24,561
Dividends from long-term investment, gross		**634**	1,245
Proceeds from disposal of property, plant and equipment		**597**	409
Interest received from deposits		**1,124**	441
Acquisition of/investment in associates		**(118,317)**	(5,975)
Acquisition of shares in a subsidiary		**–**	(139)
Net proceeds from disposal of a subsidiary		**–**	626
Net cash used in investing activities		**(145,888)**	(16,626)
Cash flows from financing activities			
Repayment of term loans		**(6,737)**	(3,217)
Repayment of finance leases and related charges		**(1,570)**	(2,759)
Drawdown of term loans		**3,101**	651
Proceeds from exercise of share options		**23,225**	10,171
Dividends paid		**(168,398)**	(288,646)
Purchase of treasury shares		**(17,400)**	(2,617)
Capital contributions from non-controlling interests		**6,030**	–
Dividends paid to non-controlling interests		**(904)**	–
Net cash used in financing activities		**(162,653)**	(286,417)
Net decrease in cash and cash equivalents		**(61,624)**	(57,096)
Effect of exchange rate changes		**(3,008)**	(8,800)
Cash and cash equivalents at beginning of financial year		**404,217**	470,113
Cash and cash equivalents at end of financial year	25	**339,585**	404,217

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. GENERAL

SATS Ltd. (the "**Company**") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The registered office and principal place of business of the Company is located 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 2014 were authorised for issue in accordance with a resolution of the Directors on 21 May 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 which are effective for annual financial periods beginning on or after 1 April 2013. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company except as discussed below:

Revised FRS 19 *Employee Benefits*

On 1 April 2013, the Group adopted the Revised FRS 19 Employee Benefits.

For defined benefit plans, the Revised FRS 19 requires all actuarial gains and losses to be recognised in other comprehensive income and unvested past service costs previously recognised over the average vesting period to be recognised immediately in profit or loss when incurred.

Prior to adoption of the Revised FRS 19, the Group recognised actuarial gains and losses as income or expense when the net cumulative unrecognised gains and losses for each individual plan at the end of the previous period exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets and recognised unvested past service costs as an expense on a straight-line basis over the average vesting period until the benefits become vested. Upon adoption of the Revised FRS 19, the Group changed its accounting policy to recognise all actuarial gains and losses in other comprehensive income and all past service costs in profit or loss in the period they occur.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b. Changes in accounting policies (cont'd)

The changes in accounting policies have been applied retrospectively. 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	1,893	(1,122)
- Non-controlling interests	1,622	(963)

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)
Revised FRS 27	Separate Financial Statements	1 January 2014
Revised 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
Amendments to FRS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 36	Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
INT FRS 112	Levies	1 January 2014
Amendments to FRS 102	Share-based payments	1 January 2014
Improvement to FRSs 2014	Amendments to FRS 103 Business Combinations	1 July 2014
	Amendments to FRS 108 Operating Segments	1 July 2014
	Amendments to FRS 16 Property, Plant and Equipment	1 July 2014
	Amendments to FRS 24 Related Party Disclosures	1 July 2014
	Amendments to FRS 38 Intangible Assets	1 July 2014
	Amendments to FRS 113 Fair Value Measurement	1 July 2014
	Amendments to FRS 40 Investment Property	1 July 2014
	Amendments to FRS 19 Defined Benefits Plans: Employee Contributions	1 July 2014

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial position and financial performance of the Group in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 110, Revised FRS 27, FRS 111, Revised FRS 28 and FRS 112 are described below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

FRS 110 *Consolidated Financial Statements* and Revised FRS 27 *Separate Financial Statements*

FRS 110 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 110 will require management to exercise significant judgment to determine which entities are controlled, and therefore are required to be consolidated by the Group, compared with the requirements that were in FRS 27. Therefore, FRS 110 may change which entities are consolidated within a group. The Revised FRS 27 was amended to address accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

The Group has assessed and concluded that there will be no impact to the Group's financial position or performance upon application of these standards.

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

FRS 111 Joint Arrangements and the revised FRS 28 Investments in Associates and Joint Ventures 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 of 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 venture. The Group has assessed and concluded that there will be no impact to the Group's financial position or performance upon adoption of this standard.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 Disclosure of Interests in Other Entities 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(i) Basis of consolidation (cont'd)

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.

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 accordingly.

(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 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), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, 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. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

2. SUMMARY OF SIGNIFICANT 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)

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.

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 differences were as follows:

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling 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 otherwise would have been 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.

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. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

The Group's investments 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 associates 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 associate 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 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, 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 and 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. SUMMARY OF SIGNIFICANT 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.

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

g. Foreign currency

The 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) 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 measured.

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 purposes, 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

h. Intangible assets

(i) Goodwill

Goodwill 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 the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill has been allocated are 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 profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating 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.

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

Gains or losses arising from de-recognition 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

h. Intangible assets (cont'd)

(ii) Other intangible assets (cont'd)

- *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 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(v). The abattoir licence is amortised on a straight line basis over its estimated useful life of 14 years.

  The fishing licences have been reclassified to Assets Held for Sale during the year.

- *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. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. The 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(p). 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.

When significant parts of property, plant and equipment are required 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 property, 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 de-recognition 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. SUMMARY OF SIGNIFICANT 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

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

j. Investment properties

Investment properties are properties that are either owned by the Group that are held 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. 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.

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 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.

As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, 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 the 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

k. Leases (cont'd)

As lessee (cont'd)

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.

As lessor

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

l. Inventories

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

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

m. Financial assets

Initial recognition and measurement

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.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss only comprise financial assets held for trading. 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

m. Financial assets (cont'd)

Subsequent measurement (cont'd)

Financial assets at fair value through profit or loss (cont'd)

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

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, and 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 subsequently 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 de-recognised.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

o. Taxes

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 at the end of the reporting period, 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 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 goodwill or 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 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, the 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.

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 each 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

o. Taxes (cont'd)

Deferred tax (cont'd)

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 is 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. Borrowing costs

Borrowing costs are capitalised as part of the cost of qualifying asset if they are directly attributable to the acquisition, construction or production of that 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 incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

q. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

q. Employee benefits (cont'd)

Equity-settled transactions (cont'd)

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. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Defined benefit plan

The net defined benefit liability or asset 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 reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

q. Employee benefits (cont'd)

Defined benefit plan (cont'd)

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

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. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of 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.

r. Financial liabilities

Initial recognition and measurement

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.

All 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 measurement

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.

De-recognition

A financial liability is de-recognised 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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets settle the liabilities simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

s. 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 the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period 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. 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 a finance costs.

t. Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

u. Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rendering of services

Revenue from ground handling, inflight and institutional catering, aviation security services, airline laundry, airport cargo delivery management services and cruise terminal 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.

(ii) Rental income

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

(iii) Dividend income

Dividend income from investments is recognised when the Group's right to receive payment is established.

(iv) Interest income

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

v. Impairment of non-financial and financial 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.

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.

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 are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss.

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 recoverable 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. The 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.

Financial assets

The Group assesses at each reporting 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 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 been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

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

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 loss 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 been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

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. '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 financial asset is impaired, an amount comprising the difference between its acquisition 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 and recognised in 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, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

w. 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.

x. 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.

y. Related parties

A related party is defined as follows:

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

- (a) has control or joint control over the Company;
- (b) has significant influence over the Company; or
- (c) is a member of the key management personnel of the Group or Company or of a parent of the Company.

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

- (a) 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);
- (b) 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);
- (c) both entities are joint ventures of the same third party;
- (d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (e) 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;
- (f) the entity is controlled or jointly controlled by a person identified in (i);
- (g) a person identified in (i)(a) 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 end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amount of the income tax payable and net deferred tax liabilities of the Group amounted to $42.4 million (2013: $50.5 million) and $40.1 million (2013: $38.2 million) respectively.

(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, in accordance with the accounting policies 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 costs of defined benefit pension 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. All assumptions are reviewed at each reporting date.

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.

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

Key sources of estimation uncertainty (cont'd)

(c) Defined benefit plan (cont'd)

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country. Further details about the assumptions used are provided in Note 29.

The net benefit liability as at 31 March 2014 is $4.8 million (2013: $7.1 million).

(d) Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 12.

(e) 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 forecast 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 are given in Note 16 to the financial statements.

Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Assets and liabilities held for sale

The Group has classified both its interest in a subsidiary, Urangan Fisheries Pty Ltd ("Urangan"), and its interests in associates, being Adel Abuljadayel Flight Catering Company Limited (40% share) and Tan Son Nhat Cargo Services Company Limited (15% share), as held for sale during the year. Amongst the factors considered by the Directors in classifying these investments as held for sale are:

- Availability for immediate sale in its current condition;
- The sales of these investments are assessed to be highly probable within 12 months from the date of classification.

The sale of the 15% share in Tan Son Nhat Cargo Services Company Limited was completed on 12 May 2014.

For more details on the assets and liabilities held for sale, refer to Note 17.

4. REVENUE

Revenue comprises revenue from gateway services, 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 and institutional catering, food processing, distribution and airline laundry services. It excludes dividends, interest income and, in respect of the Group, intra-group transactions.

	GROUP	
	2013-14 $'000	**2012-13 $'000**
Food solutions	**1,103,581**	1,164,667
Gateway services	**678,085**	648,725
Corporate (rental and other services)	**5,022**	5,600
	1,786,688	1,818,992

5. STAFF COSTS

	GROUP	
	2013-14 $'000	**2012-13 $'000**
Salaries, bonuses and other costs*	**720,871**	705,569
CPF and other defined contributions	**61,418**	54,997
Defined benefit plan	**1,914**	2,266
Share-based compensation expense#	**4,254**	2,613
	788,457	765,445
Number of employees at end of year	**14,531**	14,409

* Included in salaries, bonuses and other costs are contract labour expenses of $83,415,000 (2013: $78,686,000).

Disclosures relating to share-based compensation expense are in Note 12.

6. OPERATING PROFIT

	GROUP	
	2013-14 $'000	**2012-13 $'000**
The following items have been included in arriving at operating profit:		
Directors' fees	**931**	934
Audit fee paid to auditors of the Company	**661**	619
Audit fee paid to other auditors	**337**	343
Non-audit fee paid to auditors of the Company	**346**	273
Allowance of doubtful receivables	**108**	325
Loss on disposal of property, plant and equipment	**5**	2,495
Maintenance of equipment and vehicles	**35,686**	36,491
IT expenses	**22,474**	21,617
Lease of ground support equipment	**9,109**	8,470
Rental for leasehold land and premises	**3,428**	2,701
Exchange gain, net	**(100)**	(25)

7. INTEREST ON BORROWINGS

	GROUP	
	2013-14 $'000	2012-13 $'000
Interest expenses on:		
Loan from third parties	**2,930**	2,600

8. INTEREST INCOME

	GROUP	
	2013-14 $'000	2012-13 $'000
Interest income from:		
Third parties	**1,139**	1,077

9. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2014 and 2013 are:

	GROUP	
	2013-14 $'000	2012-13 $'000
Consolidated income statement:		
Current income tax - continuing operations:		
Current income taxation	**36,620**	42,536
Over provision in respect of prior years	**(4,700)**	(3,658)
	31,920	38,878
Deferred income tax - continuing operations (Note 21):		
Origination and reversal of temporary differences	**720**	(190)
Over provision of deferred taxation in respect of prior years	**(2,203)**	(742)
Provision for withholding tax expenses on share of results of associates/joint venture	**2,964**	1,793
Income tax expense recognised in profit or loss	**33,401**	39,739

9. INCOME TAX EXPENSE (cont'd)

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March is as follows:

	GROUP	
	2013-14 $'000	**2012-13 $'000**
Profit before tax from continuing operations	**215,456**	241,321
Loss before tax from discontinued operations (Note 17)	**–**	(16,801)
Accounting profit before tax	**215,456**	224,520
Taxation at statutory tax rate of 17% (2013: 17%)	**36,628**	38,168
Adjustments:		
Non-deductible expenses	**7,823**	10,996
Effect of different tax rates in other countries	**2,380**	2,420
Over provision of current taxation in respect of prior years	**(4,700)**	(3,658)
Over provision of deferred taxation in respect of prior years	**(2,203)**	(742)
Utilisation of previously unrecognised tax losses/capital allowances	**(779)**	(1,435)
Tax exempt income	**(1,871)**	(296)
Effect of share of results of associates/joint venture	**(8,024)**	(8,960)
Provision for withholding tax expenses on share of results of associates	**2,964**	1,793
Deferred tax assets not recognised	**819**	759
Others	**364**	694
Income tax expense recognised in profit or loss	**33,401**	39,739

10. EARNINGS PER SHARE

	GROUP	
	2013-14 $'000	**2012-13 $'000**
Profit attributable to owners of the Company	**180,387**	184,764

	GROUP 31 March	
	2014	**2013**
Weighted average number of ordinary shares in issue used for computing basic earnings per share	**1,119,659,471**	1,110,990,272
Adjustment for share options, RSP and PSP	**8,591,804**	7,590,427
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	**1,128,251,275**	1,118,580,699
Earnings per share from continuing operations attributable to owners of the Company (cents)		
Basic	**16.1**	18.1
Diluted	**16.0**	18.0
Earnings per share (cents)		
Basic	**16.1**	16.6
Diluted	**16.0**	16.5

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.

11. DIVIDENDS PAID AND PROPOSED

	GROUP AND COMPANY	
	2013-14 $'000	**2012-13 $'000**
Dividends paid:		
Final dividend of 6 cents (2013: 6 cents) per ordinary share in respect of previous financial year	**67,333**	66,601
Special dividend of 4 cents (2013: 15 cents) per ordinary share in respect of previous financial year	**44,888**	166,503
Interim dividend of 5 cents (2013: 5 cents) per ordinary share in respect of current financial year	**56,177**	55,542
	168,398	288,646

Proposed but not recognised as a liability as at 31 March 2014:

	2013-14 $'000
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:	
Final dividend of 8 cents per ordinary share (one-tier tax exempt)	**89,515**
	89,515

12. SHARE CAPITAL AND TREASURY SHARES

Share Capital

	GROUP AND COMPANY 31 March	
	2014 $'000	**2013 $'000**
Issued and fully paid share capital		
Ordinary shares		
Balance at beginning of the year: 1,114,202,035 (2013: 1,109,034,510) ordinary shares	**338,423**	326,229
Shares issued pursuant to equity compensation plan during the year: 9,854,240 (2013: 5,167,525) ordinary shares	**29,524**	12,194
Balance at end of the year: 1,124,056,275 (2013: 1,114,202,035) ordinary shares	**367,947**	338,423

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

During the year, 9,854,240 (2013: 5,167,525) ordinary shares were issued pursuant to the equity compensation plans of which 496,100 (2013: nil) were issued for the Restricted Share Plan and Performance Share Plan, and 9,358,140 (2013: 5,167,525) were issued for the Employee Share Option Plan.

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

Treasury Shares

	GROUP AND COMPANY 31 March	
	2014 $'000	2013 $'000
Balance at beginning of the year: 621,777 (2013: 225,577) shares	**2,069**	827
Shares acquired during the year: 5,667,000 (2013: 1,000,000) shares	**17,400**	2,617
Shares reissued pursuant to equity compensation plans during the year: 1,168,576 (2013: 603,800) shares	**(3,781)**	(1,375)
Balance at end of the year: 5,120,201 (2013: 621,777) shares	**15,688**	2,069

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

During the year, 1,168,576 (2013: 603,800) treasury shares were reissued pursuant to the equity compensation plans of which 614,476 (2013: 603,800) were reissued for the Restricted Share Plan, and 554,100 (2013: nil) were reissued for the Employee Share Option Plan.

Employee Share Option Plan

During the year, 9,912,240 options were exercised under the SATS Employee Share Option Plan ("the Plan"), which comprises the Senior Executive Share Option Scheme for senior executives and the Employees Share Option Scheme for all other employees. These options were exercised by issuance of 9,358,140 (2013: 5,167,525) ordinary shares and reissuance of 554,100 (2013: nil) treasury shares.

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

	GROUP 31 March			
	2014		2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of the year	**26,053,650**	**$2.33**	32,177,075	$2.41
Exercised	**(9,912,240)**	**$2.31**	(5,167,525)	$1.93
Forfeited/Lapsed	**(776,925)**	**$2.08**	(955,900)	$2.23
Outstanding at end of the year	**15,364,485**	**$2.29**	26,053,650	$2.33
Exercisable at end of the year	**15,364,485**	**$2.29**	26,053,650	$2.33

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 Plan. 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 options granted during the year and in prior year.

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

Employee 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	
	2013-14 $'000	**2012-13 $'000**
Aggregate proceeds from ordinary shares issued	**23,225**	10,171

Terms of share options outstanding as at 31 March 2014:

Exercise period	Exercise Price *	Number Outstanding	Number Exercisable
01.07.2005 to 30.06.2014	$1.79	86,075	86,075
01.07.2006 to 30.06.2014	$1.79	658,175	658,175
01.07.2007 to 30.06.2014	$1.79	86,075	86,075
01.07.2008 to 30.06.2014	$1.79	89,225	89,225
01.07.2006 to 30.06.2015	$1.97	214,275	214,275
01.07.2007 to 30.06.2015	$1.97	2,097,575	2,097,575
01.07.2008 to 30.06.2015	$1.97	227,125	227,125
01.07.2009 to 30.06.2015	$1.97	227,425	227,425
03.07.2007 to 02.07.2016	$1.80	106,512	106,512
03.07.2008 to 02.07.2016	$1.80	1,714,798	1,714,798
03.07.2009 to 02.07.2016	$1.80	107,737	107,737
03.07.2010 to 02.07.2016	$1.80	109,988	109,988
02.07.2009 to 01.07.2017	$2.76	6,992,900	6,992,900
01.07.2010 to 30.06.2018	$1.92	2,646,600	2,646,600
		15,364,485@	15,364,485

@ The total number of options outstanding includes 2,881,300 (2013: 4,694,975) 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)

Employee Share Option Plan (cont'd)

Details of movements of share options:

Date of grant	Balance at 1.4.2013	Forfeited/ Lapsed	Exercised	Balance at 31.3.2014	Exercise price *	Exercisable period
01.07.2003	445,050	(143,800)	(301,250)	–	$1.21	01.07.2004 - 30.06.2013
01.07.2004	1,698,400	(36,400)	(742,450)	919,550	$1.79	01.07.2005 - 30.06.2014
01.07.2005	3,948,900	(81,200)	(1,101,300)	2,766,400	$1.97	01.07.2006 - 30.06.2015
03.07.2006	3,194,100	(113,625)	(1,041,440)	2,039,035	$1.80	03.07.2007 - 02.07.2016
02.07.2007	12,383,200	(288,600)	(5,101,700)	6,992,900	$2.76	02.07.2009 - 01.07.2017
01.07.2008	4,384,000	(113,300)	(1,624,100)	2,646,600	$1.92	01.07.2010 - 30.06.2018
	26,053,650	(776,925)	(9,912,240)	15,364,485		

* Following approval by the Company's shareholders of the declaration of a special dividend of $0.04 per share on 26 July 2013, the Committee administering the Plan has approved a $0.04 reduction in the exercise prices of all share options outstanding on 19 August 2013. 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 $1.79 - $2.76 (2013: $1.21 - $2.80). The weighted average remaining contractual life for these options is 2.75 years (2013: 3.73 years).

The weighted average share price for options exercised during the year was $3.24 (2013: $2.84).

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.

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

Share-Based Incentive Plans (cont'd)

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	For grants prior to FY2009/2010 At Group level • EBITDA# Margin • Value Added per $ Employment Cost For grants in FY2009/2010 At Group level • PATMI@ • Value Added per $ Employment Cost	• Absolute Total Shareholder Return (TSR) • Absolute Return on Equity (ROE)
Vesting Condition	Based on meeting stated performance conditions over a two-year performance period, 50% of award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.	Vesting based on meeting stated performance conditions over a three-year performance period.
Payout	0% - 150% depending on the achievement of pre-set performance targets over the performance period.	0% - 200% depending on the achievement of pre-set performance targets over the performance period.
For grants in FY2010/2011 to 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.

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

Share-Based Incentive Plans (cont'd)

	Restricted Share Plan ("RSP")	Performance Share Plan ("PSP")
For grant in July 2013		
Plan Description	Award of fully-paid ordinary shares of the Company.	
Performance Conditions	No performance conditions.	
Vesting Condition	Equal vesting over a two-year period.	
Payout	100%	
For other grants in FY2013/2014		
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on both corporate and individual performance achievement based on pre-determined targets.	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 ROE^ performance	• Absolute TSR • Relative TSR
Vesting Condition	Equal vesting over a three-year period.	Vesting based on meeting specified performance conditions over a three-year performance period.
Payout	0% - 120% depending on the achievement of specified performance targets.	0% - 150% depending on the achievement of specified performance targets over the performance period.

^ ROE denotes Returns on Equity.
# EBITDA denotes Earnings before Interest, Taxes, Depreciation and Amortisation.
@ PATMI denotes Profit after Taxes and Non-controlling interests.

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

Share-Based Incentive Plans (cont'd)

Fair values of RSP and PSP

The fair value of services received in return for shares awarded is measured by reference to the fair value of shares granted each year under the SATS RSP and PSP. The estimate of the fair value of the services received is measured based on a Monte Carlo simulation model, which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns.

The following table lists the inputs to the model used for the awards:

RSP	Dec 2013	Nov 2013	Jul 2013	Oct 2012	Aug 2012
Expected dividend yield (%)			Management's forecast		
Expected volatility (%)	18.2	18.3	18.0	28.2	28.9
Risk-free interest rate (%)	0.3 – 0.4	0.3 – 0.4	0.2 – 0.3	0.3 – 0.4	0.2 – 0.3
Expected term (years)	0.3 – 2.3	0.4 – 2.4	1 – 2	0.8 – 3.8	0.9 – 3.9
Share price at date of grant ($)	3.18	3.19	3.28	2.79	2.58

PSP	Dec 2013	Nov 2013	Mar 2013
Expected dividend yield (%)		Management's forecast	
Expected volatility (%)	18.2	18.3	17.2
Risk-free interest rate (%)	0.43	0.40	0.26
Expected term (years)	2.3	2.4	2.3
Index (for Relative TSR)	MSCI Asia Pac ex-Japan Industrial Index	MSCI Asia Pac ex-Japan Industrial Index	MSCI Asia Pac ex-Japan Industrial Index
Index Volatility (%)	22.7	22.7	25.3
Correlation with Index (%)	60.8	62.3	26.8
Share price at date of grant ($)	3.18	3.19	2.93

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.

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

Share-Based Incentive Plans (cont'd)

Fair values of RSP and PSP (cont'd)

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 1.4.2013/ Date of grant	Vested	Forfeited	Adjustments #	Balance at 31.3.2014
12.11.2009	64,800	(64,476)	(324)	–	–
02.08.2010	417,960	(204,500)	(20,935)	2,327	194,852
01.08.2011	145,800	(48,600)	–	1,166	98,366
03.08.2011	757,984	(248,400)	(60,344)	5,615	454,855
01.08.2012	966,500	(241,500)	(84,859)	8,912	649,053
11.10.2012	45,750	(11,500)	–	445	34,695
16.07.2013	204,779	–	–	2,457	207,236
15.11.2013	1,558,500	–	(26,000)	–	1,532,500
03.12.2013	161,000	–	–	–	161,000
	4,323,073	(818,976)	(192,462)	20,922	3,332,557

Adjustment due to the declaration of a special dividend of $0.04 per share on 26 July 2013.

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 $2.94 to $3.17 (2013: $2.18 to $2.71).

PSP

	Number of performance shares				
Date of grant	Balance at 1.4.2013/ Date of grant	Vested	Forfeited	Adjustments #	Balance at 31.3.2014
02.08.2010	501,120	(291,600)	(209,520)	–	–
03.08.2011	521,379	–	(22,788)	6,970	505,561
11.03.2013	698,500	–	(27,342)	12,429	683,587
15.11.2013	874,000	–	–	–	874,000
03.12.2013	326,000	–	–	–	326,000
	2,920,999	(291,600)	(259,650)	19,399	2,389,148

Adjustment due to the declaration of a special dividend of $0.04 per share on 26 July 2013.

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 values at date of grant for each share granted during the year under the PSP are $1.84 and $1.86 (2013: $2.68) 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 2014, were 3,332,557 (2013: 2,398,794) and 2,389,148 (2013: 1,720,999) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from 1,639,057 to 3,671,257 (2013: 2,398,794) and zero to a maximum of 4,178,296 (2013: zero to maximum 3,441,998) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

For the current financial year, the Group has provided $4,254,000 (2013: $2,613,000) 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	
	2013-14 $'000	**2012-13 $'000**
Share-based compensation expense		
Restricted share plan	**3,348**	1,995
Performance share plan	**906**	618
	4,254	2,613

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 represents the cumulative fair value changes, net of tax, of available-for-sale financial assets, until they are disposed or impaired.

(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 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 and 1 April 2013	121,175	733,537	102,355	312,972	72,037	74,723	43,983	3,104	1,463,886
Translation	(9,315)	(220)	(91)	(481)	317	(432)	(871)	–	(11,093)
Reclassifications	578	–	1,769	1,035	1,146	(103)	3,506	(7,931)	–
Transfer	–	–	–	37	–	(22,182)	–	775	(21,370)
Additions	1,145	1,376	1,656	5,977	6,242	6,423	9,906	25,042	57,767
Reclassification to Assets Held for Sale	–	(1,744)	–	(3,184)	–	(161)	(476)	–	(5,565)
Disposals	–	–	(923)	(2,257)	(19,198)	(3,487)	(6,655)	(2)	(32,522)
At 31 March 2014	113,583	732,949	104,766	314,099	60,544	54,781	49,393	20,988	1,451,103
Accumulated depreciation									
At 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 and 1 April 2013	6,905	395,523	61,967	291,081	42,991	51,424	21,761	–	871,652
Translation	(1,320)	(124)	(54)	(370)	251	(301)	(357)	–	(2,275)
Transfer	–	–	–	37	–	(16,055)	–	–	(16,018)
Depreciation	4,649	24,896	10,185	6,444	7,683	5,651	6,200	–	65,708
Reclassification to Assets Held for Sale	–	(1,032)	–	(2,405)	–	(139)	(336)	–	(3,912)
Disposals	–	–	(920)	(2,252)	(19,178)	(3,052)	(6,517)	–	(31,919)
At 31 March 2014	10,234	419,263	71,178	292,535	31,747	37,528	20,751	–	883,236
Carrying amount									
At 31 March 2013	114,270	338,014	40,388	21,891	29,046	23,299	22,222	3,104	592,234
At 31 March 2014	103,349	313,686	33,588	21,564	28,797	17,253	28,642	20,988	567,867

Carrying amount of property, plant and equipment under finance leases is $1,410,000 (2013: $4,340,000). In addition to assets held under finance leases, the Group's property, plant and equipment with a carrying amount of $135,424,000 (2013: $152,605,000) are pledged to secure the Group's bank loans and overdrafts.

* Reclassifications 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 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 and 1 April 2013	1,349	350	9,913	123	1,533	13,268
Reclassifications*	710	–	–	–	(1,832)	(1,122)
Transfer	–	–	(6,590)	–	243	(6,347)
Additions	–	–	44	43	8,267	8,354
Disposals	(7)	(339)	(841)	(6)	–	(1,193)
At 31 March 2014	2,052	11	2,526	160	8,211	12,960
Accumulated depreciation						
At 1 April 2012	1,248	350	5,751	105	–	7,454
Depreciation	36	–	220	13	–	269
Disposals	–	–	(3)	–	–	(3)
At 31 March 2013 and 1 April 2013	1,284	350	5,968	118	–	7,720
Transfer	–	–	(3,372)	–	–	(3,372)
Depreciation	57	–	231	19	–	307
Disposals	(7)	(339)	(841)	(6)	–	(1,193)
At 31 March 2014	1,334	11	1,986	131	–	3,462
Carrying amount						
At 31 March 2013	65	–	3,945	5	1,533	5,548
At 31 March 2014	718	–	540	29	8,211	9,498

* Reclassifications to investment properties (Note 15).

	GROUP		COMPANY	
	2013-14 $'000	2012-13 $'000	2013-14 $'000	2012-13 $'000
Depreciation charge for the financial year				
Freehold land and buildings	**4,649**	5,619	**–**	–
Leasehold land and buildings	**24,896**	25,069	**–**	–
Office fittings and fixtures	**10,185**	10,322	**–**	–
Fixed ground support equipment	**6,444**	14,892	**57**	36
Mobile ground support equipment	**7,683**	7,560	**–**	–
Office and commercial equipment	**5,651**	5,690	**231**	220
Motor vehicles	**6,200**	5,632	**19**	13
	65,708	74,784	**307**	269

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

	GROUP 31 March		COMPANY 31 March	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Reclassification of property, plant and equipment to:				
Investment properties (Note 15)	**–**	–	**(1,122)**	(1,734)
Intangible assets (Note 16)	**–**	(122)	**–**	–
	–	(122)	**(1,122)**	(1,734)

15. INVESTMENT PROPERTIES

	GROUP $'000	COMPANY $'000
Cost		
At 1 April 2012	**25,609**	725,624
Reclassifications (Note 14)	**–**	1,734
Additions	**–**	1,830
Translation	**(931)**	–
At 31 March 2013 and 1 April 2013	**24,678**	729,188
Reclassifications (Note 14)	**–**	1,122
Additions	**–**	168
Translation	**(1,078)**	–
Disposals	**–**	(676)
At 31 March 2014	**23,600**	729,802
Accumulated depreciation		
At 1 April 2012	**12,120**	384,542
Depreciation	**1,378**	25,299
Translation	**(118)**	–
At 31 March 2013 and 1 April 2013	**13,380**	409,841
Depreciation	**1,317**	25,294
Translation	**(291)**	–
Disposals	**–**	(600)
At 31 March 2014	**14,406**	434,535
Carrying amount		
At 31 March 2013	**11,298**	319,347
At 31 March 2014	**9,194**	295,267

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

15. INVESTMENT PROPERTIES (cont'd)

Information relating to the fair values of the investment properties of the Group as at 31 March 2014 is as follows:

	Carrying value $'000	Fair value $'000
Investment properties	9,194	28,514

The valuation is based on the Direct Comparison Method and the Investment Method that makes 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	4,291	19,400

The valuation is based on the Investment Method that makes reference to gross rental income of similar properties based on prevailing economic conditions.

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.

Investment properties are categorised within level 3 of the fair value hierarchy. A significant increase (decrease) in gross rental income would result in a significantly higher (lower) fair value measurement.

The property rental income earned by the Group and Company for the year ended 31 March 2014 from its investment properties which are leased out under operating leases, amounted to $2,741,000 and $46,267,000 (2013: $3,066,000 and $46,802,000) respectively.

Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties amounted to $386,000 and $32,108,000 (2013: $378,000 and $36,022,000) for the Group and Company respectively.

16. INTANGIBLE ASSETS

GROUP	Software development $'000	Advance and progress payment $'000	Goodwill $'000	Licences $'000	Customer relationships $'000	Total $'000
Cost						
At 1 April 2012	56,048	13,415	149,266	27,320	42,483	288,532
Additions	23	1,993	–	668	–	2,684
Reclassifications (Note 14)	9,643	(9,521)	–	–	–	122
Translation	(313)	–	(3,990)	(23)	(2,560)	(6,886)
Disposals	(47)	–	–	–	–	(47)
At 31 March 2013 and 1 April 2013	65,354	5,887	145,276	27,965	39,923	284,405
Additions	299	–	–	–	–	299
Reclassifications	2,839	(2,839)	–	–	–	–
Transfer	22,145	(775)	–	–	–	21,370
Translation	(121)	–	(1,441)	(141)	(697)	(2,400)
Reclassification to Assets Held for Sale	–	–	–	(840)	–	(840)
Disposals	(153)	–	–	(170)	–	(323)
At 31 March 2014	90,363	2,273	143,835	26,814	39,226	302,511
Accumulated depreciation						
At 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 and 1 April 2013	54,119	–	–	7,980	29,429	91,528
Translation	(116)	–	–	–	–	(116)
Transfer	16,018	–	–	–	–	16,018
Amortisation	6,765	–	–	1,915	1,511	10,191
Disposals	(153)	–	–	–	–	(153)
At 31 March 2014	76,633	–	–	9,895	30,940	117,468
Carrying amount						
At 31 March 2013	11,235	5,887	145,276	19,985	10,494	192,877
At 31 March 2014	13,730	2,273	143,835	16,919	8,286	185,043

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 evidence that the Group is able to benefit from the future economic inflows from such relationships.

Licences 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	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Goodwill	**125,034**	125,034	**18,801**	20,242

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial forecasts approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	Food Solutions 31 March		TFK Corporation 31 March	
	2014 %	**2013 %**	**2014 %**	**2013 %**
Growth rates	**1**	1	**1**	1
Discount rates	**7**	7	**7**	8

16. INTANGIBLE ASSETS (cont'd)

Key assumptions used in the value in use calculations

The calculations of value in use for both the CGUs are most sensitive to the following assumptions:

Forecast 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 forecast revenue is dependent on the demand from key customers. Whilst 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 25% reduction in forecasted demand from a key customer in the TFK Corporation CGU would result in the estimated recoverable amount of the goodwill to be equal to its carrying value.

Growth rates - The forecast 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 represent 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 forecast year.

Market share assumptions - In addition to using industry data to estimate the growth rates (as noted above), the management assesses how the CGU's position, relative to its competitors, might change over the forecast period. The management 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 2012	9,480	9,083	18,563
Reclassifications	9,138	(9,138)	–
Additions	–	2,265	2,265
At 31 March 2013 and 1 April 2013	18,618	2,210	20,828
Reclassifications	1,338	(1,338)	–
Transfer	6,590	(243)	6,347
Disposals	(728)	–	(728)
At 31 March 2014	25,818	629	26,447
Accumulated amortisation			
At 1 April 2012	4,914	–	4,914
Amortisation	3,807	–	3,807
At 31 March 2013 and 1 April 2013	8,721	–	8,721
Transfer	3,372	–	3,372
Amortisation	3,897	–	3,897
Disposals	(396)	–	(396)
At 31 March 2014	15,594	–	15,594
Carrying amount			
At 31 March 2013	9,897	2,210	12,107
At 31 March 2014	10,224	629	10,853

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

17. INVESTMENT IN SUBSIDIARIES

	COMPANY 31 March	
	2014 $'000	2013 $'000
Unquoted shares, at cost	**541,030**	541,030

The names of the subsidiaries' are set out below and the country of incorporation and place of business is Singapore, unless otherwise stated:

Name of companies (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2014 $'000	Cost of investment 2013 $'000	Percentage of equity held 2014 %	Percentage of equity held 2013 %
Held by the Company					
SATS Airport Services Pte Ltd [a]	Airport ground handling services	**16,500**	16,500	**100**	100
SATS Catering Pte Ltd [a]	Inflight catering services	**14,000**	14,000	**100**	100
SATS Security Services Private Limited [a]	Security handling services	**3,000**	3,000	**100**	100
Aero Laundry And Linen Services Private Limited [a]	Providing and selling laundry and linen services	**2,515**	2,515	**100**	100
Aerolog Express Pte Ltd [a]	Airport cargo delivery management services	**1,340**	1,340	**100**	100
Country Foods Pte. Ltd.[a]	Manufacturing and sale of chilled and frozen food, and providing food catering services	**11,030**	11,030	**100**	100
Asia-Pacific Star Private Limited [a]	Airport ground handling services and inflight catering services	**#**	#	**100**	100
SATS HK Limited [b] (Hong Kong)	Airport ramp, handling and passenger services (Hong Kong)	**5,157**	5,157	**100**	100
Singapore Food Industries Pte. Ltd.[a]	Food processing and distribution services	**487,260**	487,260	**100**	100
SATS Investments Pte. Ltd.[a]	Investment holding	**#**	#	**100**	100
SATS (India) Co. Private Limited (India)	Business development and marketing and product development (India)	**228**	228	**100**	100
SATS Investments (II) Pte. Ltd.[a, f]	Investment holding	**#**	–	**100**	–
Cemerlang Pte. Ltd.[g]	Investment holding	**#**	–	**100**	–
		541,030	541,030		

17. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	GROUP 31 March Percentage of equity held 2014 %	2013 %
Held through SATS Airport Services Pte Ltd			
SATS-Creuers Cruise Services Pte. Ltd.[a]	Management of international cruise terminal	**60**	60
Held through Singapore Food Industries Pte. Ltd.			
Singfood Pte. Ltd.[a]	Contract manufacturing of food products and food distribution	**100**	100
Primary Industries Private Limited and its subsidiaries[a]	Provision of abattoir services	**78.5**	78.5
– Farmers Abattoir Pte Ltd[a]	Meat processing and other related activities	**78.5**	78.5
– Hog Auction Market Pte Ltd[a]	Auctioneers of pigs	**78.5**	78.5
Primary Industries (Qld) Pty Ltd and its subsidiary[b] (Australia)	Provision of land logistics and food solutions (Australia)	**100**	100
– Urangan Fisheries Pty Ltd[b] (Australia)	Processing and sale of seafood (Australia)	**51**	51
Shanghai ST Food Industries Co., Limited[c] (People's Republic of China)	Manufacture and sale of frozen foodstuffs (People's Republic of China)	**100**	100
Singapore Food Development Pte Ltd[a]	Investment holding	**100**	100
SFI Food Pte. Ltd.[a]	Provision of technical and management services for agri–food business	**100**	100
SFI Manufacturing Private Limited[a]	Supply of food products and catering services	**100**	100
SATS Investments (Middle East I) Pte. Ltd.[a]	Inactive	**100**	100
Sports Catering Services Pte. Ltd.[a]	Catering and food and beverages services at Singapore Sports Hub	**70**	70
Held through SATS Investments Pte. Ltd.			
TFK Corporation[b, d] (Japan)	Inflight catering services (Japan)	**53.8**	53.8
Food And Allied Support Services Corporation Pte. Ltd.[a]	Remote catering	**51**	51

17. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	GROUP 31 March Percentage of equity held 2014 %	2013 %
Held through TFK Corporation			
Inflight Foods Co., Ltd.[d] (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.[d] (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.[d] (Japan)	Inflight catering services, despatch of workers to inflight catering operators (Japan)	**53.8**	53.8
Tokyo Flight Kitchen Restaurantes LTDA[d] (Brazil)	Real estate management (Brazil)	**53.8**	53.8
TFK International (N.Z.) Limited[b,d] (New Zealand)	Restaurant and inflight meal (in process of liquidation) (New Zealand)	**53.8**	53.8
Held through Food And Allied Support Services Corporation Pte. Ltd.			
FASSCO International (Australia) Pty Ltd[b] (Australia)	Catering, housekeeping and other allied services (Australia)	**51**	51
FASSCO International (India) Private Limited[b] (India)	Catering, housekeeping and other allied services (India)	**51**	51
FASSCO Catering Services LLC[b,e] (Abu Dhabi)	Food stuff catering services (Abu Dhabi)	**25**	–

a Audited by Ernst & Young LLP, Singapore.
b Audited by member firms of Ernst & Young Global in the respective countries.
c Audited by Shanghai YMD Certified Public Accountants (LLP).
d Percentage of equity held excludes Treasury Shares held by TFK Corporation.
e Incorporated on 31 July 2013. FASSCO Catering Services LLC is held through Food And Allied Support Services Corporation Pte. Ltd. (a subsidiary) which has dividend right of 97% in the subsidiary company.
f Incorporated on 21 November 2013.
g Incorporated on 3 February 2014.
Amount is $2.

17. INVESTMENT IN SUBSIDIARIES (cont'd)

Loan to subsidiaries

Loans to subsidiaries - non-current, comprise of:

(i) An amount of $457,000 (2013: $592,000) which is unsecured, bears interest at 3 months SIBOR plus 1.5% per annum and is repayable by 31 October 2016;

(ii) An amount of $5,720,564 (2013: $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 $14,219,070 (2013: 14,155,890) 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.

Discontinued operations

In the last financial year, the Group has made a provision of $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. The impairment, which is directly related to the disposal, is disclosed in the consolidated income statement as "Loss from discontinued operations, net of tax" in the financial year ended 31 March 2013.

Assets and liabilities held for sale

The Group has classified both its interest in a subsidiary, Urangan Fisheries Pty Ltd ("Urangan"), and its interests in associates, being Adel Abuljadayel Flight Catering Company Limited (40% share) and Tan Son Nhat Cargo Services Company Limited (15% share), as held for sale:

	GROUP 31 March	
	2014 $'000	2013 $'000
Assets:		
Property, plant and equipment*	733	–
Intangible assets	840	–
Deferred tax assets	657	–
Inventories	2,397	–
Trade and other receivables	2,182	–
Cash and short-term deposits	1,309	–
Assets of Urangan classified as held for sale	8,118	–
Investment in associates classified as held for sale (Note 18)	24,541	–
Assets of disposal groups classified as held for sale	32,659	–
Liabilities:		
Trade and other payables	1,363	–
Income tax payable	237	–
Term loan	619	–
Liabilities of Urangan directly associated with disposal group classified as held for sale	2,219	–

* The carrying amount of property, plant and equipment of Urangan included an impairment provision of $920,000 (2013: $nil) in view of the recoverable amount from the potential sale.

18. INVESTMENT IN ASSOCIATES

	GROUP 31 March		COMPANY 31 March	
	2014 $'000	2013 $'000 (Restated)	2014 $'000	2013 $'000
Unquoted shares, at cost	**405,357**	310,846	**274,575**	275,554
Impairment loss	**(3,313)**	(3,313)	**(10,444)**	(4,735)
Share of post-acquisition results of associates	**208,117**	195,103	**–**	–
Accumulated amortisation of goodwill and intangible assets	**(39,298)**	(40,771)	**–**	–
Share of statutory reserves of associates	**7,603**	7,610	**–**	–
Share of changes recognised directly in associate's equity	**(336)**	–	**–**	–
Foreign currency translation adjustments	**(104,959)**	(99,832)	**–**	–
	473,171	369,643	**264,131**	270,819

The Group's investment in Jilin CSD Food Co., Ltd, amounting to $8,749,000 as at 31 March 2013, has been reclassified from investment in joint venture (Note 19) to investment in associates in conformity with current year presentation.

Amortisation of intangible assets

Customer-related intangible assets that arose from the acquisition of associates are recorded as part of the investment in associates. 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.

Associates

		GROUP 31 March			
		Cost of investment		Percentage of equity held	
Name of companies (Country of incorporation)	Principal activities (Place of business)	2014 $'000	2013 $'000	2014 %	2013 %
Held by the Company					
Maldives Inflight Catering Private Limited [a] (Republic of Maldives)	Inflight catering services (Republic of Maldives)	**287**	287	**35.0**	35.0
Beijing Airport Inflight Kitchen Ltd [b,p] (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 [c,p] (People's Republic of China)	Airport ground handling services (People's Republic of China)	**5,710**	5,710	**40.0**	40.0
Aviserv Limited [d,p] (Ireland)	Inflight catering services (Pakistan)	**3,313**	3,313	**49.0**	49.0
Tan Son Nhat Cargo Services Company Limited [e,p,s] (Vietnam)	Air cargo handling services (Vietnam)	**979**	1,958	**15.0**	30.0

18. INVESTMENT IN ASSOCIATES (cont'd)

Associates (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	GROUP 31 March Cost of investment 2014 $'000	2013 $'000	Percentage of equity held 2014 %	2013 %
Held by the Company					
Asia Airfreight Terminal Company Limited [f] (Hong Kong)	Air cargo handling services (Hong Kong)	**92,662**	92,662	**49.0**	49.0
Servair-SATS Holding Company Pte Ltd [g,p] (Singapore)	Investment holding company (Singapore)	**509**	509	**49.0**	49.0
MacroAsia Catering Services, Inc [h,p] (Philippines)	Inflight catering services (Philippines)	**2,027**	2,027	**20.0**	20.0
Taj Madras Flight Kitchen Private Limited [i] (India)	Inflight catering services (India)	**1,901**	1,901	**30.0**	30.0
Singapore Airport Duty-Free Emporium (Private) Limited [j] (Singapore)	Inactive (Singapore)	**1,560**	1,560	**24.0**	24.0
Evergreen Airline Services Corporation [k,p] (Taiwan)	Airport ground handling services (Taiwan)	**5,404**	5,404	**20.0**	20.0
Evergreen Air Cargo Services Corporation [l,p] (Taiwan)	Air cargo handling services (Taiwan)	**16,163**	16,163	**25.0**	25.0
Taj SATS Air Catering Limited [i] (India)	Catering services (India)	**24,646**	24,646	**49.0**	49.0
PT Jasa Angkasa Semesta, Tbk [m,p] (Indonesia)	Ground and cargo handling (Indonesia)	**105,532**	105,532	**49.8**	49.8
		274,575	275,554		
Held through SATS Investments Pte. Ltd.					
Adel Abuljadayel Flight Catering Company Limited [n,r] (Saudi Arabia)	Inflight catering services (Saudi Arabia)	**–**	22,827	**–**	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.[q] (Japan)	Providing laundry services (Japan)	**39**	39	**14.9**	14.9
Held through SATS Investments (Middle East I) Pte. Ltd.					
Mumtaz Food Solutions Limited [n] (Saudi Arabia)	Providing pilgrimage catering services (Saudi Arabia)	**100**	100	**30.0**	30.0

18. INVESTMENT IN ASSOCIATES (cont'd)

Associates (cont'd)

		GROUP 31 March			
		Cost of investment		Percentage of equity held	
Name of companies (Country of incorporation)	Principal activities (Place of business)	2014 $'000	2013 $'000	2014 %	2013 %
Held through Singapore Food Industries Pte. Ltd.					
Jilin CSD Food Co.,Ltd [o] (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**	9,578	**30.0**	30.0
Held through SATS Investments (II) Pte. Ltd. and Cemerlang Pte. Ltd.					
PT Cardig Aero Services TBK [m,p] (Indonesia)	Aviation support and catering services (Indonesia)	**118,317**	–	**41.7**	–
		405,357	310,846		

a Audited by Ernst & Young, Maldives.
b Audited by Zhongrui Yuehua Certified Public Accountants Co., Ltd.
c Audited by PricewaterhouseCoopers Zhong Tian CPAs Limited Company, Beijing.
d Audited by Fitzgerald & Associates, Ireland.
e Audited by Deloitte Vietnam Co. Limited.
f Audited by KPMG, Hong Kong.
g Audited by Deloitte and Touche LLP, Singapore.
h Audited by Sycip Gorres Velayo & Co.
i Audited by Deloitte Haskins & Sells.
j Audited by Ernst & Young LLP, Singapore.
k Audited by Deloitte and Touche, Taiwan.
l Audited by PricewaterhouseCoopers, Taiwan.
m Audited by Osman Bing Satrio & Eny - Member of Deloitte Touche Tohmatsu Limited, Indonesia.
n Audited by Ernst & Young, Jeddah, Saudi Arabia.
o Audited by JiLin Hua Tai Certified Public Accountants Co., Ltd (People's Republic of China) and reclassified from Joint Venture to Associates during the year.
p Financial years end on 31 December.
q International Airport Cleaning Co., Ltd. is held through TFK Corporation (a subsidiary) who has an equity stake of 27.7% in the associate.
r Transferred to assets held for sale during the year.
s Transferred 15% equity interest in Tan Son Nhat Cargo Services Company Limited to assets held for sale during the year.

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 $8,642,000 (2013: $2,107,000), of which $6,535,000 (2013: $2,107,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

On 20 February 2014, SATS Ltd, through its wholly owned subsidiaries, SATS Investments (II) Pte. Ltd. and Cemerlang Pte. Ltd., completed the acquisition of a 41.65% equity stake in PT Cardig Aero Services Tbk (CAS) for IDR1,108.3 billion (approximately $118.3 million). CAS is a company incorporated under the laws of Indonesia, and has been listed on the Indonesia Stock Exchange (IDX) since December 2011. CAS is a leading food solutions and gateway services provider in Indonesia.

18. INVESTMENT IN ASSOCIATES (cont'd)

Assets held for sale (Note 17)

The investments in Tan Son Nhat Cargo Services Company Limited (15% share) and Adel Abuljadayel Flight Catering Company Limited (40% share), which are in negotiation for sales to potential buyers, are presented in statement of financial position as "Assets held for sale". Based on the estimated recoverable amount, an impairment provision of $1,733,000 was made accordingly. The sale of the 15% share in Tan Son Nhat Cargo Services Company Limited was completed on 12 May 2014.

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

	GROUP 31 March	
	2014 $'000	2013 $'000 (Restated)
Assets and liabilities		
Current assets	**609,030**	587,988
Non-current assets	**515,225**	483,341
Total assets	**1,124,255**	1,071,329
Current liabilities	**317,679**	358,117
Non-current liabilities	**60,350**	31,743
Total liabilities	**378,029**	389,860

	2013-14 $'000	2012-13 $'000
Results		
Revenue	**822,959**	804,906
Profit for the year	**108,455**	111,294

19. INVESTMENT IN JOINT VENTURE

	GROUP 31 March		COMPANY 31 March	
	2014 $'000	2013 $'000 (Restated)	2014 $'000	2013 $'000
Unquoted shares, at cost	**12,014**	12,014	**12,014**	12,014
Post-acquisition revenue reserve capitalised as share capital	**3,090**	3,090	**–**	–
Share of post-acquisition revenue reserve	**14,495**	11,705	**–**	–
Foreign currency translation	**(8,053)**	(6,301)	**–**	–
	21,546	20,508	**12,014**	12,014

The Group's investment in Jilin CSD Food Co., Ltd, amounting to $8,749,000 as at 31 March 2013, has been reclassified to investment in associate (Note 18) from investment in joint venture in conformity with current year presentation.

19. INVESTMENT IN JOINT VENTURE (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	GROUP 31 March Cost of investment		Percentage of equity held	
		2014 $'000	2013 $'000 (Restated)	2014 %	2013 %
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
		12,014	12,014		

* Audited by Deloitte Haskins & Sells (Mumbai, India).

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 entity are as follows:

	GROUP 31 March 2014 $'000	GROUP 31 March 2013 $'000 (Restated)
Assets and liabilities:		
Current assets	**35,768**	39,815
Non-current assets	**29,195**	20,396
Total assets	**64,963**	60,211
Current liabilities	**20,473**	14,716
Non-current liabilities	**1,398**	4,480
Total liabilities	**21,871**	19,196
Income and expenses:		
Income	**97,478**	71,159
Expenses	**89,501**	62,133

20. LONG-TERM INVESTMENTS

	GROUP 31 March		COMPANY 31 March	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Unquoted equity investment, at cost	**8,205**	8,139	**7,886**	7,886
Marketable securities	**74**	99	**–**	–
Others	**51**	81	**–**	–
	8,330	8,319	**7,886**	7,886

The unquoted equity investment mainly relates to the investment in Evergreen Sky Catering Corp., whose principal acitivity is provision of airlines catering services.

Marketable securities are classified as available-for-sale financial assets and are categorised within level 1 of the Group's fair value hierarchy as the fair value is supported by quoted prices in active markets.

21. DEFERRED TAXATION

	GROUP				
	Statement of Financial Position			Consolidated Income Statement	
	31 March		1 April		
	2014 $'000	**2013 $'000 (Restated)**	**2012 $'000 (Restated)**	**2014 $'000**	**2013 $'000**
Deferred tax liabilities					
Differences in depreciation and amortisation for tax purposes	**61,207**	63,933	71,019	**863**	1,925
Identified intangible assets	**5,776**	6,873	7,936	**855**	1,130
Unremitted foreign dividend and interest income	**6,222**	6,705	6,222	**483**	(483)
Other temporary differences	**(264)**	(310)	28	**(33)**	354
Provisions	**(2,761)**	(3,295)	(11,023)	**(120)**	(7,140)
Defined benefit plan	**(11,831)**	(14,379)	(18,580)	**(1,447)**	(2,008)
Unutilised tax losses/capital allowances	**(7,313)**	(9,130)	(1,805)	**(492)**	8,620
Undistributed earnings of associates	**10,268**	9,697	8,387	**(2,964)**	(3,082)
	61,304	60,094	62,184		
Deferred tax assets					
Provisions	**2,596**	484	4,490	**289**	12
Differences in depreciation and amortisation for tax purposes	**18,636**	21,369	23,500	**1,085**	(189)
	21,232	21,853	27,990		
				(1,481)	(861)

	COMPANY	
	Statement of Financial Position 31 March	
	2014 $'000	**2013 $'000**
Deferred tax liabilities		
Differences in depreciation and amortisation	**22,146**	24,213
Unremitted foreign dividend and interest income	**6,222**	6,705
	28,368	30,918

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses and capital allowances of approximately $8,468,000 (2013: $4,087,000) 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 (2013: $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 long-term prepayments and lease deposits.

23. TRADE AND OTHER RECEIVABLES

	GROUP 31 March		COMPANY 31 March	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Trade and other receivables:				
Trade receivables	**159,465**	161,135	**3,264**	4,206
Staff loans	**68**	230	**62**	83
Sundry receivables	**8,137**	8,235	**714**	1,063
Amounts due from related companies - Trade	**119,813**	131,125	**–**	–
Amounts due from related companies - Non-trade	**–**	–	**51,379**	45,888
	287,483	300,725	**55,419**	51,240

Trade receivables are generally on 30 – 90 day terms.

The table below is an analysis of trade receivables and amounts due from related companies-trade:

	GROUP 31 March		COMPANY 31 March	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Not past due and not impaired	**210,051**	229,573	**1,862**	1,250
Past due but not impaired *	**69,227**	62,687	**1,402**	2,956
	279,278	292,260	**3,264**	4,206
Impaired trade receivables - collectively assessed	**–**	245	**–**	–
Less: Accumulated impairment losses	**–**	(245)	**–**	–
	–	–	**–**	–
Other impaired trade receivables - individually assessed	**1,595**	1,564	**62**	181
Less: Accumulated impairment losses	**(1,595)**	(1,564)	**(62)**	(181)
	–	–	**–**	–
Total trade receivables, net	**279,278**	292,260	**3,264**	4,206

	GROUP 31 March		COMPANY 31 March	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
* Aging of trade receivables that are past due but not impaired:				
Less than 30 days	**24,327**	34,453	**279**	221
30 days to 60 days	**25,537**	10,024	**162**	309
61 days to 90 days	**6,654**	3,254	**98**	77
More than 90 days	**12,709**	14,956	**863**	2,349
	69,227	62,687	**1,402**	2,956

23. TRADE AND OTHER RECEIVABLES (cont'd)

Trade receivables denominated in foreign currencies at 31 March are as follows:

	GROUP		COMPANY	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
United States Dollar	**1,789**	5,749	**724**	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		COMPANY	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Balance at 1 April	**1,809**	1,556	**181**	198
Reclassification to Assets Held for Sale	**(33)**	–	**–**	–
Exchange differences	**(7)**	(5)	**–**	–
Write-off against provisions	**(199)**	(58)	**–**	(1)
Charge/(Write-back) to income statement	**25**	316	**(119)**	(16)
Balance at 31 March	**1,595**	1,809	**62**	181
Bad debts write-off directly to income statement	**83**	9	**–**	–

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% (2013: 1.475% to 3%).

Sundry receivables

Sundry receivables are unsecured, interest-free and repayable upon demand.

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 upon demand.

24. INVENTORIES

	GROUP 31 March		COMPANY 31 March	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Statements of Financial Position:				
Food supplies and dry stores (at cost)	**37,299**	44,029	**–**	–
Technical spares (at cost)	**8,489**	8,163	**–**	–
Other consumables (at cost)	**470**	651	**315**	296
Total inventories at lower of cost or net realisable value	**46,258**	52,843	**315**	296

	GROUP		COMPANY	
	2013-14 $'000	2012-13 $'000	2013-14 $'000	2012-13 $'000
Income Statement:				
Inventories recognised as an expense	**416,177**	429,093	**–**	–
Inclusive of the following charge/(credit):				
– Inventories written down	**880**	680	**10**	–
– Reversal of write-down of inventories	**(35)**	(110)	**–**	–

The reversal of write down of inventories was made when the related inventories were sold above their carrying amounts.

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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Fixed deposits	**195,023**	317,160	**149,000**	275,826
Cash and bank balances	**145,786**	88,375	**39,194**	14,728
Cash and short-term deposits	**340,809**	405,535	**188,194**	290,554
Bank overdraft	**(1,224)**	(1,318)	**–**	–
	339,585	404,217	**188,194**	290,554

(b) Analysis of capital expenditure cash flows:

	GROUP	
	2013-14 $'000	2012-13 $'000
Additions of property, plant and equipment (Note 14)	**57,767**	35,553
Additions of intangible assets (Note 16)	**299**	2,684
Accrual for additions of property, plant and equipment (Note 26)	**(976)**	(443)
Cash invested in property, plant and equipment and intangible assets	**57,090**	37,794

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.01% to 4.10% (2013: 0.01% to 3.50%) per annum. Short-term deposits are made for varying periods of between one week and one year depending on the expected cash requirements of the Group, and earn interest at the effective interest rate ranging from 0.02% to 4.25% (2013: 0.03% to 4.50%) per annum.

The bank overdraft is part of the secured banking facilities of the Group and it is secured on the properties of a subsidiary (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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Australian Dollar	**312**	2,126	**–**	–
Indian Rupee	**134**	41	**–**	–
UAE Dirham	**130**	–	**–**	–
United States Dollar	**11,133**	6,386	**9,583**	5,063
Renminbi	**37**	63	**37**	63

26. TRADE AND OTHER PAYABLES

	GROUP 31 March		COMPANY 31 March	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Trade payables	**141,407**	119,802	**14,027**	14,270
Other payables:				
Tender deposits	**2,984**	2,388	**1,562**	1,370
Accrued expenses	**92,903**	90,501	**1,792**	240
Purchase of property, plant and equipment	**3,343**	2,367	**570**	700
Staff costs	**18,429**	13,239	**15,132**	14,928
Others	**2,164**	3,062	**–**	–
	119,823	111,557	**19,056**	17,238
Amounts due to related companies	**6,023**	5,501	**90**	4,777
Deposits placed by subsidiaries	**–**	–	**171,267**	153,975
	6,023	5,501	**171,357**	158,752
Trade and other payables	**267,253**	236,860	**204,440**	190,260

Trade payables/other payables

These amounts are non-interest bearing. Trade payables are normally settled on 60-day terms while other payables have an average term of three to six months.

Trade and other payables denominated in foreign currencies as at 31 March are as follows:

	GROUP		COMPANY	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Australian Dollar	**544**	1,112	**–**	–
Euro	**107**	195	**–**	–
United States Dollar	**8,660**	8,437	**148**	14

Amounts due to related companies

These amounts are trade-related, unsecured, non-interest bearing and repayable on demand. Purchases from related companies are made at agreed terms.

27. TERM LOANS

	GROUP 31 March		COMPANY 31 March	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Unsecured:				
Repayable within one year	**3,673**	4,877	**–**	–
Repayable after one year	**95,492**	102,812	**95,492**	102,812
	99,165	107,689	**95,492**	102,812
Secured:				
Repayable within one year	**12,159**	14,618	**–**	–
Repayable after one year	**925**	2,922	**–**	–
	13,084	17,540	**–**	–
Total term loans	**112,249**	125,229	**95,492**	102,812

There are three (2013: four) unsecured loans held by the Group as at 31 March 2014. The terms and interest rates are as follows:

			Outstanding as at 31 March	
	Effective interest rate	Maturity date	2014 $'000	2013 $'000
Unsecured term loans:				
JPY floating rate	0.796% to 1.475%	August 2014 to January 2017	**96,716**	1,318
JPY fixed rate	1.05%	September 2014	**2,449**	106,371
			99,165	107,689

There are eight (2013: eleven) secured term loans held by the Group as at 31 March 2014 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:

			Outstanding as at 31 March	
	Effective interest rate	Maturity date	2014 $'000	2013 $'000
Secured term loans:				
AUD fixed rate	–	–	**–**	1,523
JPY fixed rate	0.85% to 2.35%	March 2015 to March 2017	**2,066**	4,154
JPY floating rate	1.475% to 1.85%	July 2014 to March 2015	**11,018**	11,863
			13,084	17,540

27. TERM LOANS (cont'd)

Hedge of net investments in foreign operations

Included in loans as at 31 March 2014 was a term loan of JPY7.8 billion (2013: JPY7.8 billion), approximately $95.5 million (2013: $102.8 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 2014.

28. FINANCE LEASES

The Group 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 finance leases together with the present value of the net minimum lease payments are as follows:

	GROUP 31 March			
	2014		2013	
	Minimum payments $'000	Present value of payments $'000	Minimum payments $'000	Present value of payments $'000
Not later than one year	**621**	**616**	2,179	1,923
Later than one year but not later than five years	**174**	**172**	3,294	2,732
Later than five years	**–**	**–**	317	308
Total future minimum lease payments	**795**	**788**	5,790	4,963
Less: Amounts representing finance charges	**(7)**	**–**	(827)	–
Present value of minimum lease payments	**788**	**788**	4,963	4,963

The average discount rates implicit in the leases are 1.5% - 3.5% (2013: 2.0% - 2.4%) per annum for the lease of plant, machinery and equipment and in the previous financial year, 9.45% per annum for the lease of tractors.

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 14 years of service as annual payment of plan benefit, and require contributions to be made to separately administered funds.

The following tables summarise the components of net benefit expense recognised in the income statement and the funded status and amounts recognised in the statement of financial position for the plans.

	GROUP		
	31 March		1 April
Funded pension plans	2014 $'000	2013 $'000 (Restated)	2012 $'000 (Restated)
Net benefit expense			
Current service cost	**1,914**	2,266	2,356
Interest cost on benefit obligation	**1,329**	2,118	2,601
Expected return on plan assets	**(1,641)**	(1,750)	(1,907)
Net benefit expense	**1,602**	2,634	3,050
Actual return on plan assets	**(8,163)**	(14,438)	(1,305)
Defined benefit plan liability			
Defined benefit obligation	**(90,223)**	(94,042)	(109,298)
Fair value of plan assets	**85,455**	86,930	90,428
Defined benefit liability	**(4,768)**	(7,112)	(18,870)

Change in present value of defined benefit obligations are as follows:

	2014 $'000	2013 $'000 (Restated)	2012 $'000 (Restated)
As at 1 April	**94,042**	109,298	148,999
Current service cost	**1,914**	2,266	2,356
Interest cost	**1,329**	2,118	2,601
Benefits paid	**(6,216)**	(8,502)	(8,086)
Actuarial loss on obligation	**5,926**	3,969	2,718
Change of pension benefit plan	**–**	–	(41,534)
Exchange differences	**(6,772)**	(15,107)	2,244
As at 31 March	**90,223**	94,042	109,298

29. DEFINED BENEFIT PLAN (cont'd)

Funded pension plans	GROUP 31 March 2014 $'000	GROUP 31 March 2013 $'000 (Restated)	GROUP 1 April 2012 $'000 (Restated)
Change in fair value of plan assets are as follows:			
As at 1 April	**86,930**	90,428	93,178
Expected return on plan assets	**1,641**	1,750	1,907
Contributions by employer	**1,459**	1,826	2,032
Benefits paid	**(4,783)**	(6,586)	(6,714)
Actuarial gain/(loss)	**6,522**	13,256	(602)
Exchange differences	**(6,314)**	(13,744)	627
As at 31 March	**85,455**	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 2014 %	GROUP 31 March 2013 %
Japan equities	**12.3**	27.6
Offshore equities	**11.4**	18.7
Japan bonds	**39.8**	24.9
Offshore bonds	**9.7**	8.6
Fixed deposits	**26.8**	20.2
	100.0	100.0

The principal assumptions used in determining pension benefit obligations for the defined benefit plans are shown below:

	GROUP 31 March 2014 %	GROUP 31 March 2013 %
Discount rates	**1.5**	2.0
Expected rate of return on assets	**1.5**	2.0
Future salary increases	**–**	2.0
Future pension increases	**–**	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 weighting 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 prices 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:

Sale and purchase of goods and services

	GROUP	
	2013-14 $'000	**2012-13 $'000**
Services rendered by:		
Related companies	**53,789**	42,540
	53,789	42,540
Sales to:		
Related companies	**722,278**	698,446
Associates	**3,552**	6,965
	725,830	705,411

Directors' and key executives' remuneration

	GROUP AND COMPANY	
	2013-14 $'000	**2012-13 $'000**
Directors		
Directors' fees (Note 6)	**931**	934
Key executives		
Salary, bonuses and other costs	**3,851**	2,826
CPF and other defined contributions	**52**	59
Share-based compensation expense	**1,283**	521
	5,186	3,406

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	(431,500)	193,000
Yacoob Bin Ahmed Piperdi	377,950	(180,700)	197,250

30. RELATED PARTY TRANSACTIONS (cont'd)

Directors' and key executives' remuneration (cont'd)

Shares awarded to key executives of the Company during the year and since the commencement of the Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") 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
Alexander Charles Hungate #	207,236	207,236	–	207,236
Yacoob Bin Ahmed Piperdi	233,000	420,262	(99,229)	321,033
Tan Chuan Lye	487,000	871,087	(159,863)	711,224
Wong Hong	134,000	215,275	(5,000)	210,275
Ferry Chung Qing An	178,000	431,368	(99,300)	332,068

* Includes incremental RSP/PSP due to the declaration of a special dividend of $0.04 per share on 26 July 2013.

Alexander Charles Hungate was appointed as Executive Director on 16 July 2013 and as President and Chief Executive Officer on 1 January 2014.

31. CAPITAL AND OTHER COMMITMENTS

(a) The Group and the Company have commitments for capital expenditure. Such commitments aggregated to $80.9 million (2013: $76.2 million) for the Group and $19.6 million (2013: $20.2 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 lease periods range from 1 to 58 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	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Within one year	**12,834**	14,096	**1,515**	1,515
Later than one year but not later than five years	**27,880**	29,390	**6,062**	6,062
Later than five years	**34,253**	37,371	**6,380**	7,896
	74,967	80,857	**13,957**	15,473

(c) On 26 September 2013, the Group announced the decision of its board of directors that its subsidiaries, SATS Airport Services Pte Ltd ("SAS") and SATS-Creuers Cruise Services Pte. Ltd. ("SCCS") have entered into a sale and purchase agreement with Hazeltree Holdings Private Limited ("vendor"), to jointly purchase, all of the shares in the capital of Singapore Cruise Centre Pte. Ltd. ("SCCPL"). The sale and purchase was pending regulatory approval and has not been completed as of year-end.

The sale and purchase agreement was subsequently terminated on 12 May 2014.

32. CONTINGENT LIABILITIES

The Group has provided guarantee up to a maximum amount of approximately $6.1 million (2013: $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.

(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 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 cash and short-term deposits (Note 25) and term loans (Note 27).

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affecting the interest income or finance charges of variable interest financial instruments.
- Changes in market interest rates affecting 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 deposits and borrowings at 31 March would have the following effects:

	GROUP 31 March		COMPANY 31 March	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Effect of an increase in 50 basis points in market interest rates				
Profit before tax	**1,159**	1,962	**464**	–
Equity	**962**	1,628	**385**	–
Effect of a decrease in 50 basis points in market interest rates				
Profit before tax	**(1,159)**	(1,962)	**(464)**	–
Equity	**(962)**	(1,628)	**(385)**	–

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(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 2014 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. 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.

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	Outstanding balance		Percentage of total financial assets	
Counter-party profiles	2014 $'000	2013 $'000	2014 %	2013 %
By Industry				
Airlines	**212,730**	234,276	**33.7**	32.8
Financial institutions	**340,441**	404,893	**53.8**	56.8
Others	**78,673**	74,056	**12.5**	10.4
	631,844	713,225	**100.0**	100.0
By Region				
Singapore	**516,033**	584,218	**81.7**	81.9
Japan	**86,091**	92,894	**13.6**	13.0
Others	**29,720**	36,113	**4.7**	5.1
	631,844	713,225	**100.0**	100.0
By Moody's Credit Ratings				
Investment grade (A to Aaa)	**332,965**	397,020	**52.7**	55.6
Investment grade (Baa)	**87**	506	**–**	0.1
Non-rated	**298,792**	315,699	**47.3**	44.3
	631,844	713,225	**100.0**	100.0

At the end of the reporting period, approximately:

– 41% (2013: 44%) of the Group's trade receivables were due from a major customer located in Singapore.

– 43% (2013: 45%) of the Group's trade receivables were due from related parties.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Counter-Party Risk (cont'd)

COMPANY

	Outstanding balance		Percentage of total financial assets	
Counter-party profiles	2014 $'000	2013 $'000	2014 %	2013 %
By Industry				
Airlines	**682**	929	**0.1**	0.2
Financial institutions	**188,200**	290,587	**36.9**	58.4
Related Parties	**314,344**	194,798	**61.6**	39.1
Others	**6,904**	11,354	**1.4**	2.3
	510,130	497,668	**100.0**	100.0
By Region				
Singapore	**492,192**	473,591	**96.5**	95.2
Others	**17,938**	24,077	**3.5**	4.8
	510,130	497,668	**100.0**	100.0
By Moody's Credit Ratings				
Investment grade (A to Aaa)	**188,184**	290,571	**36.9**	58.4
Non-rated	**321,946**	207,097	**63.1**	41.6
	510,130	497,668	**100.0**	100.0

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits are entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 23 (Trade and other receivables).

(d) Liquidity Risk

As at 31 March 2014, the Group had at its disposal, cash and cash equivalents amounting to $339.6 million (2013: $404.2 million). In addition, the Group has available short-term credit facilities of approximately $194.9 million (2013: $173.5 million) from revolving credit facilities granted by commercial banks. The Group also has an alternative facility to issue notes up to $500 million (2013: $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.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Liquidity Risk (cont'd)

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
2014							
Financial assets:							
Trade and other receivables	287,483	–	–	–	–	–	287,483
Cash and short-term deposits	340,809	–	–	–	–	–	340,809
Total undiscounted financial assets	628,292	–	–	–	–	–	628,292
Financial liabilities:							
Other long-term liabilities	1,917	1,917	1,918	1,918	111	5,432	13,213
Term loans	16,839	1,325	96,624	–	–	–	114,788
Finance lease commitments	621	168	2	2	2	–	795
Trade and other payables	267,253	–	–	–	–	–	267,253
Bank overdraft	1,224	–	–	–	–	–	1,224
Total undiscounted financial liabilities	287,854	3,410	98,544	1,920	113	5,432	397,273
Total net undiscounted financial assets/(liabilities)	340,438	(3,410)	(98,544)	(1,920)	(113)	(5,432)	231,019
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 liabilities	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

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
2014							
Financial assets:							
Trade and other receivables	55,419	–	–	–	–	–	55,419
Loan to subsidiaries	379	6,088	148	55	14,052	242,568	263,290
Cash and short-term deposits	188,194	–	–	–	–	–	188,194
Total undiscounted financial assets	243,992	6,088	148	55	14,052	242,568	506,903
Financial liabilities:							
Term loans	760	760	96,252	–	–	–	97,772
Trade and other payables	204,440	–	–	–	–	–	204,440
Total undiscounted financial liabilities	205,200	760	96,252	–	–	–	302,212
Total net undiscounted financial assets/(liabilities)	38,792	5,328	(96,104)	55	14,052	242,568	204,691
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

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
2014				
Assets				
Long-term investments	–	8,330	–	8,330
Trade and other receivables	287,483	–	–	287,483
Amount due from associates	3,552	–	–	3,552
Cash and short-term deposits	340,809	–	–	340,809
	631,844	8,330	–	640,174
Total non-financial assets				1,379,615
Total assets				2,019,789
Liabilities				
Other long-term liabilities	–	–	13,213	13,213
Term loans	–	–	112,249	112,249
Finance lease commitments	–	–	788	788
Trade and other payables	–	–	267,253	267,253
Bank overdrafts	–	–	1,224	1,224
	–	–	394,727	394,727
Total non-financial liabilities				110,693
Total liabilities				505,420

GROUP	Loans and receivables $'000	Available-for-sale financial assets $'000	Financial liabilities at amortised costs $'000	Total $'000 (Restated)
2013				
Assets				
Long-term investments	–	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				1,281,784
Total assets				2,003,328
Liabilities				
Other long-term liabilities	–	–	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				117,659
Total liabilities				503,136

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
2014				
Assets				
Long-term investment	–	7,886	–	7,886
Trade and other receivables	55,419	–	–	55,419
Loan to subsidiaries	262,965	–	–	262,965
Amount due from associates	3,552	–	–	3,552
Cash and short-term deposits	188,194	–	–	188,194
	510,130	7,886	–	518,016
Total non-financial assets				1,136,757
Total assets				1,654,773
Liabilities				
Term loans	–	–	95,492	95,492
Trade and other payables	–	–	204,440	204,440
	–	–	299,932	299,932
Total non-financial liabilities				37,865
Total liabilities				337,797
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

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 values of the unquoted equity instruments held as long-term investments (Note 20) are stated at a cost of $8,205,000 (2013: $8,139,000) because their fair values cannot be measured reliably. These equity instruments represent ordinary shares in companies that are not quoted on any market and do not have any comparable industry peers that are 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 these investments in the foreseeable future. The fair value of these investments are expected to be above their 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 17), 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 2014 and 31 March 2013, 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	
	2014 $'000	2013 $'000 (Restated)	2014 $'000	2013 $'000
Term loans (Note 27)	**112,249**	125,229	**95,492**	102,812
Finance leases (Note 28)	**788**	4,963	**–**	–
Bank overdraft (Note 25)	**1,224**	1,318	**–**	–
Total debt	**114,261**	131,510	**95,492**	102,812
Equity attributable to owners of the Company	**1,416,775**	1,403,346	**1,316,976**	1,336,287
Total debt-equity ratio	**0.08**	0.09	**0.07**	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 and institutional catering, food processing, distribution services and airline laundry 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 and other services.

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 investments.

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 2014				
Revenue				
External revenue	1,103,581	678,085	5,022	1,786,688
Operating profit	141,864	13,821	15,319	171,004
Interest on borrowings	(536)	–	(2,394)	(2,930)
Interest income	348	182	609	1,139
Dividends from long-term investment, gross	–	–	1,874	1,874
(Loss)/gain on disposal of property, plant and equipment	(226)	161	60	(5)
Share of results of associates/joint venture, net of tax	5,778	41,419	–	47,197
Impairment of assets held for sale	(1,783)	(870)	–	(2,653)
Other non-operating expenses	(316)	(64)	210	(170)
Profit before tax from continuing operations	145,129	54,649	15,678	215,456
Income tax expense	(28,893)	(1,486)	(3,022)	(33,401)
Profit from continuing operations, net of tax	116,236	53,163	12,656	182,055
As at 31 March 2014				
Segment assets	432,378	193,580	115,778	741,736
Property, plant and equipment and investment property	327,285	230,233	19,543	577,061
Associates/joint venture	74,424	420,092	201	494,717
Deferred tax assets	18,697	2,535	–	21,232
Intangible assets	169,675	4,514	10,854	185,043
Total assets	1,022,459	850,954	146,376	2,019,789
Current liabilities	167,630	86,069	33,445	287,144
Long-term liabilities	30,792	35,006	48,772	114,570
Tax liabilities	50,755	15,086	37,865	103,706
Total liabilities	249,177	136,161	120,082	505,420
Capital expenditure	26,691	22,853	8,522	58,066
Depreciation and amortisation charges	37,727	32,528	6,961	77,216

36. SEGMENT REPORTING (cont'd)

By Business (cont'd)

	Food Solutions $'000 (Restated)	Gateway Services $'000	Corporate $'000	Total $'000 (Restated)
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 venture, 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 venture	97,036	292,914	201	390,151
Deferred tax assets	19,731	2,122	–	21,853
Intangible assets	176,980	3,790	12,107	192,877
Total assets	1,047,279	720,268	235,781	2,003,328
Current liabilities	153,916	69,111	36,569	259,596
Long-term liabilities	33,452	37,389	62,152	132,993
Tax liabilities	53,232	17,543	39,772	110,547
Total liabilities	240,600	124,043	138,493	503,136
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 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	Total $'000 (Restated)
Financial year ended 31 March 2014				
Revenue	1,421,036	268,098	97,554	1,786,688
As at 31 March 2014				
Segment assets	623,499	97,626	20,611	741,736
Property, plant and equipment and investment property	449,841	118,509	8,711	577,061
Associates/joint venture	201	2,255	492,261	494,717
Deferred tax assets	2,738	16,146	2,348	21,232
Intangible assets	157,750	27,293	–	185,043
Total assets	1,234,029	261,829	523,931	2,019,789
Capital expenditure	52,119	4,765	1,182	58,066
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 venture	201	2,586	387,364	390,151
Deferred tax assets	912	17,966	2,975	21,853
Intangible assets	160,784	30,853	1,240	192,877
Total assets	1,286,080	288,418	428,830	2,003,328
Capital expenditure	32,416	2,871	2,950	38,237

Information about a major customer

Revenue from one major customer amount to $721 million (2013: $690 million), arising from sales by all segments.

Additional Information

Required By The Singapore Exchange Securities Trading Limited ("SGX-ST")

1. INTERESTED PERSON TRANSACTIONS

The interested person transactions entered into during the financial year ended 31 March 2014 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		
Scoot Pte. Ltd.	–	4,628
SIA Engineering Company Limited	–	8,734
Singapore Airlines Cargo Pte Ltd	–	0*
Singapore Airlines Limited	–	11,758
Tiger Airways Singapore Pte. Ltd.	–	9,243
Transactions for the Purchase of Goods and Services		
Certis CISCO Consulting Services Pte. Ltd.	–	322
Mapletree Logistics Trust Management Ltd.	–	661
Singapore Technologies Kinetics Ltd	–	405
Singapore Telecommunications Limited	–	332
SMRT Automotive Services Pte. Ltd.	–	180
Total	**–**	**36,263**

* An interested person transaction with a value of $251,505 was entered into with Singapore Airlines Cargo Pte Ltd during second quarter FY2013-14 for the extension of office space lease for a period ended 31 March 2014. A decision was made to grant the said extension on a rent free basis for commercial reason.

n.b. An interested person transaction with a value of $189,000 was entered into with Starhub Ltd. during second quarter FY2012-13 under shareholders' mandate.

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 2014, 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 28 May 2014

Number of Issued Shares	:	1,124,056,275
Number of Issued Shares (excluding Treasury Shares)	:	1,119,566,374
Class of Shares	:	Ordinary shares
Number / Percentage of Treasury Shares	:	4,489,901 / 0.40%*
Voting Rights	:	1 vote per share

ANALYSIS OF SHAREHOLDINGS

Range of shareholdings	No. of shareholders	%	No. of shares (excluding treasury shares)	%*
1 – 999	6,928	19.53	3,872,817	0.35
1,000 – 10,000	25,075	70.69	73,807,949	6.59
10,001 – 1,000,000	3,445	9.71	113,588,889	10.14
1,000,001 and above	24	0.07	928,296,719	82.92
Total	35,472	100.00	1,119,566,374	100.00

MAJOR SHAREHOLDERS

No.	Name	No. of shares held	%*
1	Venezio Investments Pte. Ltd.	479,096,858	42.79
2	DBS Nominees (Private) Limited	116,813,191	10.43
3	Citibank Nominees Singapore Pte Ltd	111,221,250	9.93
4	DBSN Services Pte. Ltd.	61,493,054	5.49
5	HSBC (Singapore) Nominees Pte Ltd	44,672,572	3.99
6	United Overseas Bank Nominees (Private) Limited	40,241,081	3.59
7	BNP Paribas Securities Services	24,664,829	2.20
8	Raffles Nominees (Pte.) Limited	14,639,199	1.31
9	Bank Of Singapore Nominees Pte. Ltd.	4,182,024	0.37
10	Leong Khuen Nyean	3,223,000	0.29
11	CIMB Securities (Singapore) Pte. Ltd.	3,187,601	0.29
12	Wong Kong Choo	3,051,000	0.27
13	Morgan Stanley Asia (Singapore)	2,904,128	0.26
14	OCBC Nominees Singapore Private Limited	2,800,649	0.25
15	DB Nominees (Singapore) Pte Ltd	2,744,094	0.25
16	Heng Siew Eng	2,445,000	0.22
17	DBS Vickers Securities (Singapore) Pte Ltd	2,087,699	0.19
18	Yim Chee Chong	1,582,000	0.14
19	Sing Chung Hui @ Sing Chung Sui	1,500,000	0.13
20	BNP Paribas Nominees Singapore Pte Ltd	1,237,899	0.11
		923,733,128	82.50

* The shareholding percentage has been calculated based on the number of issued ordinary shares of the Company as at 28 May 2014, excluding any ordinary shares held in treasury as at that date.

Information on Shareholdings

as at 28 May 2014

SUBSTANTIAL SHAREHOLDERS

As at 28 May 2014, 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	–	481,230,101** (approximately 42.98%*)	481,230,101 (approximately 42.98%*)
Tembusu Capital Pte. Ltd.	–	479,096,858** (approximately 42.79%*)	479,096,858 (approximately 42.79%*)
Napier Investments Pte. Ltd.	–	479,096,858** (approximately 42.79%*)	479,096,858 (approximately 42.79%*)
Venezio Investments Pte. Ltd.	479,096,858 (approximately 42.79%*)	–	479,096,858 (approximately 42.79%*)

* The shareholding percentage has been calculated based on the number of issued ordinary shares of the Company as at 28 May 2014, 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 28 May 2014, approximately 56.8% 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

NOTICE IS HEREBY GIVEN that the 41st Annual General Meeting of SATS Ltd. (the "**Company**") will be held at the Marina Mandarin Ballroom, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594, on Wednesday 23 July 2014 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 March 2014 and the Auditor's Report thereon.

2. To declare a final ordinary tax-exempt (one-tier) dividend of 8 cents per share for the financial year ended 31 March 2014.

3. To re-appoint Mr David Zalmon Baffsky as a Director of the Company pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), to hold such office from the date of this Annual General Meeting until the next Annual General Meeting.

4. To re-appoint Mr Nihal Vijaya Devadas Kaviratne CBE as a Director of the Company pursuant to Section 153(6) of the Companies Act, to hold such office from the date of this Annual General Meeting until the next Annual General Meeting.

5. To re-elect Mr Leo Yip Seng Cheong, who will retire by rotation in accordance with Article 83 of the Company's Articles of Association and who, being eligible, will offer himself for re-election as a Director of the Company.

6. To re-elect Mr Koh Poh Tiong, who will retire by rotation in accordance with Article 83 of the Company's Articles of Association and who, being eligible, will offer himself for re-election as a Director of the Company.

7. To re-elect Ms Euleen Goh Yiu Kiang, who will retire in accordance with Article 90 of the Company's Articles of Association and who, being eligible, will offer herself for re-election as a Director of the Company.

8. To re-elect Mr Yap Chee Meng, who will retire in accordance with Article 90 of the Company's Articles of Association and who, being eligible, will offer himself for re-election as a Director of the Company.

9. 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.

10. To approve payment of Directors' fees of up to S$1,300,000 for the financial year ending 31 March 2015 (2014: 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:

11. 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.

12. That:

(a) (i) pursuant to rule 14.1 of the rules of the SATS Performance Share Plan ("**Performance Share Plan**"), the extension of the duration of the Performance Share Plan for a period of 10 years from 19 July 2015 to 18 July 2025 (both dates inclusive) be and is hereby approved; and

(ii) pursuant to rule 14.1 of the rules of the SATS Restricted Share Plan ("**Restricted Share Plan**"), the extension of the duration of the Restricted Share Plan for a period of 10 years from 19 July 2015 to 18 July 2025 (both dates inclusive) be and is hereby approved; and

(b) the Directors be and are hereby authorised to:

(i) grant awards in accordance with the provisions of the Performance Share Plan and/or the Restricted Share Plan; and

(ii) 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:

(aa) 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

(bb) 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.

13. 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 25 June 2014 (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.

14. 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.

15. 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 25th day of June 2014
Singapore

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 FY2013-14 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 Remuneration and Human Resource Committee. Mr Baffsky is considered to be an independent Director.

   (b) In relation to Ordinary Resolution No. 4, Mr Nihal Vijaya Devadas Kaviratne CBE has attained the age of 70 years in March 2014 and his office as a Director of the Company will be vacated at the forthcoming Annual General Meeting pursuant to Section 153(2) of the Companies Act. Mr Kaviratne will be standing for re-appointment at the Annual General Meeting pursuant to Section 153(6) of the Companies Act. Please refer to the sections on "Board of Directors" and "Corporate Governance" in the SATS Annual Report for FY2013-14 for more information relating to Mr Kaviratne. Mr Kaviratne will, upon re-appointment, continue to serve as a member of the Audit Committee and Board Risk and Safety Committee. Mr Kaviratne is considered to be an independent Director.

   (c) In relation to Ordinary Resolution No. 5, Mr Leo Yip Seng Cheong 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 FY2013-14 for more information relating to Mr Yip. Mr Yip is a member of the Nominating Committee and Remuneration and Human Resource Committee. Mr Yip is considered to be an independent Director.

   (d) In relation to Ordinary Resolution No. 6, Mr Koh Poh Tiong 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 FY2013-14 for more information relating to Mr Koh. Mr Koh is a member of the Audit Committee and the Remuneration and Human Resource Committee. Mr Koh is considered to be an independent Director.

   (e) In relation to Ordinary Resolution No. 7, Ms Euleen Goh Yiu Kiang will be retiring from office at the Annual General Meeting pursuant to Article 90 of the Company's Articles of Association, and will be standing for re-election at the Annual General Meeting. Please refer to the sections on "Board of Directors" and "Corporate Governance" in the SATS Annual Report for FY2013-14 for more information relating to Ms Goh. Ms Goh is the Chairman of the Audit Committee and a member of the Board Executive Committee. Ms Goh is considered to be an independent Director.

   (f) In relation to Ordinary Resolution No. 8, Mr Yap Chee Meng will be retiring from office at the Annual General Meeting pursuant to Article 90 of the Company's Articles of Association, and will be standing for re-election at the Annual General Meeting. Please refer to the sections on "Board of Directors" and "Corporate Governance" in the SATS Annual Report for FY2013-14 for more information relating to Mr Yap. Mr Yap is the Chairman of the Board Risk and Safety Committee. Mr Yap is considered to be an independent Director.

   (g) Mr David Heng Chen Seng and Mr Keith Tay Ah Kee have elected to retire from office at the 41st Annual General Meeting.

2. Ordinary Resolution No. 10 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 ("**FY2014-15**"). 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 FY2014-15, 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 FY2013-14, 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 FY2014-15. 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. 11, 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. 12 is to:

   (a) approve an extension of the duration of each of the Performance Share Plan and the Restricted Share Plan for a further period of 10 years from 19 July 2015 to 18 July 2025 (both dates inclusive); and

   (b) empower the Directors to grant awards pursuant to the Performance Share Plan and/or Restricted Share Plan and to allot and issue Shares pursuant to the Share Option Plan, Performance Share Plan and Restricted Share Plan, provided that:

      (i) the aggregate number of new Shares which may be issued under the Share Option Plan, Performance Share Plan and Restricted Share Plan is limited to 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 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 Restricted Share Plan were adopted at an Extraordinary General Meeting of the Company held on 19 July 2005 for an initial duration of up to a maximum period of 10 years from the date of adoption. The Performance Share Plan and Restricted Share Plan are accordingly due to expire on 18 July 2015. Under the rules of the Performance Share Plan and Restricted Share Plan, each of the Performance Share Plan and Restricted Share Plan may continue beyond 18 July 2015 with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may be required. Please refer to the Letter to Shareholders for more details.

5. Ordinary Resolution No. 13 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. 14 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, external borrowings, or a combination of internal resources and external borrowings to finance the purchases or acquisitions of its 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 28 May 2014 (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 22,391,327 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 22,391,327 Shares at the maximum price of S$3.28 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 22,391,327 Shares is approximately S$73,443,552.56.

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 the Company and its subsidiaries for the financial year ended 31 March 2014, based on certain assumptions, are set out in paragraph 4.7 of the Letter to Shareholders.

Please refer to the Letter to Shareholders for more details.

NOTES

1. A member of the Company entitled to attend and vote at the 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.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN that, subject to the approval of shareholders of the proposed final dividend being obtained at the 41st Annual General Meeting of the Company to be held on 23 July 2014, the Transfer Books and Register of Members of the Company will be closed on 4 August 2014 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 1 August 2014 will be registered to determine shareholders' entitlements to the proposed final dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 1 August 2014 will be entitled to the proposed final dividend.

The proposed final dividend, if approved by shareholders, will be paid on 13 August 2014.

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Proxy Form

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

IMPORTANT
CPF Investors
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. 8 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.

Personal data privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 25th June 2014.

*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 at the Marina Mandarin Ballroom, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on 23 July 2014 at 11.00 am and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the 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 Financial Statements and the Auditors' Report		
2	Declaration of a final dividend		
3	Re-appointment of Mr David Zalmon Baffsky as Director		
4	Re-appointment of Mr Nihal Vijaya Devadas Kaviratne CBE as Director		
5	Re-election of Mr Leo Yip Seng Cheong as Director		
6	Re-election of Mr Koh Poh Tiong as Director		
7	Re-election of Ms Euleen Goh Yiu Kiang as Director		
8	Re-election of Mr Yap Chee Meng as Director		
9	Re-appointment and remuneration of Auditors		
10	Approval of Directors' fees for the financial year ending 31 March 2015		
SPECIAL BUSINESS			
11	To grant authority to the Directors to issue additional shares and convertible instruments pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore		
12	To approve the proposed extension of the SATS Performance Share Plan and the SATS Restricted Share Plan and to grant authority to the 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		
13	To approve the proposed renewal of the Mandate for Interested Person Transactions		
14	To approve the proposed renewal of Share Purchase Mandate		
15	Any other business		

* Delete accordingly
** Indicate your vote "For" or "Against" with a (✓) within the box provided.

Dated this ____________ day of ________ 2014.

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. 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.
7. 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.
8. 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 authorised 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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Please affix postage stamp

The Company Secretary
SATS Ltd.
c/o M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

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Corporate Information

as at 28 May 2014

BOARD OF DIRECTORS

Edmund Cheng Wai Wing (Chairman)
Alexander Charles Hungate
(Executive Director)
David Zalmon Baffsky
Euleen Goh Yiu Kiang
David Heng Chen Seng
Nihal Vijaya Devadas Kaviratne CBE
Koh Poh Tiong
Keith Tay Ah Kee
Yap Chee Meng
Leo Yip Seng Cheong

BOARD COMMITTEES

Audit Committee

Euleen Goh Yiu Kiang (Chairman)
Nihal Vijaya Devadas Kaviratne CBE
Koh Poh Tiong
Keith Tay Ah Kee

Board Executive Committee

Edmund Cheng Wai Wing (Chairman)
Euleen Goh Yiu Kiang
Alexander Charles Hungate
Keith Tay Ah Kee

Board Risk and Safety Committee

Yap Chee Meng (Chairman)
David Heng Chen Seng
Nihal Vijaya Devadas Kaviratne CBE

Nominating Committee

David Zalmon Baffsky (Chairman)
Keith Tay Ah Kee
Leo Yip Seng Cheong

Remuneration and Human Resource Committee

Edmund Cheng Wai Wing (Chairman)
David Zalmon Baffsky
Koh Poh Tiong
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
Chartered 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

Alexander Charles Hungate
President and Chief Executive Officer

Tan Chuan Lye
Chairman,
Food Solutions

Cho Wee Peng
Chief Financial Officer

Ferry Chung Qing An
Executive Vice President,
Enterprise Development

Yacoob Bin Ahmed Piperdi
Executive Vice President,
Gateway Services

Wong Hong
Executive Vice President,
Food Solutions

Helen Chan Yin Foong
Senior Vice President,
Finance

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 and Security Services

Poon Choon Liang
Advisor,
Singapore Food Industries Pte. Ltd.

Prema d/o K Subramaniam
Senior Vice President,
Legal and Secretariat,
General Counsel and
Company Secretary

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

This Annual Report is printed on environmentally friendly paper

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Company Registration No. 197201770G

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