# financials


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# report by the board of directors

The directors have pleasure in presenting their report together with the audited financial statements of the Group and the balance sheets and statements of changes in equity of the Company for the financial year ended 31 March 2009.

## 1. Directors of the Company

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

| | | |
|---|---|---|
| Edmund Cheng Wai Wing | – | Chairman |
| Chew Choon Seng | – | Deputy Chairman (Retired on 24 July 2008) |
| David Zalmon Baffsky | – | (Appointed on 15 May 2008) |
| Khaw Kheng Joo | | |
| Rajiv Behari Lall | – | (Appointed on 5 May 2008) |
| Mak Swee Wah | – | (Appointed on 24 July 2008) |
| Ng Kee Choe | | |
| Ow Chin Hock | | |
| Keith Tay Ah Kee | | |
| Yeo Chee Tong | | |

## 2. Directors' interests in ordinary shares, share options and debentures

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

| Name of director | DIRECT INTEREST 1.4.2008/ date of appointment | DIRECT INTEREST 31.3.2009 | DEEMED INTEREST 1.4.2008/ date of appointment | DEEMED INTEREST 31.3.2009 |
|---|---|---|---|---|
| Interest in Singapore Airlines Limited | | | | |
| Ordinary shares | | | | |
| Mak Swee Wah | 8,700 | **8,700** | – | **-** |
| Options to subscribe for ordinary shares | | | | |
| Mak Swee Wah | 206,100 | **206,100** | – | **-** |
| Conditional award of restricted shares | | | | |
| Mak Swee Wah | 13,845 | **30,845** | – | **-** |
| Conditional award of performance shares | | | | |
| Mak Swee Wah | 13,967 | **28,967** | – | **-** |
| Interest in Singapore Airport Terminal Services Limited | | | | |
| Ordinary shares | | | | |
| Ng Kee Choe | 11,000 | **11,000** | – | **-** |
| Keith Tay Ah Kee | 35,000 | **35,000** | – | **-** |
| Yeo Chee Tong | – | **200,000** | – | **-** |
| Interest in STATS ChipPac Ltd | | | | |
| Ordinary shares | | | | |
| Edmund Cheng Wai Wing | 200,000 | **200,000** | – | **-** |
| Interest in Singapore Telecommunications Limited | | | | |
| Ordinary shares | | | | |
| Khaw Kheng Joo | 1,360 | **1,360** | 1,550 | **1,550** |
| Mak Swee Wah | 1,550 | **1,550** | 1,180 | **1,180** |
| Ng Kee Choe | 1,540 | **1,540** | 1,540 | **1,540** |
| Ow Chin Hock | 11,900 | **11,900** | 11,061 | **11,061** |
| Keith Tay Ah Kee | 26,650 | **26,650** | – | **-** |
| Yeo Chee Tong | 5,315 | **5,315** | 1,537 | **1,537** |

## 2. Directors' Interest in ordinary shares, share options and debentures (continued)

| Name of director | DIRECT INTEREST 1.4.2008/ date of appointment | DIRECT INTEREST 31.3.2009 | DEEMED INTEREST 1.4.2008/ date of appointment | DEEMED INTEREST 31.3.2009 |
|---|---|---|---|---|
| Interest in SNP Corporation Limited * | | | | |
| Ordinary shares | | | | |
| Edmund Cheng Wai Wing | – | **-** | 65,000 | **-** |
| Yeo Chee Tong | 816,500 | **-** | 948,053 | **-** |
| Options to subscribe for ordinary shares | | | | |
| Edmund Cheng Wai Wing | 193,000 | **-** | – | **-** |
| Yeo Chee Tong | 1,195,000 | **-** | – | **-** |
| Interest in CapitaLand Limited | | | | |
| Ordinary shares | | | | |
| Rajiv Behari Lall | 12,996 | **12,996** | – | **-** |
| Interest in Chartered Semiconductor Manufacturing Limited | | | | |
| Ordinary shares | | | | |
| Ow Chin Hock | – | **-** | 10,000 | **10,000** |
| Interest in Mapletree Logistics Trust Management Limited | | | | |
| Unit holdings in Mapletree Logistics Trust | | | | |
| Edmund Cheng Wai Wing | 220,000 | **690,000** | – | **-** |
| Interest in SP AusNet | | | | |
| Stapled Securities | | | | |
| Ng Kee Choe | 150,000 | **152,990** | – | **-** |
| Ow Chin Hock | – | **-** | 4,000 | **4,000** |
| Keith Tay Ah Kee | 100,000 | **105,981** | – | **-** |
| Interest in PT Bank Danamon Indonesia Tbk | | | | |
| Ordinary shares | | | | |
| Ng Kee Choe | 50,000 | **50,000** | – | **-** |
| Interest in TeleChoice International Limited | | | | |
| Ordinary shares | | | | |
| Yeo Chee Tong | 9,000 | **9,000** | – | **-** |
| Interest in Singapore Technologies Engineering Limited | | | | |
| Ordinary shares | | | | |
| Yeo Chee Tong | – | **-** | 2,568 | **2,568** |
| Interest in Singapore Post Limited | | | | |
| Ordinary shares | | | | |
| Keith Tay Ah Kee | 128,350 | **128,350** | – | **-** |

There was no change in any of the above-mentioned interests between the end of the financial year and 21 April 2009, except for Mr Ow Chin Hock whose interest in the ordinary shares of Chartered Semiconductor Manufacturing Limited as at 21 April 2009 was 39,000.

* SNP Corporation Limited ceased to be a related corporation of the Company during the financial year.

## 2. Directors' Interest in ordinary shares, share options and debentures (continued)

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

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

## 3. Directors' contractual benefits

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

## 4. Options on shares in the Company

### (i) Employee Share Option Plan

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

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

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

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

At the date of this report, the Remuneration and Human Resource Committee administering the Plan comprises the following directors:

| | | |
|---|---|---|
| Edmund Cheng Wai Wing | - | Chairman |
| Mak Swee Wah | - | Member |
| Ng Kee Choe | - | Member |
| Yeo Chee Tong | - | Member |

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

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

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

During the financial year, in consideration of the payment of $1 for each offer accepted, offers of options were granted pursuant to the Plan in respect of 13,517,300 unissued ordinary shares in the Company at an exercise price of $2.17 per share.

## 4. Options on shares in the Company (continued)

### (i) Employee Share Option Plan (continued)

At the end of the financial year, options to take up 67,001,325 unissued ordinary shares in the Company were outstanding:

| Date of grant | Balance at 1.4.2008/ date of grant* | Lapsed | Exercised | Not accepted | Balance at 31.3.2009 | Exercise price** | Exercisable period |
|---|---|---|---|---|---|---|---|
| 28.3.2000 | 5,594,200 | 515,500 | 54,800 | – | **5,023,900** | $ 2.15 | 28.3.2001–27.3.2010 |
| 3.7.2000 | 2,094,650 | 225,300 | 36,000 | – | **1,833,350** | $ 1.75 | 3.7.2001–2.7.2010 |
| 2.7.2001 | 691,900 | 176,950 | 13,700 | – | **501,250** | $ 1.19 | 2.7.2002–1.7.2011 |
| 1.7.2002 | 1,460,100 | 223,650 | 8,500 | – | **1,227,950** | $ 1.55 | 1.7.2003–30.6.2012 |
| 1.7.2003 | 1,496,700 | 57,300 | 47,900 | – | **1,391,500** | $ 1.42 | 1.7.2004–30.6.2013 |
| 1.7.2004 | 5,229,200 | 83,300 | 36,000 | – | **5,109,900** | $ 2.04 | 1.7.2005–30.6.2014 |
| 1.7.2005 | 10,872,950 | 176,700 | 31,200 | – | **10,665,050** | $ 2.22 | 1.7.2006–30.6.2015 |
| 3.7.2006 | 14,494,975 | 242,050 | 129,600 | – | **14,123,325** | $ 2.05 | 3.7.2007–2.7.2016 |
| 2.7.2007 | 13,938,600 | 220,600 | – | – | **13,718,000** | $ 3.01 | 2.7.2009–1.7.2017 |
| 1.7.2008 | 13,517,300 | 110,200 | – | – | **13,407,100** | $ 2.17 | 1.7.2010–30.6.2018 |
| | 69,390,575 | 2,031,550 | 357,700 | – | **67,001,325** | | |

* Balance as at date of the most recent grant.
** Following approval by the Company's shareholders of the declaration of a special dividend of $0.05 per share on 26 July 2007, the Committee administering the Plan has approved a $0.05 reduction in the exercise prices of all share options outstanding on 30 July 2007. The exercise prices reflected here are the exercise prices after such adjustment.

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

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

Depending on the achievement of pre-determined targets over a two-year period for the RSP and a three-year period for the PSP, the final number of restricted shares and performance shares awarded could range between 0% and 120% of the initial grant of the restricted shares and between 0% and 150% of the initial grant of the performance shares.

Based on meeting stated performance conditions over a two-year performance period, 50% of the RSP award will vest. The balance will vest equally over the subsequent two years with fulfilment of service requirements. PSP award will vest based on meeting stated performance conditions over a three-year performance period.

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

Edmund Cheng Wai Wing – Chairman
Mak Swee Wah – Member
Ng Kee Choe – Member
Yeo Chee Tong – Member

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

No employee has received 5% or more of the total number of shares granted under the Employee Share Option Plan, RSP and PSP.

## 4. Options on shares in the Company (continued)

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

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

### RSP

| | NUMBER OF ORDINARY SHARES | | | |
|---|---|---|---|---|
| **Date of grant** | **Balance at 1.4.2008/later date of grant** | **Vested** | **Cancelled** | **Balance at 31.3.2009** |
| 2.10.2006 | 176,926 | (87,910) | (4,972) | **84,044** |
| 27.7.2007 | 345,750 | – | (23,400) | **322,350** |
| 1.11.2007 | 41,000 | – | – | **41,000** |
| 28.7.2008 | 532,700 | – | (21,100) | **511,600** |
| 17.11.2008 | 50,000 | – | – | **50,000** |
| | 1,146,376 | (87,910) | (49,472) | **1,008,994** |

### PSP

| | NUMBER OF ORDINARY SHARES | | | |
|---|---|---|---|---|
| **Date of grant** | **Balance at 1.4.2008/later date of grant** | **Vested** | **Cancelled** | **Balance at 31.3.2009** |
| 2.10.2006 | 85,651 | – | – | **85,651** |
| 27.7.2007 | 98,200 | – | – | **98,200** |
| 1.11.2007 | 55,000 | – | – | **55,000** |
| 28.7.2008 | 92,000 | – | – | **92,000** |
| | 330,851 | – | – | **330,851** |

## 5. Audit and Risk Management Committee

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

## 6. Auditors

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

On behalf of the Board,

**Edmund Cheng Wai Wing**
Chairman

**Keith Tay Ah Kee**
Director

Dated this 8th day of May 2009

# statement by the directors

pursuant to section 201(15)

We, EDMUND CHENG WAI WING and KEITH TAY AH KEE, being two of the directors of SINGAPORE AIRPORT TERMINAL SERVICES LIMITED, do hereby state that in the opinion of the directors:

a) the accompanying consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company, together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2009, the changes in equity of the Group and of the Company, the results of the business and the cash flows of the Group for the financial year ended on that date; and

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

On behalf of the Board,

**Edmund Cheng Wai Wing**
Chairman

**Keith Tay Ah Kee**
Director

Dated this 8th day of May 2009

# independent auditors' report

to the members of Singapore Airport Terminal Services Limited

We have audited the accompanying financial statements of Singapore Airport Terminal Services Limited (the Company) and its subsidiaries (collectively, the Group) set out on pages 97 to 155, which comprise the balance sheets of the Group and the Company as at 31 March 2009, the statements of changes in equity of the Group and the Company, the profit and loss account and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes 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 account and balance sheets and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 and fair presentation of the financial statements 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,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2009 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; and

(ii) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

**Ernst & Young LLP**
Public Accountants and Certified Public Accountants

SINGAPORE
Dated this 8th day of May 2009

# consolidated profit and loss account

for the year ended 31 march 2009 (in $ thousand)

| | Note | GROUP 2008-09 | 2007-08 |
|---|---|---|---|
| Revenue | 4 | **1,062,094** | 958,042 |
| Expenditure | | | |
| Staff costs | 5 | **(442,758)** | (426,691) |
| Cost of raw materials | | **(155,427)** | (86,466) |
| Licensing fees | | **(59,889)** | (61,854) |
| Depreciation and amortisation charges | | **(64,594)** | (59,179) |
| Company accommodation and utilities | | **(77,093)** | (69,720) |
| Other costs | | **(91,446)** | (79,758) |
| | | **(891,207)** | (783,668) |
| Operating profit | 6 | **170,887** | 174,374 |
| Interest on borrowings | 7 | **(6,708)** | (6,142) |
| Interest income | 8 | **6,872** | 15,719 |
| Dividend from long-term investment, gross | | **1,167** | 1,119 |
| Share of profits of associated companies | | **22,231** | 44,711 |
| Share of loss of joint venture company | | **(1)** | - |
| Loss on sale of investment in subsidiary | | **(44)** | - |
| Gain on disposal of property, plant and equipment | | **470** | 240 |
| Amortisation of deferred income, net of expenses | | **(538)** | 1,413 |
| Loss on sale of short-term non-equity investment | | **(10,821)** | - |
| Profit before exceptional item | | **183,515** | 231,434 |
| Exceptional item | 9 | **-** | 17,342 |
| Profit before tax | | **183,515** | 248,776 |
| Taxation | 10 | **(35,059)** | (53,597) |
| Profit after taxation | | **148,456** | 195,179 |
| Profit attributable to: | | | |
| Equity holders of the Company | | **146,775** | 194,909 |
| Minority interests | | **1,681** | 270 |
| Profit for the year | | **148,456** | 195,179 |
| Basic earnings per share (cents) | 11 | **13.6** | 18.2 |
| Diluted earnings per share (cents) | 11 | **13.6** | 17.9 |

The notes on pages 102 to 155 form an integral part of the financial statements.

# balance sheets

at 31 march 2009 (in $ thousand)

| | Note | GROUP 31.2.2009 | GROUP 31.3.2008 | COMPANY 31.3.2009 | COMPANY 31.3.2008 |
|---|---|---|---|---|---|
| Share capital | 13 | **255,177** | 250,079 | **255,177** | 250,079 |
| Reserves | | | | | |
| Revenue reserve | | **1,161,762** | 1,165,972 | **907,684** | 914,041 |
| Foreign currency translation reserve | | **(48,495)** | (54,156) | **-** | - |
| Share-based compensation reserve | 14 | **23,824** | 16,796 | **23,824** | 16,796 |
| Fair value reserve | 14 | **(326)** | (684) | **(326)** | (684) |
| Statutory reserve | 14 | **6,123** | 5,900 | **-** | - |
| | | **1,142,888** | 1,133,828 | **931,182** | 930,153 |
| Equity attributable to equity holders of the Company | | **1,398,065** | 1,383,907 | **1,186,359** | 1,180,232 |
| Minority interests | | **18,284** | 3,996 | **-** | - |
| Total equity | | **1,416,349** | 1,387,903 | **1,186,359** | 1,180,232 |
| Deferred taxation | 15 | **99,405** | 47,908 | **27,882** | 30,984 |
| Notes payable | 16 | **-** | 200,000 | **-** | 200,000 |
| Term loans | 17 | **11,294** | 3,374 | **-** | - |
| Finance leases | 18 | **5,580** | 3,835 | **-** | - |
| Other long term liability | | **4,000** | - | **4,000** | - |
| Deferred income | 19 | **20,957** | 22,779 | **20,957** | 22,779 |
| | | **1,557,585** | 1,665,799 | **1,239,198** | 1,433,995 |
| Represented by: | | | | | |
| Property, plant and equipment | 20 | | | | |
| Freehold land and buildings | | **14,195** | - | **-** | - |
| Leasehold land and buildings | | **460,780** | 451,119 | **-** | - |
| Progress payments | | **4,864** | 5,462 | **295** | 698 |
| Others | | **128,544** | 108,244 | **333** | 535 |
| | | **608,383** | 564,825 | **628** | 1,233 |
| Investment properties | 21 | **7,001** | - | **410,383** | 434,509 |
| Subsidiary companies | 22 | **-** | - | **540,722** | 43,275 |
| Long-term investment | 23 | **7,904** | 7,886 | **7,886** | 7,886 |
| Joint venture company | 24 | **266** | - | **-** | - |
| Associated companies | 25 | **333,465** | 333,313 | **270,819** | 270,819 |
| Loan to a subsidiary | | **-** | - | **726** | - |
| Loan to an associated company | 25 | **760** | 1,243 | **760** | 1,243 |
| Intangible assets | 26 | **474,995** | 7,540 | **1,146** | 547 |
| Other non-current assets | 27 | **12,064** | 8,202 | **12,064** | 8,202 |
| Deferred tax assets | 15 | **5,174** | - | **680** | - |
| Current assets | | | | | |
| Trade debtors | 28 | **123,756** | 52,377 | **5,956** | 3,989 |
| Other debtors | 29 | **11,697** | 6,917 | **2,721** | 5,108 |
| Prepayments | | **13,131** | 2,912 | **2,124** | 1,535 |
| Related companies | 30 | **236,631** | 184,203 | **157,025** | 106,643 |
| Associated companies | 25 | **248** | 426 | **248** | 426 |
| Loan to an associated company | 25 | **608** | 552 | **608** | 552 |
| Inventories | 31 | **56,624** | 13,891 | **218** | 289 |
| Short-term non-equity investments | | **20,400** | 44,436 | **20,400** | 44,436 |
| Fixed deposits | 32 | **83,872** | 599,953 | **83,083** | 599,178 |
| Cash and bank balances | 32 | **53,404** | 20,874 | **8,004** | 13,045 |
| | | **600,371** | 926,541 | **280,387** | 775,201 |
| Less: | | | | | |
| Current liabilities | | | | | |
| Bank overdraft - secured | 32 | **1,805** | - | **-** | - |
| Trade creditors | | **136,892** | 117,764 | **19,608** | 19,337 |
| Other creditors | 33 | **67,410** | 9,051 | **9,515** | 1,819 |
| Related companies | 30 | **-** | - | **44,516** | 69,371 |
| Provision for taxation | | **53,857** | 56,115 | **13,364** | 18,393 |
| Term loans | 17 | **31,927** | 448 | **-** | - |
| Notes payable | 16 | **200,000** | - | **200,000** | - |
| Finance leases - current | 18 | **907** | 373 | **-** | - |
| | | **492,798** | 183,751 | **287,003** | 108,920 |
| Net current assets/(liabilities) | | **107,573** | 742,790 | **(6,616)** | 666,281 |
| | | **1,557,585** | 1,665,799 | **1,239,198** | 1,433,995 |

The notes on pages 102 to 155 form an integral part of the financial statements.

# statements of changes in equity

for the year ended 31 march 2009 (in $ thousand)

| | Note | Share capital | Revenue reserve | Share-based compen-sation reserve | Fair value reserve | Statutory reserve* | Foreign currency translation reserve | Total | Minority interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | | ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY | | | | | | | | |
| Group | | | | | | | | | | |
| Balance at 31 March 2008 | | 250,079 | 1,165,972 | 16,796 | (684) | 5,900 | (54,156) | 1,383,907 | 3,996 | 1,387,903 |
| Transfer to statutory reserve | | – | (223) | – | – | 223 | – | – | – | – |
| Foreign currency translation | | – | – | – | – | – | 5,661 | 5,661 | 48 | 5,709 |
| Net fair value changes on available-for-sale assets | | – | – | – | 358 | – | – | 358 | – | 358 |
| Net income/(expense) not recognised in the profit and loss account | | – | (223) | – | 358 | 223 | 5,661 | 6,019 | 48 | 6,067 |
| Profit for the year | | – | 146,775 | – | – | – | – | 146,775 | 1,681 | 148,456 |
| Net income recognised for the year | | – | 146,552 | – | 358 | 223 | 5,661 | 152,794 | 1,729 | 154,523 |
| Share-based payment | | – | – | 7,632 | – | – | – | 7,632 | – | 7,632 |
| Share options exercised and lapsed | | 978 | 313 | (604) | – | – | – | 687 | – | 687 |
| Issuance of shares | | 4,120 | – | – | – | – | – | 4,120 | – | 4,120 |
| Issuance of share capital by subsidiary | | – | – | – | – | – | – | – | 525 | 525 |
| Acquisition of shares in subsidiary | | – | 15 | – | – | – | – | 15 | 11,821 | 11,836 |
| Disposal of shares in subsidiary | | – | – | – | – | – | – | – | 333 | 333 |
| Dividends, net | 12 | – | (151,090) | – | – | – | – | (151,090) | (120) | (151,210) |
| Balance at 31 March 2009 | | **255,177** | **1,161,762** | **23,824** | **(326)** | **6,123** | **(48,495)** | **1,398,065** | **18,284** | **1,416,349** |
| Group | | | | | | | | | | |
| Balance at 31 March 2007 | | 215,536 | 1,111,298 | 12,977 | (85) | 5,582 | (31,159) | 1,314,149 | 3,916 | 1,318,065 |
| Transfer to statutory reserve | | – | (318) | – | – | 318 | – | – | – | – |
| Foreign currency translation | | – | – | – | – | – | (22,997) | (22,997) | – | (22,997) |
| Net fair value changes on available-for-sale assets | | – | – | – | (599) | – | – | (599) | – | (599) |
| Net income/(expense) not recognised in the profit and loss account | | – | (318) | – | (599) | 318 | (22,997) | (23,596) | – | (23,596) |
| Profit for the year | | – | 194,909 | – | – | – | – | 194,909 | 270 | 195,179 |
| Net income and expense recognised for the year | | – | 194,591 | – | (599) | 318 | (22,997) | 171,313 | 270 | 171,583 |
| Share-based payment | | – | – | 7,801 | – | – | – | 7,801 | – | 7,801 |
| Share options exercised and lapsed | | 34,543 | 72 | (3,982) | – | – | – | 30,633 | – | 30,633 |
| Dividends, net | 12 | – | (139,989) | – | – | – | – | (139,989) | (190) | (140,179) |
| Balance at 31 March 2008 | | 250,079 | 1,165,972 | 16,796 | (684) | 5,900 | (54,156) | 1,383,907 | 3,996 | 1,387,903 |

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

# statements of changes in equity

for the year ended 31 march 2009 (in $ thousand)

| | Note | Share capital | Revenue reserve | Share-based compensation reserve | Fair value reserve | Total equity |
|---|---|---|---|---|---|---|
| Company | | | | | | |
| Balance at 31 March 2008 | | 250,079 | 914,041 | 16,796 | (684) | 1,180,232 |
| Net fair value changes on available-for-sale assets | | – | – | – | 358 | 358 |
| Profit for the year | | – | 144,420 | – | – | 144,420 |
| Net income recognised for the year | | – | 144,420 | – | 358 | 144,778 |
| Share-based payment | | – | – | 7,632 | – | 7,632 |
| Share options exercised and lapsed | | 978 | 313 | (604) | – | 687 |
| Issuance of shares | | 4,120 | – | – | – | 4,120 |
| Dividends, net | 12 | – | (151,090) | – | – | (151,090) |
| Balance at 31 March 2009 | | **255,177** | **907,684** | **23,824** | **(326)** | **1,186,359** |
| Company | | | | | | |
| Balance at 31 March 2007 | | 215,536 | 895,801 | 12,977 | (85) | 1,124,229 |
| Net fair value changes on available-for-sale assets | | – | – | – | (599) | (599) |
| Profit for the year | | – | 158,157 | – | – | 158,157 |
| Net income and expense recognised for the year | | – | 158,157 | – | (599) | 157,558 |
| Share-based payment | | – | – | 7,801 | – | 7,801 |
| Share options exercised and lapsed | | 34,543 | 72 | (3,982) | – | 30,633 |
| Dividends, net | 12 | – | (139,989) | – | – | (139,989) |
| Balance at 31 March 2008 | | 250,079 | 914,041 | 16,796 | (684) | 1,180,232 |

The notes on pages 102 to 155 form an integral part of the financial statements.

# consolidated cash flow statement

for the year ended 31 march 2009 (in $ thousand)

| | Note | 2008-09 | 2007-08 |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Profit before taxation | | **183,515** | 248,776 |
| Adjustments for: | | | |
| Interest income | | **(6,872)** | (15,719) |
| Interest on borrowings | | **6,708** | 6,142 |
| Dividend from long-term investment | | **(1,167)** | (1,119) |
| Depreciation and amortisation charges | | **64,594** | 59,179 |
| Effects of exchange rate changes | | **(289)** | 476 |
| Gain on disposal of investment property | | **-** | (17,342) |
| Gain on disposal of property, plant and equipment | | **(470)** | (240) |
| Share of profits of associated companies | | **(22,231)** | (44,711) |
| Share of loss of joint venture company | | **1** | - |
| Share-based payment expense | | **7,632** | 7,801 |
| Amortisation of deferred income, net of expenses | | **538** | (1,413) |
| Negative goodwill arising from acquisition of subsidiary | 22 | **(2,507)** | - |
| Income from purchase price warranty claim | | **(1,112)** | - |
| Gain on disposal of held for sale assets | | **(2,025)** | - |
| Gain on disposal of long-term investment | | **44** | - |
| Loss on disposal of short-term non-equity investments | | **10,821** | - |
| Operating profit before working capital changes | | **237,180** | 241,830 |
| Decrease/(increase) in debtors | | **18,367** | (380) |
| Increase in prepayments | | **(10,219)** | (147) |
| Decrease/(increase) in inventories | | **9,851** | (1,717) |
| Decrease/(increase) in amounts owing by related companies | | **8,214** | (9,323) |
| Decrease in creditors | | **(25,874)** | (30,519) |
| Decrease in amounts due from associated companies | | **178** | 277 |
| Cash generated from operations | | **237,697** | 200,021 |
| Interest paid to third parties | | **(6,708)** | (6,142) |
| Income taxes paid | | **(47,445)** | (38,705) |
| Net cash from operating activities | | **183,544** | 155,174 |
| Cash flows from investing activities | | | |
| Capital expenditure | 32 | **(28,079)** | (15,076) |
| Repayment of loan from associated company | | **427** | 805 |
| Dividends from associated companies | | **18,311** | 15,592 |
| Dividend from long-term investment | | **1,167** | 1,119 |
| Proceeds from disposal of investment property | | **-** | 38,000 |
| Proceeds from disposal of property, plant and equipment | | **1,817** | 295 |
| Proceeds from purchase price warranty claim | | **556** | - |
| Interest received from deposits | | **7,028** | 16,182 |
| Proceeds from disposal of short-term non-equity investments | | **13,573** | 28,464 |
| Capital expenditure for setting up associated companies | | **(3,862)** | (8,202) |
| Proceeds from disposal of held for sale assets | | **5,176** | - |
| Investment in subsidiaries, net of cash acquired | 22 | **(457,829)** | - |
| Acquisition of shares in subsidiary | 22 | **(627)** | - |
| Net cash (used in)/from investing activities | | **(442,342)** | 77,179 |
| Cash flows from financing activities | | | |
| Bank charges on sale and leaseback arrangement | | **(2,360)** | (410) |
| Proceeds from term loans | | **-** | 1,300 |
| Repayment of term loans | | **(14,073)** | (297) |
| Repayment of finance leases | | **(319)** | (54) |
| Proceeds from exercise of share options | | **687** | 30,633 |
| Dividends paid | | **(151,090)** | (139,989) |
| Dividends paid by subsidiary companies to minority interests | | **(120)** | (190) |
| Proceeds from issuance of shares by subsidiary to minority interests | | **525** | - |
| Net cash used in financing activities | | **(166,750)** | (109,007) |
| Net (decrease)/increase in cash and cash equivalents | | **(425,548)** | 123,346 |
| Effect of exchange rate changes | | **964** | (476) |
| Cash and cash equivalents at beginning of financial year | | **700,323** | 577,453 |
| Cash and cash equivalents at end of financial year | 32 | **275,739** | 700,323 |

The notes on pages 102 to 155 form an integral part of the financial statements.

# notes to financial statements

31 march 2009

## 1. General

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

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

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

The principal activities of the subsidiaries are disclosed in Note 22 to the financial statements. During the year, the Company acquired a controlling interest in Singapore Food Industries Limited ("SFI"). The principal activities of SFI are those relating to food processing and distribution.

The consolidated financial statements for the financial year ended 31 March 2009 were authorised for issue in accordance with a resolution of the Directors on 8 May 2009.

## 2. Accounting policies

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

### (a) Basis of preparation

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

### (b) New and revised standards

In the current financial year, the Group has adopted all of the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective from 1 April 2008. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's and Company's accounting policies and has no material effect on the accounts reported for the current or prior years.

## 2. Accounting policies (continued)

### (b) New and revised standards (continued)

At the date of authorisation of these financial statements, the following FRS, INT FRS and amendments to FRS that are relevant to the Group were issued but not effective. The Group has not applied the following FRS and INT FRS that have been issued but not yet effective:

| | | Effective date (Annual periods beginning on or after) |
|---|---|---|
| Various Improvements to FRSs | | 1 January 2009 (unless otherwise stated) |
| FRS 1: | Presentation of Financial Statements<br>– Revised Presentation<br>– Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation | 1 January 2009 |
| FRS 23: | Borrowing Costs | 1 January 2009 |
| FRS 27: | Consolidated and Separate Financial Statements<br>– Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate | 1 January 2009 |
| FRS 32: | Financial Instruments: Presentation<br>– Amendments relating to Puttable Financial Instrumentsand Obligations Arising on Liquidation | 1 January 2009 |
| FRS 39: | Financial Instruments: Recognition and Measurement<br>– Eligible Hedged Items | 1 July 2009 |
| FRS 101: | First-time Adoption of Financial Reporting Standards<br>– Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate | 1 January 2009 |
| FRS 102: | Share-based Payment<br>– Vesting Conditions and Cancellations | 1 January 2009 |
| FRS 107: | Amendments to FRS 107 Financial Instruments: Disclosures<br>– Improving Disclosures about Financial Instruments | 1 January 2009 |
| FRS 108: | Operating Segments | 1 January 2009 |
| INT FRS 113: | Customer Loyalty Programmes | 1 July 2008 |
| INT FRS 116: | Hedges of a Net Investment in a Foreign Operation | 1 October 2008 |
| INT FRS 117: | Distributions of Non-Cash Assets to Owners | 1 July 2009 |
| INT FRS 118: | Transfer of Assets from Customers | 1 July 2009 |

The Directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application except for the following:

FRS 1: Presentation of Financial Statements – Revised Presentation

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt.

This is a disclosure standard with no impact on the financial position or financial performance of the Company.

FRS 108: Operating Segments

FRS 108 requires the disclosure of segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures has yet been determined. As this is a disclosure standard, there will be no impact on the financial position or financial performance of the Group and Company.

# notes to financial statements

31 march 2009

## 2. Accounting policies (continued)

### (c) Basis of consolidation

The consolidated financial statements comprise the separate financial statements of the Company and its subsidiaries as at the balance sheet date. 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 for like transactions and events in similar circumstances. A list of the Group's subsidiary companies is shown in Note 22 to the financial statements.

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

Acquisitions of subsidiaries are accounted for using the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of the business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. The accounting policy for goodwill is set out in Note 2 (f)(i). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of the business combination is recognised in the profit and loss account on the date of acquisition.

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.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated profit and loss account and within equity in the consolidated balance sheet, separately from shareholders' equity. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised in goodwill. Gain or loss on disposal of minority interests is recognised in profit and loss account.

### (d) Subsidiary, associated and joint venture companies

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

A subsidiary company is defined as an entity over which the Group has the power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights.

An associated company is defined as an entity, not being a subsidiary company or joint venture company, in which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to between and including 20% and 50% of the voting rights. A list of the Group's associated companies is shown in Note 25 to the financial statements.

The Group's investments in associated companies are accounted for using the equity method. Under the equity method, the investment in associated company is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated company. Goodwill relating to an associated company is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of profit or loss of the associated company in the period in which the investment is acquired.

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

A joint venture company is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group's joint venture company is shown in Note 24 to the financial statements.

## 2. Accounting policies (continued)

### (d) Subsidiary, associated and joint venture companies (continued)

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

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

### (e) Functional and foreign currencies

(i) Functional currency

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

(ii) Foreign currency transactions

Foreign currency transactions are converted into Singapore dollars at exchange rates which approximate bank rates prevailing at dates of transactions. All foreign currency monetary assets and liabilities are translated into Singapore dollars using year-end exchange rates. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Gains and losses arising from conversion of monetary assets and liabilities are dealt with in the profit and loss account.

(iii) Foreign currency translations

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

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

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

### (f) Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

## 2. Accounting policies (continued)

### (f) Intangible assets (continued)

#### (i) Goodwill (continued)

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

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

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

#### (ii) Computer software

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

#### (iii) Transferable fishing licences

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

#### (iv) Abattoir licence

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

#### (v) Other intangible assets

Other intangible assets relate to brand names and customer relationships acquired in a business combination. The useful lives of some of the brands acquired are estimated to be indefinite because based on the current market share of the brands, the management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash inflows for the Group. For those brands with finite lives, they are measured at cost less accumulated amortisation and impairment losses. These intangible assets are amortised in the profit and loss account on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Brand names | 17 years |
| Customer relationships | 5 years |

### (g) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. 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.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit and loss account. When assets are sold or retired, their costs, accumulated depreciation and accumulated impairment losses, if any, are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit and loss account.

## 2. Accounting policies (continued)

### (g) Property, plant and equipment (continued)

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.

### (h) Depreciation of property, plant and equipment

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

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

No depreciation is provided for progress payments.

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

### (i) Investment properties

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

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

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

### (j) Leases

Finance lease – as lessee

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

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

Operating lease – as lessee

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

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

# notes to financial statements

31 march 2009

## 2. Accounting policies (continued)

### (j) Leases (continued)

Operating lease – as lessor

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

### (k) Inventories

Inventories, which consist mainly of equipment spare parts and food supplies, are stated at the lower of cost and net realisable value. Cost for fresh and chilled products are determined on a first-in-first-out basis while costs for all other remaining products are determined using the weighted average cost basis. Costs 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.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

### (l) Non-current assets held for sale

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

### (m) Financial assets

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets classified as fair value through profit and loss are recognised initially at fair value. Financial assets classified as loans and receivables, held to maturity investments, or available-for-sale are recognised initially at fair value plus directly attributable transaction costs. The Group determines the classifications of its financial assets after initial recognition, and where allowed and appropriate, re-evaluates this designation at each financial year-end.

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

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

Financial assets at fair value through profit and loss

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

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

## 2. Accounting policies (continued)

### (m) Financial assets (continued)

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss account when the loans and receivables are de-recognised or impaired, as well as through the amortisation process. Receivables are included in trade debtors on the balance sheet (Note 2 (n)).

Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either designated in this category, or not classified in any other categories. After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognised in the fair value reserve until the investment is de-recognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

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

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

### (n) Trade debtors and other debtors

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

### (o) Cash and bank balances

Cash and bank balances are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

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.

### (p) Taxation

Current tax

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

Deferred tax

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

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

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

# notes to financial statements

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## 2. Accounting policies (continued)

### (p) Taxation (continued)

Deferred tax (continued)

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

- In respect of deductible temporary differences and carry forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry forward of unused tax credits and unused tax losses can be utilised.

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

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

### (q) Loans, notes payable and borrowings

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

### (r) Borrowing cost

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

### (s) Employee benefits

Equity compensation plan

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

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

Details of the Plan are disclosed in Note 13 to the financial statements.

Equity-settled transactions

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

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

## 2. Accounting policies (continued)

### (s) Employee benefits (continued)

Equity-settled transactions (continued)

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 plan

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

### (t) Financial liabilities

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

A financial liability is de-recognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the profit and loss account when the liabilities are de-recognised or impaired, and through the amortisation process.

### (u) Derivative financial instruments

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

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

### (v) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss account net of any reimbursement.

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

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

## 2. Accounting policies (continued)

### (w) Revenue

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

### (x) Income from investments

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

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

### (y) Impairment of non-financial and financial assets

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

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to the profit and loss account unless it reverses a previous revaluation credited to equity, in which case it is charged to equity. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

The Group also assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired.

Financial assets

*Assets carried at amortised cost*

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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced either directly or through the use of an allowance account. The impairment loss is recognised in the profit and loss account.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts 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 is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit and loss account.

*Assets carried at cost*

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

## 2. Accounting policies (continued)

### (y) Impairment of non-financial and financial assets (continued)

Financial assets (continued)

*Available-for-sale financial assets*

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

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss account, is transferred from equity to the profit and loss account. Reversals of impairment losses in respect of equity instruments are not recognised in the profit and loss account. Reversals of impairment losses on debt instruments are reversed through the profit and loss account if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account.

### (z) Segmental reporting

Business segment

Following the acquisitions of Singapore Food Industries Limited, Menzies Aviation (Hong Kong) Ltd and the entire minority interest in Country Foods Pte Ltd, the Group's businesses are reorganised into airport services and food solutions divisions and are managed as two separate segments. The prior period segment information presented for comparative purposes is restated accordingly.

Geographical segment

Revenue for the Group is derived from Singapore, United Kingdom and other geographical areas.

## 3. Significant accounting estimates and judgements

Estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

### (a) Carrying value of associated companies

The Group acquired certain investments in associates at a premium to their net asset value. As at 31 March 2009, the carrying value of investments in associates exceeded the underlying net asset value by $85.6 million (2008: $99.0 million).

The above carrying value is supported by the value that is expected to be derived from these associates in the future or their value-in-use. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from these associates and also to adopt a suitable discount rate to calculate the present value of the cash flows. Changes in these estimates could have a significant impact on the value-in-use and therefore the carrying amount of these investments in associates.

### (b) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Management judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables at 31 March 2009 was $53.9 million (2008: $56.1 million).

## 4. Revenue (In $ Thousand)

### (a) Revenue

Revenue represents rental income, airport services and food solutions by the Company and the Group. Airport services include ground handling and aviation security services while food solutions refer to inflight catering, food processing and distribution services. It excludes dividends, interest income and, in respect of the Group, intra-Group transactions. Revenue is analysed as follows:

| | GROUP | |
|---|---|---|
| | 2008-09 | 2007-08 |
| External customers | **451,230** | 338,266 |
| Immediate holding company | **451,295** | 452,128 |
| Related companies | **159,569** | 167,648 |
| | **1,062,094** | 958,042 |

### (b) Analysis by activity

| | GROUP | |
|---|---|---|
| | 2008-09 | 2007-08 |
| Airport Services | **540,977** | 461,363 |
| Food Solutions | **508,241** | 481,928 |
| Corporate | **12,876** | 14,751 |
| | **1,062,094** | 958,042 |

## 5. Staff costs (In $ Thousand)

| | GROUP | |
|---|---|---|
| | 2008-09 | 2007-08 |
| Staff costs: | | |
| Salaries, bonuses and other costs * | **414,887** | 389,023 |
| CPF and other defined contributions ^ | **20,239** | 29,867 |
| Share-based compensation expense # | **7,632** | 7,801 |
| | **442,758** | 426,691 |
| Number of employees at end of year | **11,577** | 8,413 |

* Included in salaries, bonuses and other costs are contract labour expenses of $58,232,000 (2007-08: $58,289,000).
^ Included in the Central Provident Fund ("CPF") are job credits from the Government of $12,284,000.
# Disclosures relating to share-based compensation expense are in Note 13.

## 6. Operating profit (In $ Thousand)

| | GROUP | |
|---|---|---|
| | 2008-09 | 2007-08 |
| Operating profit for the financial year is stated after charging: | | |
| Directors' emoluments | | |
| - Directors of the Company | **749** | 620 |
| - Directors of subsidiary companies | **731** | 481 |
| Auditors' remuneration | | |
| - Audit fee | **375** | 291 |
| - Non-audit fee | **834** | 188 |
| Maintenance of equipment and vehicles | **18,945** | 16,922 |
| IT expenses | **11,539** | 11,566 |
| Hire of ground support equipment | **4,309** | 4,519 |
| Leasehold land rental | **3,547** | 2,147 |
| Exchange (gain)/loss, net | **(1,804)** | 1,714 |

## 7. Interest on borrowings (In $ Thousand)

| | GROUP | |
|---|---|---|
| | 2008-09 | 2007-08 |
| Interest expenses on: | | |
| Loan from third parties | **708** | 126 |
| Notes payable | **6,000** | 6,016 |
| | **6,708** | 6,142 |

## 8. Interest income (In $ Thousand)

| | GROUP | |
|---|---|---|
| | 2008-09 | 2007-08 |
| Interest income from: | | |
| Immediate holding company | **916** | 3,027 |
| Third parties | **5,889** | 12,550 |
| Associated companies | **67** | 142 |
| | **6,872** | 15,719 |

## 9. Exceptional item

The exceptional item relates to gain on disposal of an investment property.

## 10. Taxation (In $ Thousand)

| | GROUP | |
|---|---|---|
| | 2008-09 | 2007-08 |
| Current taxation: | | |
| Provision in respect of profit for the year | **37,215** | 46,276 |
| Over provision in respect of prior years | **(1,834)** | (604) |
| Deferred taxation: | | |
| Movement in temporary differences | **(6,370)** | (5,396) |
| Under/(over) provision of deferred taxation in respect of prior years | **271** | (185) |
| Effects of change in tax rates | **(2,669)** | – |
| Share of associated companies' taxation | **8,395** | 13,290 |
| Provision for withholding tax expense on share of associated companies' profits | **51** | 216 |
| | **35,059** | 53,597 |

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

| | GROUP | |
|---|---|---|
| | 2008-09 | 2007-08 |
| Profit before taxation | **183,515** | 248,776 |
| Taxation at statutory tax rate of 17% (2008: 18%) | **31,198** | 44,780 |
| Adjustments | | |
| Expenses not deductible for tax purposes | **6,614** | 6,847 |
| Additional tax on income of associated companies whose effective tax rate is higher than the statutory tax rate | **4,408** | 3,991 |
| Effect of different tax rates in other countries | **(309)** | – |
| Over provision of current taxation in respect of prior years | **(1,834)** | (604) |
| Effects of change in tax rates | **(2,669)** | – |
| Under/(over) provision of deferred taxation in respect of prior years | **271** | (185) |
| Utilisation of previously unrecognised tax losses | **-** | (138) |
| Tax exempt income | **(3,438)** | (2,465) |
| Provision for withholding tax expense on share of associated companies' profits | **51** | 216 |
| Other withholding tax paid | **934** | 1,094 |
| Others | **(167)** | 61 |
| Current financial year's taxation charge | **35,059** | 53,597 |

# notes to financial statements

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## 10. Taxation (In $ Thousand) (continued)

On 22 January 2009, the Government announced a one percentage point cut in corporate tax rate from Year of Assessment 2010. The financial effect of the reduction in tax rate was reflected in the current financial year.

In prior years, one of the subsidiaries of the Group had a change in its shareholdings, for which approximately $1,439,500 of tax losses and $814,000 of unutilised capital allowances available for future use by the subsidiary were carried forward. The ability of the subsidiary to utilise the brought forward tax losses and allowances is dependant on the subsidiary obtaining a waiver for the application of the shareholders' test. The outcome of this matter cannot be presently determined. The current financial statements do not include the effect to the profit and loss account of a tax charge of approximately $504,184 that may result from failure to obtain the required waiver.

## 11. Earnings per share

| | GROUP | |
|---|---|---|
| | 2008-09 | 2007-08 |
| Profit attributable to equity holders of the Company (In $ Thousand) | **146,775** | 194,909 |

| | GROUP 31 MARCH | |
|---|---|---|
| | 2009 | 2008 |
| Weighted average number of ordinary shares in issue used for computing basic earnings per share | **1,079,144,807** | 1,073,416,918 |
| Adjustment for share options | **563,495** | 13,071,167 |
| Weighted average number of ordinary shares in issue used for computing diluted earnings per share | **1,079,708,302** | 1,086,488,085 |
| Basic earnings per share (cents) | **13.6** | 18.2 |
| Diluted earnings per share (cents) | **13.6** | 17.9 |

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

For purposes of calculating diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to take into account the effect of dilutive options of the Company.

4,390,555 (2008: 28,863,508) of the share options granted to employees under the existing employee share option plans have not been included in the calculation of the diluted earnings per share because they are anti-dilutive for the current and previous financial period presented.

## 12. Dividends paid and proposed (In $ Thousand)

| | GROUP AND COMPANY | |
|---|---|---|
| | 2008-09 | 2007-08 |
| Dividends paid: | | |
| Final dividend of 10 cents (2008: 6 cents) per ordinary share (one-tier tax exempt) (2008: 18%) tax in respect of previous financial year | **107,921** | 52,874 |
| Special dividend of 5 cents per ordinary share less 18% tax in respect of previous financial year | **-** | 44,062 |
| Interim dividend of 4 cents (2008: 4 cents) per ordinary share (one-tier tax exempt) in respect of current financial year | **43,169** | 43,053 |
| | **151,090** | 139,989 |

The Directors proposed the following dividends for the financial year ended 31 March 2009:

| | 2008-09 |
|---|---|
| Final dividend of 6 cents per ordinary share (one-tier tax exempt) | **64,754** |

## 13. Share capital (In $ Thousand)

| | GROUP AND COMPANY 31 MARCH 2009 | 2008 |
|---|---|---|
| Issued and fully paid share capital | | |
| Ordinary shares | | |
| Balance at beginning of the year | | |
| 1,076,502,080 (2008: 1,061,792,020) ordinary shares | **250,079** | 215,536 |
| 357,700 (2008: 14,710,060) share options exercised during the year | **796** | 34,543 |
| 87,910 (2008: NIL) shares vested and issued during the year | **182** | – |
| 2,288,904 ordinary shares issued during the year | **4,120** | – |
| Balance at end of the year | | |
| 1,079,236,594 (2008: 1,076,502,080) ordinary shares | **255,177** | 250,079 |

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

During the financial year, the Company issued 357,700 ordinary shares (2008: 14,710,060) upon exercise of options granted under the Employee Share Option Plan. In addition, 87,910 ordinary shares were vested and issued during the financial year under the Restricted Share Plan.

During the financial year, the Company also issued 2,288,904 ordinary shares to one minority shareholder of Country Foods Pte Ltd ("Country Foods") as partial consideration for his entire shareholding in Country Foods.

### Share option plan

The SATS Employee Share Option Plan (the "Plan"), which comprises the Senior Executive Share Option Scheme and the Employee Share Option Scheme for senior executives and all other employees respectively, grants non–transferrable options to selected employees. Options are granted for terms of 10 years to purchase the ordinary shares of the Company at an exercise price equivalent to the average of the last dealt prices of the Company's ordinary shares on the SGX–ST for the five consecutive market days immediately preceding the date of grant.

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

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

There are no cash settlement alternatives.

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

| | GROUP 31 MARCH 2009 | | 2008 | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Outstanding at beginning of the year | **55,873,275** | **$2.28** | 57,508,655 | $2.04** |
| Granted | **13,517,300** | **$2.17** | 14,201,500 | $3.01 |
| Not accepted | – | | (108,500) | |
| Exercised | **(357,700)** | **$1.92** | (14,710,060) | $2.04 |
| Lapsed | **(2,031,550)** | **$2.02** | (1,018,320) | $2.11 |
| Outstanding at end of the year | **67,001,325** | **$2.27** | 55,873,275 | $2.28 |
| Exercisable at end of the year | **39,201,075** | **$2.04** | 26,550,137 | $2.03 |

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## 13. Share capital (In $ Thousand) (continued)

### Share option plan (continued)

Fair values of the options

The fair value of services received in return for share options granted are 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 model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the July 2008 and July 2007 grants:

| | July 2008 Grant | July 2007 Grant |
|---|---|---|
| Expected dividend yield (%) | Management's forecast in line with dividend policy | |
| Expected volatility (%) | 25.1 | 27.9 |
| Risk-free interest rate (%) | 2.89 | 2.65 |
| Expected life of options (years) | 6.0 | 6.0 |
| Exercise price ($) | 2.17 | 3.01 |
| Share price at date of grant ($) | 2.21 | 3.10 |

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 | |
|---|---|---|
| | 2008-09 | 2007-08 |
| Aggregate proceeds from ordinary shares issued | **687** | 30,633 |

| | | |
|---|---|---|
| Details of share options granted during the financial year: | | |
| Expiry date | **30.6.2018** | 1.7.2017 |
| Exercise price | **$2.17** | $3.01 |

Terms of share options outstanding as at 31 March 2009:

| Exercise period | Exercise price | Number outstanding | Number exercisable |
|---|---|---|---|
| 28.03.2001 to 27.03.2010 | $ 2.15 | 154,300 | 154,300 |
| 28.03.2002 to 27.03.2010 | $ 2.15 | 4,555,400 | 4,555,400 |
| 28.03.2003 to 27.03.2010 | $ 2.15 | 156,750 | 156,750 |
| 28.03.2004 to 27.03.2010 | $ 2.15 | 157,450 | 157,450 |
| 03.07.2001 to 02.07.2010 | $ 1.75 | 135,500 | 135,500 |
| 03.07.2002 to 02.07.2010 | $ 1.75 | 1,329,050 | 1,329,050 |
| 03.07.2003 to 02.07.2010 | $ 1.75 | 184,400 | 184,400 |
| 03.07.2004 to 02.07.2010 | $ 1.75 | 184,400 | 184,400 |
| 02.07.2002 to 01.07.2011 | $ 1.19 | 7,500 | 7,500 |
| 02.07.2003 to 01.07.2011 | $ 1.19 | 436,700 | 436,700 |
| 02.07.2004 to 01.07.2011 | $ 1.19 | 7,600 | 7,600 |
| 02.07.2005 to 01.07.2011 | $ 1.19 | 49,450 | 49,450 |
| 01.07.2003 to 30.06.2012 | $ 1.55 | 21,800 | 21,800 |
| 01.07.2004 to 30.06.2012 | $ 1.55 | 888,200 | 888,200 |
| 01.07.2005 to 30.06.2012 | $ 1.55 | 153,300 | 153,300 |
| 01.07.2006 to 30.06.2012 | $ 1.55 | 164,650 | 164,650 |
| 01.07.2004 to 30.06.2013 | $ 1.42 | 31,625 | 31,625 |
| 01.07.2005 to 30.06.2013 | $ 1.42 | 1,138,425 | 1,138,425 |
| 01.07.2006 to 30.06.2013 | $ 1.42 | 101,925 | 101,925 |
| 01.07.2007 to 30.06.2013 | $ 1.42 | 119,525 | 119,525 |
| 01.07.2005 to 30.06.2014 | $ 2.04 | 258,700 | 258,700 |
| 01.07.2006 to 30.06.2014 | $ 2.04 | 4,250,300 | 4,250,300 |
| 01.07.2007 to 30.06.2014 | $ 2.04 | 284,200 | 284,200 |
| 01.07.2008 to 30.06.2014 | $ 2.04 | 316,700 | 316,700 |

## 13. Share capital (In $ Thousand) (continued)

### Share option plan (continued)

| Exercise period | Exercise price | Number outstanding | Number exercisable |
|---|---|---|---|
| 01.07.2006 to 30.06.2015 | $ 2.22 | 324,425 | 324,425 |
| 01.07.2007 to 30.06.2015 | $ 2.22 | 9,650,075 | 9,650,075 |
| 01.07.2008 to 30.06.2015 | $ 2.22 | 345,275 | 345,275 |
| 01.07.2009 to 30.06.2015 | $ 2.22 | 345,275 | – |
| 03.07.2007 to 02.07.2016 | $ 2.05 | 156,812 | 156,812 |
| 03.07.2008 to 02.07.2016 | $ 2.05 | 13,636,638 | 13,636,638 |
| 03.07.2009 to 02.07.2016 | $ 2.05 | 164,937 | – |
| 03.07.2010 to 02.07.2016 | $ 2.05 | 164,938 | – |
| 02.07.2009 to 01.07.2017 | $ 3.01 | 13,718,000 | – |
| 01.07.2010 to 30.06.2018 | $ 2.17 | 13,407,100 | – |
| | | @ 67,001,325 | 39,201,075 |

@ The total number of options outstanding includes 7,272,850 (2008: 6,699,050) share options not exercised by employees who have retired or ceased to be employed by the Company or any of the 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 Committee administering the plan. 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.

Details of movements of share options:

| Date of grant | Balance at 1.4.2008/ date of grant* | Lapsed | Exercised | Not accepted | Balance at 31.3.2009 | Exercise price** | Exercisable period |
|---|---|---|---|---|---|---|---|
| 28.3.2000 | 5,594,200 | 515,500 | 54,800 | – | **5,023,900** | $ 2.15 | 28.3.2001–27.3.2010 |
| 3.7.2000 | 2,094,650 | 225,300 | 36,000 | – | **1,833,350** | $ 1.75 | 3.7.2001–2.7.2010 |
| 2.7.2001 | 691,900 | 176,950 | 13,700 | – | **501,250** | $ 1.19 | 2.7.2002–1.7.2011 |
| 1.7.2002 | 1,460,100 | 223,650 | 8,500 | – | **1,227,950** | $ 1.55 | 1.7.2003–30.6.2012 |
| 1.7.2003 | 1,496,700 | 57,300 | 47,900 | – | **1,391,500** | $ 1.42 | 1.7.2004–30.6.2013 |
| 1.7.2004 | 5,229,200 | 83,300 | 36,000 | – | **5,109,900** | $ 2.04 | 1.7.2005–30.6.2014 |
| 1.7.2005 | 10,872,950 | 176,700 | 31,200 | – | **10,665,050** | $ 2.22 | 1.7.2006–30.6.2015 |
| 3.7.2006 | 14,494,975 | 242,050 | 129,600 | – | **14,123,325** | $ 2.05 | 3.7.2007–2.7.2016 |
| 2.7.2007 | 13,938,600 | 220,600 | – | – | **13,718,000** | $ 3.01 | 2.7.2009–1.7.2017 |
| 1.7.2008 | 13,517,300 | 110,200 | – | – | **13,407,100** | $ 2.17 | 1.7.2010–30.6.2018 |
| | 69,390,575 | 2,031,550 | 357,700 | – | **67,001,325** | | |

* Balance as at date of the most recent grant

** Following approval by the Company's shareholders of the declaration of a special dividend of $0.05 per share on 26 July 2007, the Committee administering the Plan has approved a $0.05 reduction in the exercise prices of all share options outstanding on 30 July 2007. The exercise prices reflected here are the exercise prices after such adjustment. The Company has accounted for the modification in accordance to FRS 102. As the incremental fair value of the share options resulting from the modification is $NIL, no adjustment is made to the share-based payment expenses in the current year.

The range of exercise prices for options outstanding at the end of the year is $1.19 – $3.01 (2007–08: $1.19 – $3.01). The weighted average remaining contractual life for these options is 6.74 years (2007–08: 7.02 years).

The estimated weighted average fair value of options granted during the year was $0.36 (2007–08: $0.72).

The weighted average share price for options exercised during the year was $2.17 (2007–08: $3.09).

### 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.

## 13. Share capital (In $ Thousand) (continued)

Share-based incentive plans (continued)

The details of the two plans are described below:

| | Restricted Share Plan ("RSP") | Performance Share Plan ("PSP") |
|---|---|---|
| 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 | At Group level<br>• EBITDA# Margin<br>• Value Added per $ Employment Cost | • Absolute Total Shareholder Return (TSR)<br>• 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% – 120% depending on the achievement of pre-set performance targets over the performance period. | 0% – 150% depending on the achievement of pre-set performance targets over the performance period. |

# EBITDA denotes Earnings before Interest, Taxes, Depreciation, Amortisation

The Group has acquired Singapore Food Industries Limited ("SFI") and SFI was delisted from SGX ST with effect from 22 April 2009. The Company has agreed that it will award each participant in the SFI PSP and SFI RSP a corresponding value under the Company Share Plans which will correspond to the fair value of SFI participants' awards.

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

| | Nov 2008 | Jul 2008 | Nov 2007 | Jul 2007 |
|---|---|---|---|---|
| Expected dividend yield (%) | Management's forecast in line with dividend policy | | | |
| Expected volatility (%) | 22.0 – 25.4 | 22.0 – 25.4 | 23.4 – 27.3 | 21.7– 25.6 |
| Risk-free interest rate (%) | 1.1 – 1.9 | 1.1 – 1.9 | 2.1 – 2.4 | 2.45 – 2.59 |
| Expected term (years) | 1.9 – 3.9 | 1.9 – 3.9 | 1.7 – 3.7 | 1.9 – 3.9 |
| Cost of equity (%) | N.A. | N.A. | N.A. | N.A. |
| Share price at date of grant ($) | 1.50 | 2.09 | 2.93 | 3.04 |

### PSP

| | Jul 2008 | Nov 2007 | Jul 2007 |
|---|---|---|---|
| Expected dividend yield (%) | Management's forecast in line with dividend policy | | |
| Expected volatility (%) | 24.1 | 23.4 | 21.7 |
| Risk-free interest rate (%) | 1.44 | 2.17 | 2.47 |
| Expected term (years) | 2.9 | 2.7 | 2.9 |
| Cost of equity (%) | 8.2 | 8.2 | 8.2 |
| Share price at date of grant ($) | 2.09 | 2.93 | 3.04 |

## 13. Share capital (In $ Thousand) (continued)

### Share-based incentive plans (continued)

For non-market conditions, achievement factors are determined based on inputs from the Remuneration and Human Resource Committee for the purpose of accrual for the RSP until the achievement of the targets can be accurately ascertained.

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

### RSP

| | NUMBER OF ORDINARY SHARES | | | |
|---|---|---|---|---|
| **Date of grant** | **Balance at 1.4.2008/later date of grant** | **Vested** | **Cancelled** | **Balance at 31.3.2009** |
| 2.10.2006 | 176,926 | (87,910) | (4,972) | **84,044** |
| 27.7.2007 | 345,750 | – | (23,400) | **322,350** |
| 1.11.2007 | 41,000 | – | – | **41,000** |
| 28.7.2008 | 532,700 | – | (21,100) | **511,600** |
| 17.11.2008 | 50,000 | – | – | **50,000** |
| | 1,146,376 | (87,910) | (49,472) | **1,008,994** |

Based on the Monte Carlo simulation model, the estimated fair values at date of grant for each share granted under the RSP ranges from $1.65 to $1.86 (2008: $2.70 to $2.85).

### PSP

| | NUMBER OF ORDINARY SHARES | | | |
|---|---|---|---|---|
| **Date of grant** | **Balance at 1.4.2008/later date of grant** | **Vested** | **Cancelled** | **Balance at 31.3.2009** |
| 2.10.2006 | 85,651 | – | – | **85,651** |
| 27.7.2007 | 98,200 | – | – | **98,200** |
| 1.11.2007 | 55,000 | – | – | **55,000** |
| 28.7.2008 | 92,000 | – | – | **92,000** |
| | 330,851 | – | – | **330,851** |

The estimated weighted average fair value at date of grant for each share granted under the PSP is $1.62 (2008: $2.57) based on the Monte Carlo simulation model.

When estimating the fair value of the compensation cost, market-based performance conditions shall be taken into account. Therefore, for performance share grants with market-based performance conditions, the compensation cost shall be charged to the profit and loss account on a basis that fairly reflects the manner in which the benefits will accrue to the employee under the plan over the remaining service period from date of grant to which the performance period relates, irrespective of whether this performance condition is satisfied.

For performance share grants with non-market conditions, the Group revises its estimates of the number of share grants expected to vest and corresponding adjustments are made to the profit and loss accounts and share-based compensation reserve.

Under the PSP, eligible key executives are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

The number of contingent shares granted but not released as at 31 March 2009, were 1,008,994 (2008: 522,676) and 330,850 (2008: 183,851) for RSP and PSP respectively. As at 31 March 2009, the 2006 RSP award have outstanding unvested award of 84,044 shares. For the other grants, based on the achievement factor, the actual release of the awards could range from zero to a maximum of 1,109,940 (2008: 676,411) and 496,277 (2008: 358,277) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

## 13. Share capital (In $ Thousand) (continued)

### Share-based incentive plans (continued)

For the current financial year, the Group has provided $685,679 (2008: $492,309) in respect of the RSP and PSP based on the fair values determined on grant date and estimation of share grants that will ultimately vest.

The total amount recognised in the profit and loss account for share-based compensation transactions with employees can be summarised as follows:

| | GROUP 2008-09 | GROUP 2007-08 |
|---|---|---|
| Share-based compensation expense | | |
| Share options expense | **6,946** | 7,309 |
| Restricted share plan | **552** | 440 |
| Performance share plan | **134** | 52 |
| | **7,632** | 7,801 |

## 14. Other reserves (In $ Thousand)

### (a) Share-based compensation reserve

Share-based compensation reserve represents the equity-settled share options 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.

| | GROUP AND COMPANY 31 MARCH 2009 | 2008 |
|---|---|---|
| Balance at 1 April | **16,796** | 12,977 |
| Expense of equity-settled share options | **7,632** | 7,801 |
| Exercised and lapsed share options | **(604)** | (3,982) |
| Balance at 31 March | **23,824** | 16,796 |

### (b) Fair value reserve

Fair value reserve records the cumulative fair value changes of available-for-sale financial assets.

Fair value changes of available-for-sale financial assets:

| | GROUP AND COMPANY 31 MARCH 2009 | 2008 |
|---|---|---|
| Balance at 1 April | **(684)** | (85) |
| Net change in the reserve | **358** | (599) |
| Balance at 31 March | **(326)** | (684) |
| Net change in the reserve arises from: | | |
| Net gain/(loss) on fair value changes | **358** | (599) |

### (c) Statutory reserve

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

| | GROUP 31 MARCH 2009 | 2008 |
|---|---|---|
| Balance at 1 April | **5,900** | 5,582 |
| Transferred from revenue reserve | **223** | 318 |
| Balance at 31 March | **6,123** | 5,900 |

## 15. Deferred taxation (In $ Thousand)

| | GROUP | | | |
|---|---|---|---|---|
| | CONSOLIDATED BALANCE SHEET 31 MARCH | | CONSOLIDATED PROFIT AND LOSS ACCOUNT | |
| | 2009 | 2008 | 2008-09 | 2007-08 |
| Deferred tax liabilities | | | | |
| Differences in depreciation and amortisation | **42,158** | 46,508 | **(5,514)** | (6,154) |
| Identified intangible assets | **56,518** | - | **(748)** | - |
| Unremitted foreign dividend and interest income | **5,020** | 5,671 | **(651)** | 241 |
| Other temporary differences | **(4,291)** | (4,271) | **(708)** | 332 |
| Balance at end of year | **99,405** | 47,908 | | |
| Deferred tax assets | | | | |
| Provisions | **2,226** | - | **(1,147)** | - |
| Unutilised tax losses | **2,948** | - | **-** | - |
| Balance at end of year | **5,174** | - | | |
| Deferred income tax expense | | | **(8,768)** | (5,581) |

| | COMPANY BALANCE SHEET 31 MARCH | |
|---|---|---|
| | 2009 | 2008 |
| Deferred tax liabilities | | |
| Differences in depreciation and amortisation | **26,420** | 29,395 |
| Unremitted foreign dividend and interest income | **5,020** | 5,671 |
| Other taxable temporary differences | **(3,558)** | (4,082) |
| Balance at end of year | **27,882** | 30,984 |
| Deferred tax assets | | |
| Provisions | **680** | - |

## 16. Notes payable

Notes payable refers to unsecured medium-term notes which bear fixed interest at 3.0% per annum and are repayable on 2 September 2009.

## 17. Term loans (In $ Thousand)

| | GROUP 31 MARCH | |
|---|---|---|
| | 2009 | 2008 |
| Unsecured: | | |
| Repayable within one year | **22,384** | 379 |
| Repayable after one year | **2,990** | 3,374 |
| | **25,374** | 3,753 |
| Secured: | | |
| Repayable within one year | **9,543** | 69 |
| Repayable after one year | **8,304** | - |
| | **17,847** | 69 |
| Total term loans | **43,221** | 3,822 |

As at 31 March 2009, two of the unsecured term loans, which commenced on 10 April 2003 and 26 February 2008, are repayable in 240 and 60 instalments respectively. Interest on the unsecured term loans are charged at the bank's prevailing prime rate on monthly rests. The effective interest rates ranged from 4.2% to 4.5% (2008: 4.2% to 4.5%) per annum. The balance comprises of revolving bank loans which commenced between 10 June 2008 to 16 March 2009 and are due between 13 April 2009 to 31 August 2009. Interest is charged based on monthly floating rates and the effective interest rate ranged from 1.95% to 3.85%.

## 17. Term loans (In $ Thousand) (continued)

There are seven secured term loans held by the Group as at 31 March 2009 and they are secured on the property, plant and equipment and other assets of certain subsidiaries with a total carrying value at 31 March 2009 of $141,191,000. The terms and interest rates are as follows:

| | Effective interest rate | Maturity date | Outstanding as at 31 March 2009 |
|---|---|---|---|
| Secured term loans | | | |
| - GBP floating rate | 1.5% to 3.1% | June 2011 to May 2020 | 15,864 |
| - GBP fixed rate | 5.8% | December 2010 | 1,138 |
| - EUR floating rate | 4.8% | March 2011 | 787 |
| - AUD floating rate | 9.8% to 10.2% | December 2011 to March 2012 | 58 |
| | | | 17,847 |

### Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees granted by Singapore Food Industries Limited to banks in respect of banking facilities secured by subsidiaries amounted to $4,689,000.

## 18. Finance leases (In $ Thousand)

The Group entered into a finance lease agreement for the lease of tractors for a period of 10 years from March 2008. The principal is payable by instalments over a period of 120 months, at an interest rate of 5.1% per annum.

In addition, the Group also has finance leases for certain items of plant, machinery, equipment and motor vehicle. These lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

Future minimum lease payments under these finance leases together with the present value of the net minimum lease payments are as follows:

| | GROUP 31 MARCH | | | |
|---|---|---|---|---|
| | 2009 | | 2008 | |
| | Minimum payments | Present value of payments | Minimum payments | Present value of payments |
| Not later than one year | **1,540** | **907** | 751 | 373 |
| Later than one year but not later than five years | **4,322** | **2,702** | 2,816 | 1,662 |
| Later than five years | **3,529** | **2,878** | 2,734 | 2,173 |
| Total future lease payments | **9,391** | **6,487** | 6,301 | 4,208 |
| Amounts representing interest | **(2,904)** | **-** | (2,093) | - |
| Present value of minimum lease payments | **6,487** | **6,487** | 4,208 | 4,208 |

The average discount rate implicit in the leases is 9.45% (2008: 9.45%) per annum for the lease of tractors, 5.31% to 8.10% (2008: 5.31%) per annum for the lease of plant, machinery and equipment and 8.20% per annum for the lease of motor vehicle.

## 19. Deferred income (In $ Thousand)

The deferred income comprises gain on sale and leaseback arrangement for the Company.

| | GROUP AND COMPANY 31 MARCH | |
|---|---|---|
| | 2009 | 2008 |
| Balance as at 1 April | **22,779** | 24,602 |
| Amount recognised as income during the year | **(1,822)** | (1,823) |
| Balance as at 31 March | **20,957** | 22,779 |

## 20. Property, plant and equipment (In $ Thousand)

GROUP

| | At 1.4.08 | Acquisition of subsidiaries (Note 22) | Translation | Reclassi-fications | Additions | Disposals | At 31.3.09 |
|---|---|---|---|---|---|---|---|
| Cost | | | | | | | |
| Freehold land and buildings | – | 13,644 | 685 | – | – | – | **14,329** |
| Leasehold land and buildings | 724,474 | 34,386 | 837 | (16,293) | 8 | (2,242) | **741,170** |
| Office fittings and fixtures | 37,896 | – | – | 2,681 | 8,996 | (1,363) | **48,210** |
| Fixed ground support equipment | 337,142 | 22,514 | 3,626 | 244 | 7,392 | (861) | **370,057** |
| Mobile ground support equipment | 60,635 | 4,736 | 314 | (23) | 4,300 | (13,910) | **56,052** |
| Office and commercial equipment | 54,155 | 2,433 | 262 | 491 | 2,642 | (3,597) | **56,386** |
| Motor vehicles | 29,306 | 1,196 | 87 | 267 | 2,788 | (3,678) | **29,966** |
| | 1,243,608 | 78,909 | 5,811 | (12,633) | 26,126 | (25,651) | **1,316,170** |
| Progress payments | 5,462 | – | – | (4,325) | 3,727 | – | **4,864** |
| | 1,249,070 | 78,909 | 5,811 | (16,958)* | 29,853 | (25,651) | **1,321,034** |
| Accumulated depreciation | | | | | | | |
| Freehold land and buildings | – | – | 79 | – | 55 | – | **134** |
| Leasehold land and buildings | 283,259 | – | 341 | (9,021) | 25,242 | (2,241) | **297,580** |
| Office fittings and fixtures | 27,992 | – | – | – | 4,102 | (1,074) | **31,020** |
| Fixed ground support equipment | 258,420 | – | 2,724 | – | 18,636 | (819) | **278,961** |
| Mobile ground support equipment | 49,680 | – | 307 | (33) | 4,186 | (13,495) | **40,645** |
| Office and commercial equipment | 38,072 | – | 226 | 33 | 4,885 | (3,488) | **39,728** |
| Motor vehicles | 26,822 | – | 78 | – | 1,111 | (3,428) | **24,583** |
| | 684,245 | – | 3,755 | (9,021)* | 58,217 | (24,545) | **712,651** |
| Net book value | 564,825 | | | | | | **608,383** |

Net book value of property, plant and equipment under finance lease is $56,248,000 (2008: $67,093,000). In addition to assets held under finance leases, the Group's property, plant and equipment with a carrying amount of $45,951,000 are pledged to secure the Group's bank loans.

* Reclassification to investment properties (Note 21) and intangible assets (Note 26).

| | Restated at 1.4.07 | Reclassi-fications | Additions | Disposals | At 31.3.08 |
|---|---|---|---|---|---|
| Cost | | | | | |
| Leasehold land and buildings | 724,422 | – | 52 | – | 724,474 |
| Office fittings and fixtures | 34,452 | 634 | 3,065 | (255) | 37,896 |
| Fixed ground support equipment | 334,508 | 2,065 | 1,506 | (937) | 337,142 |
| Mobile ground support equipment | 55,565 | – | 6,519 | (1,449) | 60,635 |
| Office and commercial equipment | 50,958 | 3,550 | 1,257 | (1,610) | 54,155 |
| Motor vehicles | 28,585 | 281 | 1,078 | (638) | 29,306 |
| | 1,228,490 | 6,530 | 13,477 | (4,889) | 1,243,608 |
| Progress payments | 5,315 | (6,530) | 6,677 | – | 5,462 |
| | 1,233,805 | – | 20,154 | (4,889) | 1,249,070 |
| Accumulated depreciation | | | | | |
| Leasehold land and buildings | 258,351 | – | 24,908 | – | 283,259 |
| Office fittings and fixtures | 24,471 | – | 3,776 | (255) | 27,992 |
| Fixed ground support equipment | 239,591 | – | 19,715 | (886) | 258,420 |
| Mobile ground support equipment | 49,461 | – | 1,668 | (1,449) | 49,680 |
| Office and commercial equipment | 35,006 | – | 4,676 | (1,610) | 38,072 |
| Motor vehicles | 26,530 | – | 926 | (634) | 26,822 |
| | 633,410 | – | 55,669 | (4,834) | 684,245 |
| Net book value | 600,395 | | | | 564,825 |

Net book value of property, plant and equipment under finance lease is $67,093,000 (2007: $76,229,000).

# notes to financial statements

31 march 2009

## 20. Property, plant and equipment (In $ Thousand) (continued)

### COMPANY

| | At 1.4.08 | Reclassi-fications | Additions | Disposals | Transfer from subsidiary company | At 31.3.09 |
|---|---|---|---|---|---|---|
| Cost | | | | | | |
| Fixed ground support equipment | 1,221 | – | – | – | – | **1,221** |
| Mobile ground support equipment | 7,956 | – | – | (1,729) | – | **6,227** |
| Office and commercial equipment | 5,047 | 38 | 25 | (136) | 20 | **4,994** |
| Motor vehicles | 3,990 | – | – | – | 27 | **4,017** |
| | 18,214 | 38 | 25 | (1,865) | 47 | **16,459** |
| Progress payments | 698 | (585) | 182 | – | – | **295** |
| | 18,912 | (547)* | 207 | (1,865) | 47 | **16,754** |
| Accumulated depreciation | | | | | | |
| Fixed ground support equipment | 1,221 | – | – | – | – | **1,221** |
| Mobile ground support equipment | 7,952 | – | 1 | (1,729) | – | **6,224** |
| Office and commercial equipment | 4,586 | – | 247 | (132) | 20 | **4,721** |
| Motor vehicles | 3,920 | – | 13 | – | 27 | **3,960** |
| | 17,679 | – | 261 | (1,861) | 47 | **16,126** |
| Net book value | 1,233 | | | | | **628** |

| | At 1.4.07 | Reclassi-fications | Additions | Disposals | Transfer from subsidiary company | At 31.3.08 |
|---|---|---|---|---|---|---|
| Cost | | | | | | |
| Fixed ground support equipment | 1,221 | – | – | – | – | 1,221 |
| Mobile ground support equipment | 7,972 | – | – | (16) | – | 7,956 |
| Office and commercial equipment | 4,812 | 417 | 2 | (186) | 2 | 5,047 |
| Motor vehicles | 3,990 | – | – | – | – | 3,990 |
| | 17,995 | 417 | 2 | (202) | 2 | 18,214 |
| Progress payments | 575 | (417) | 540 | – | – | 698 |
| | 18,570 | – | 542 | (202) | 2 | 18,912 |
| Accumulated depreciation | | | | | | |
| Fixed ground support equipment | 1,221 | – | – | – | – | 1,221 |
| Mobile ground support equipment | 7,966 | – | 2 | (16) | – | 7,952 |
| Office and commercial equipment | 4,183 | – | 587 | (186) | 2 | 4,586 |
| Motor vehicles | 3,907 | – | 13 | – | – | 3,920 |
| | 17,277 | – | 602 | (202) | 2 | 17,679 |
| Net book value | 1,293 | | | | | 1,233 |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2008-09 | 2007-08 | 2008-09 | 2007-08 |
| Depreciation charge for the financial year | | | | |
| Freehold land and buildings | **55** | – | **–** | – |
| Leasehold land and buildings | **25,242** | 24,908 | **–** | – |
| Office fittings and fixtures | **4,102** | 3,776 | **–** | – |
| Fixed ground support equipment | **18,636** | 19,715 | **–** | – |
| Mobile ground support equipment | **4,186** | 1,668 | **1** | 2 |
| Office and commercial equipment | **4,885** | 4,676 | **247** | 587 |
| Motor vehicles | **1,111** | 926 | **13** | 13 |
| | **58,217** | 55,669 | **261** | 602 |

* Reclassifications to investment properties (Note 21) and intangible assets (Note 26).

## 21. Investment properties (In $ Thousand)

| | GROUP | COMPANY |
|---|---|---|
| | Leasehold land and buildings | |
| **At cost** | | |
| Balance at 1 April 2008 | – | 718,138 |
| Reclassification (Note 20) | 16,293 | 198 |
| Addition | – | 900 |
| Disposal | – | (50) |
| Balance at 31 March 2009 | **16,293** | **719,186** |
| **Accumulated depreciation** | | |
| Balance at 1 April 2008 | – | 283,629 |
| Reclassification (Note 20) | 9,021 | – |
| Depreciation | 271 | 25,174 |
| Disposal | – | – |
| Balance at 31 March 2009 | **9,292** | **308,803** |
| Net book value | **7,001** | **410,383** |
| **At cost** | | |
| Balance at 1 April 2007 | 28,363 | 746,273 |
| Addition | – | 228 |
| Disposal | (28,363) | (28,363) |
| Balance at 31 March 2008 | – | 718,138 |
| **Accumulated depreciation** | | |
| Balance at 1 April 2007 | 6,997 | 265,465 |
| Depreciation | 708 | 25,869 |
| Disposal | (7,705) | (7,705) |
| Balance at 31 March 2008 | – | 283,629 |
| Net book value | – | 434,509 |

The property rental income earned by the Group and Company for the year ended 31 March 2009 from its investment properties which are leased out under operating leases, amounted to $2,138,000 and $45,132,000 (2008: $3,064,000 and $50,330,000) respectively.

Direct operating expenses (including repairs and maintenance) arising on rental–earning investment properties amounted to $733,000 and $34,745,000 (2008: $991,000 and $35,818,000) for the Group and Company respectively.

The Directors estimated the fair value of the investment properties as at 31 March 2009 to approximate the net book value. Prior year valuations (2008: $662,900,000) are performed by independent professional valuers. The valuations are based on the sales comparison method and investment method. Under the sales comparison method, the market value of a property is assessed having regard to recent transactions of similar type properties, preferably in the same locality. The investment method involves estimating the yearly gross rental income realisable by the subject property under prevailing market conditions.

## 22. Subsidiary companies (In $ Thousand)

| | COMPANY 31 MARCH 2009 | 2008 |
|---|---|---|
| Unquoted shares, at cost | **540,722** | 43,275 |

The subsidiary companies are:

| Name of companies (Country of incorporation) | Principal activities (Place of business) | COST TO COMPANY 2009 | 2008 | PERCENTAGE OF EQUITY HELD 2009 % | 2008 % |
|---|---|---|---|---|---|
| **Held by the Company** | | | | | |
| SATS Airport Services Pte Ltd * (Singapore) | Airport ground handling services (Singapore) | **16,500** | 16,500 | **100** | 100 |
| SATS Catering Pte Ltd * (Singapore) | Inflight catering services (Singapore) | **14,000** | 14,000 | **100** | 100 |
| SATS Security Services Private Limited * (Singapore) | Aviation security services (Singapore) | **3,000** | 3,000 | **100** | 100 |
| Aero Laundry and Linen Services Private Limited * (Singapore) | Providing and selling laundry and linen services (Singapore) | **2,515** | 2,515 | **100** | 100 |
| Aerolog Express Pte Ltd * (Singapore) | Airport cargo delivery management services (Singapore) | **1,260** | 1,260 | **70** | 70 |
| Country Foods Pte Ltd * (Singapore) | Manufacturing of chilled, frozen, and processed foods (Singapore) | **11,030** | 6,000 | **100** | 67 |
| Asia-Pacific Star Private Limited* (Singapore) | Inactive (Singapore) | **#** | # | **100** | 100 |
| SATS HK Limited ^ (Hong Kong) (formerly known as Menzies Aviation (Hong Kong) Ltd) | Aircraft ramp handling and passenger services (Singapore) | **5,157** | – | **100** | – |
| Singapore Food Industries Limited @ (Singapore) | Food processing and distribution services (Singapore) | **487,260** | – | **100** | – |
| | | **540,722** | 43,275 | | |
| **Held through Country Food Pte Ltd** | | | | | |
| Country Foods Macau, Limited ^ (Macau) | Processing and packaging of food & beverage products (Macau) | **-** | – | **51** | 70 |
| **Held through Singapore Food Industries Limited** | | | | | |
| International Cuisine Limited and its subsidiaries (United Kingdom) | Production and marketing of chilled ready cooked food (United Kingdom) | **-** | – | **100** | – |
| – Cresset Limited (Republic of Ireland) | Manufacture of food products and chilled ready cooked food (Republic of Ireland) | **-** | – | **100** | – |
| – Swissco Manufacturing Limited (Republic of Ireland) | Purchase of goods and services (Republic of Ireland) | **-** | – | **100** | – |
| Singfood Pte Ltd (Singapore) | Contract manufacturing of food products (Singapore) | **-** | – | **100** | – |
| Myanmar ST Food Industries Limited (Myanmar) | Dormant (Myanmar) | **-** | – | **100** | – |

## 22. Subsidiary companies (In $ Thousand) (continued)

| Name of companies (Country of incorporation) | Principal activities (Place of business) | COST TO COMPANY 2009 | COST TO COMPANY 2008 | PERCENTAGE OF EQUITY HELD 2009 % | PERCENTAGE OF EQUITY HELD 2008 % |
|---|---|---|---|---|---|
| Held through Singapore Food Industries Limited (continued) | | | | | |
| Primary Industries Pte Ltd and its subsidiaries (Singapore) | Provision of abattoir services (Singapore) | **-** | – | **78.5** | – |
| – Farmers Abattoir Pte Ltd | Abattoir related activities | **-** | – | **78.5** | – |
| – Hog Auction Market Pte Ltd | Auctioneers of pigs | **-** | – | **78.5** | – |
| Primary Industries (Qld) Pty Ltd and its subsidiary (Australia) | Provision of land logistics support (Australia) | **-** | – | **100** | – |
| – Urangan Fisheries Pty Ltd | Processing of seafood | **-** | – | **51** | – |
| Shanghai ST Food Industries Co., Ltd (People's Republic of China) | Manufacture and sale of frozen foodstuff (People's Republic of China) | **-** | – | **96** | – |
| Singapore Food Development Pte Ltd (Singapore) | Investment holding (Singapore) | **-** | – | **100** | – |
| SFI Food Pte Ltd (Singapore) | Provision of technical and management services for agri-food business (Singapore) | **-** | – | **100** | – |
| SFI Manufacturing Pte Ltd (Singapore) | Supply of food product (Singapore) | **-** | – | **100** | – |
| S Daniels plc and its subsidiaries (United Kingdom) | Investment holding (United Kingdom) | **-** | – | **100** | – |
| – Farmhouse Fare Limited | Manufacture and sale of pudding | **-** | – | **100** | – |
| – All Square Foods Limited | Inactive | **-** | – | **100** | – |
| – Bilash Foods Limited | Inactive | **-** | – | **100** | – |
| – Brash Brothers Limited | Inactive | **-** | – | **100** | – |
| – Daniels Chilled Foods Limited | Production and marketing of chilled soup, freshly squeezed juices, fresh salads and sandwich fillings | **-** | – | **100** | – |
| – Daniels Foods Limited | Inactive | **-** | – | **100** | – |
| – Daniels Group Limited | Inactive | **-** | – | **100** | – |
| – Get Fresh Limited | Inactive | **-** | – | **100** | – |
| – Johnsons Fresh Products Limited | Inactive | **-** | – | **100** | – |
| – Johnsons Freshly Squeezed Juice Limited | Inactive | **-** | – | **100** | – |
| – Juice Limited | Inactive | **-** | – | **100** | – |
| – New Covent Garden Food Company Limited | Inactive | **-** | – | **100** | – |
| – Sun-Ripe Limited | Inactive | **-** | – | **100** | – |
| – The New Covent Garden Soup Company Limited | Inactive | **-** | – | **100** | – |

# The value is $2.
* Audited by Ernst & Young LLP, Singapore.
^ Audited by Ernst & Young, Hong Kong
@ Singapore Food Industries Limited and all its Singapore subsidiaries are audited by KPMG LLP Singapore and the significant overseas subsidiaries are audited by member firms of KPMG International. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing manual if its net tangible assets represent 20% or more of the Group's consolidated pre-tax profits. With effect from financial year ending 31 March 2010, these companies will be audited by Ernst & Young LLP, Singapore and member firms of Ernst & Young Global in the respective countries.

## 22. Subsidiary companies (In $ Thousand) (continued)

### Acquisition of minority interests

On 30 July 2008, the Company acquired the entire minority shareholding in Country Foods Pte Ltd ("Country Foods") from its minority interests for a purchase consideration of S$5,030,000, satisfied partly by way of issuance of 2,288,904 ordinary shares with fair value of $1.80 each, being the published price of the shares at the date of exchange to the vendor; and partly by cash. At the same time, Country Foods disposed of 19 per cent of the total number of issued shares of Country Foods Macau Limited ("CF Macau") to one main minority shareholder and CEO of Country Foods. Upon the completion of the transaction, Country Foods became a wholly-owned subsidiary of the Group and the effective percentage of equity held by the Group in CF Macau reduced to 51%. On the date of acquisition, the book value of the additional interest acquired was S$3,374,000. The difference between the consideration and the book value of the share of the net assets acquired is recognised in goodwill.

### Acquisition of subsidiaries

On 10 November 2008, the Company acquired 100% of Menzies Aviation (Hong Kong) Ltd ("MAHK") for a cash consideration of S$5,157,000. The purchase consideration was based on the net asset value of MAHK, on a cash-free, debt-free basis. Upon the acquisition, MAHK became a wholly-owned subsidiary of the Group and was renamed SATS HK Limited ("SATS HK").

The fair values of the identifiable assets and liabilities of SATS HK as at the date of acquisition were:

| | **Recognised on date of acquisition** | **Carrying amount before combination** |
|---|---|---|
| Property, plant and equipment | 2,991 | 2,991 |
| Other non-current assets | 2,507 | - |
| Trade and other receivables | 2,623 | 2,623 |
| Cash and cash equivalent | 947 | 947 |
| | 9,068 | 6,561 |
| Trade and other payables | 1,404 | 1,404 |
| Net identifiable assets | 7,664 | 5,157 |

Total cost of business combination

The total cost of the business combination for the consideration of 100% equity interest is paid fully in cash at S$5,157,000.

The effect of acquisition on cash flows is as follows:

| | |
|---|---|
| Consideration settled in cash | 5,157 |
| Less: Cash and cash equivalent of subsidiary acquired | (947) |
| Net cash outflow on acquisition | 4,210 |

Impact of acquisition on profit and loss account

From the date of acquisition, SATS HK has increased the Group's profit net of tax by S$373,000. If the combination has taken place at the beginning of the financial year, the Group's profit from continuing operations, net of tax would have been S$148,989,000 and revenue from continuing operations would have been S$1,070,681,000.

Goodwill arising on acquisition

A negative goodwill of $2,507,000 arose from the acquisition of 100% equity interest in MAHK and the amount is recognised in the profit and loss account.

On 2 December 2008, the Company announced that it has entered into a conditional sale and purchase agreement with Ambrosia Investment Pte Ltd relating to the sale and purchase of 359,731,154 ordinary shares in the capital of Singapore Food Industries Limited ("SFI"), representing approximately 69.61% of all the issued shares in the capital of SFI, for a cash consideration of S$0.93 per share. Upon obtaining the shareholders' approval in an extraordinary general meeting held on 20 January 2009, the Company completed the 69.61% acquisition on the same day and made a mandatory unconditional cash offer for all the remaining SFI shares. On 6 March 2009, the Company has acquired approximately 97.22% of all the shares in SFI and exercised its right to compulsorily acquire all the remaining shares in SFI. On 17 April 2009, the Company has completed the compulsory acquisition and SFI became a wholly-owned subsidiary of the Group and SFI was delisted from SGX-ST with effect from 22 April 2009.

## 22. Subsidiary companies (In $ Thousand) (continued)

### Acquisition of subsidiaries (continued)

The fair values of the identifiable assets and liabilities of SFI as at the date of acquisition were:

| | Recognised on date of acquisition | Carrying amount before combination |
|---|---|---|
| Property, plant and equipment | 75,917 | 75,917 |
| Identifiable intangible assets | 231,427 | 58,611 |
| Other non-current assets | 4,565 | 4,565 |
| Trade and other receivables | 89,546 | 88,536 |
| Inventories | 51,983 | 48,583 |
| Cash and cash equivalent | 26,827 | 26,827 |
| | 480,265 | 303,039 |
| Trade and other payables | 147,924 | 147,924 |
| Deferred tax liability | 59,248 | 2,004 |
| Income tax payable | 9,925 | 9,925 |
| Minority interest | 15,215 | 10,430 |
| | 232,312 | 170,283 |
| Net identifiable assets | 247,953 | 132,756 |

Total cost of business combination

The total cost of the business combination is as follows:

| | |
|---|---|
| Consideration for 100% equity interest: | |
| – Cash paid | 476,028 |
| – Directly attributable professional fees | 4,418 |
| – Deferred cash settlement | 6,814 |
| | 487,260 |

The effect of acquisition on cash flows is as follows:

| | |
|---|---|
| Total consideration for 100% equity interest | 487,260 |
| Less: Deferred cash settlement | (6,814) |
| Consideration settled in cash | 480,446 |
| Less: Cash and cash equivalent of subsidiary acquired | (26,827) |
| Net cash outflow on acquisition | 453,619 |

Impact of acquisition on profit and loss account

From the date of acquisition, SFI has contributed S$3,977,000 to the Group's profit net of tax. If the combination has taken place at the beginning of the financial year, the Group's profit from continuing operations, net of tax would have been S$166,643,000 and revenue from continuing operations would have been S$1,630,171,000.

Goodwill arising on acquisition

Goodwill of $239,307,000 arose from the acquisition of 100% equity interest in SFI and is attributable to the fair value of improved resilience to sector specific volatilities and significant synergies expected to arise after the acquisition.

Provisional accounting of acquisition

The Group has engaged independent valuers to determine the fair value of the acquired assets and liabilities. As at 31 March 2009, the fair values of the assets and liabilities have been determined on a provisional basis as the final results of the independent valuations have not been received by the date the financial statements were authorised for issue. Goodwill arising from this acquisition, the carrying amount of the identifiable intangible assets and deferred tax liability might be adjusted accordingly on a retrospective basis when the valuations of the assets and liabilities are finalised.

## 23. Long-term investment (In $ Thousand)

| | GROUP 31 MARCH 2009 | 2008 | COMPANY 31 MARCH 2009 | 2008 |
|---|---|---|---|---|
| Unquoted equity investment, at cost | **7,904** | 7,886 | **7,886** | 7,886 |

The long-term investment is classified as available-for-sale investment.

## 24. Joint venture company (In $ Thousand)

| | GROUP 31 MARCH 2009 | 2008 |
|---|---|---|
| Unquoted ordinary shares, at cost | **50** | – |
| Share of post-acquisition reserves | **216** | – |
| | **266** | – |

Details of the joint venture company are as follows:

| | | |
|---|---|---|
| Name of joint venture company | – | SembCorp Network Pte Ltd* |
| Principal activities | – | Provision of logistics support and services |
| Place of incorporation and business | – | Singapore |
| Effective equity held by the group | – | 50% |

* Audited by KPMG LLP Singapore

The summarised financial information of the joint venture company is as follows:

| | GROUP 31 MARCH 2009 | 2008 |
|---|---|---|
| **Assets and liabilities** | | |
| Current assets | **269** | – |
| Current liabilities | **(3)** | – |
| | **266** | – |
| | **2008–09** | **2007–08** |
| **Results** | | |
| Loss after taxation | **(1)** | – |

## 25. Associated companies (In $ Thousand)

| | GROUP 31 MARCH 2009 | 2008 | COMPANY 31 MARCH 2009 | 2008 |
|---|---|---|---|---|
| Unquoted shares, at cost | **275,554** | 275,554 | **275,554** | 275,554 |
| Impairment loss | **(3,313)** | (3,313) | **(4,735)** | (4,735) |
| Goodwill on acquisition | **(153,759)** | (153,759) | **-** | - |
| | **118,482** | 118,482 | **270,819** | 270,819 |
| Share of post-acquisition profits of associated companies | **147,220** | 145,727 | **-** | - |
| Goodwill on acquisition | **83,825** | 90,800 | **-** | - |
| Intangible assets, net of amortisation | **1,732** | 8,196 | **-** | - |
| Share of statutory reserves of associated companies | **6,123** | 5,900 | **-** | - |
| Foreign currency translation adjustments | **(19,107)** | (31,033) | **-** | - |
| Deferred tax liabilities | **(4,810)** | (4,759) | **-** | - |
| | **214,983** | 214,831 | **-** | - |
| | **333,465** | 333,313 | **270,819** | 270,819 |

## 25. Associated companies (In $ Thousand) (continued)

| | Goodwill | Customer-related intangible assets | Total |
|---|---|---|---|
| At cost | | | |
| Balance at 1 April 2007 | 99,589 | 35,894 | 135,483 |
| Currency realignment | (8,789) | (3,270) | (12,059) |
| Balance at 31 March 2008 | 90,800 | 32,624 | 123,424 |
| Currency realignment | (6,975) | (54) | (7,029) |
| Balance at 31 March 2009 | **83,825** | **32,570** | **116,395** |
| Accumulated amortisation | | | |
| Balance at 1 April 2007 | – | 19,701 | 19,701 |
| Amortisation | – | 6,948 | 6,948 |
| Currency realignment | – | (2,221) | (2,221) |
| Balance at 31 March 2008 | – | 24,428 | 24,428 |
| Amortisation | – | 6,483 | 6,483 |
| Currency realignment | – | (73) | (73) |
| Balance at 31 March 2009 | **–** | **30,838** | **30,838** |
| Net carrying amount | | | |
| Balance at 31 March 2008 | 90,800 | 8,196 | 98,996 |
| Balance at 31 March 2009 | **83,825** | **1,732** | **85,557** |

### Intangible assets

The customer-related intangible assets arose from the acquisition of associated companies. The Company engaged an independent third party to perform a fair valuation of these separately identified intangible assets. The useful life of these intangible assets was determined to be 5 years and the assets are amortised on a straight-line basis over the useful life. The amortisation is included in the line of "share of profits of associated companies" in the consolidated profit and loss account.

### Loan to an associated company

The loan due from an associated company is unsecured and bears interest ranging from 3.425% to 6.052% (2008: 4.70% to 7.36%) per annum, and is repayable on 31 March 2011.

### Associated companies (current account)

The amounts receivable on current account are unsecured, trade-related, interest-free and are repayable on demand.

## 25. Associated companies (In $ Thousand) (continued)

The associated companies are:

| Name of companies (Country of incorporation) | Principal activities (Place of business) | COST TO COMPANY 2009 | 2008 | PERCENTAGE OF EQUITY HELD 2009 % | 2008 % |
|---|---|---|---|---|---|
| Maldives Inflight Catering Pte Ltd @@ (Republic of Maldives) | Inflight catering services (Republic of Maldives) | **287** | 287 | **35.0** | 35.0 |
| Beijing Airport Inflight Kitchen Ltd *** (Peoples' Republic of China) | Inflight catering services (Peoples' Republic of China) | **13,882** | 13,882 | **40.0** | 40.0 |
| Beijing Aviation Ground Services Co., Ltd *** (Peoples' Republic of China) | Airport ground handling services (Peoples' Republic of China) | **5,710** | 5,710 | **40.0** | 40.0 |
| Aviserv Limited ###^ (Ireland) | Inflight catering services (Pakistan) | **3,313** | 3,313 | **49.0** | 49.0 |
| Tan Son Nhat Cargo Services Ltd +^ (Vietnam) | Air cargo handling services (Vietnam) | **1,958** | 1,958 | **30.0** | 30.0 |
| Asia Airfreight Terminal Co Ltd ++ (Hong Kong) | Air cargo handling services (Hong Kong) | **92,662** | 92,662 | **49.0** | 49.0 |
| Servair-SATS Holding Company Pte Ltd *^ (Singapore) | Investment holding company (Singapore) | **509** | 509 | **49.0** | 49.0 |
| MacroAsia Catering Services, Inc ## (Philippines) | Inflight catering services (Philippines) | **2,027** | 2,027 | **20.0** | 20.0 |
| Taj Madras Flight Kitchen Pvt Limited +++ (India) | Inflight catering services (India) | **1,901** | 1,901 | **30.0** | 30.0 |
| Singapore Airport Duty-Free Emporium (Pte) Ltd @ (Singapore) | Inactive (Singapore) | **1,560** | 1,560 | **24.0** | 24.0 |
| Evergreen Airline Services Corporation **^ (Taiwan) | Airport ground handling services (Taiwan) | **5,404** | 5,404 | **20.0** | 20.0 |
| Evergreen Air Cargo Services Corporation ++++^ (Taiwan) | Air cargo handling services (Taiwan) | **16,163** | 16,163 | **25.0** | 25.0 |
| Taj SATS Air Catering Limited +++ (India) | Catering services (India) | **24,646** | 24,646 | **49.0** | 49.0 |
| PT Jasa Angkasa Semesta Tbk #^ (Indonesia) | Ground and cargo handling (Indonesia) | **105,532** | 105,532 | **49.8** | 49.8 |
| | | **275,554** | 275,554 | | |

@ Audited by Ernst & Young LLP, Singapore
@@ Audited by Ernst & Young, Maldives
+ Audited by Deloitte Vietnam Co. Limited
++ Audited by KPMG, Hong Kong
+++ Audited by Deloitte Haskins & Sells
++++ Audited by PricewaterhouseCoopers, Taiwan
# Audited by Osman Ramli Setrio and Rekan – Member Firm of Deloitte Touche Tohmatsu, Indonesia
## Audited by Sycip Gorres Velayo & Co
### Audited by Messrs Riaz Ahmed, Saqib, Gohar and Co, Pakistan
* Audited by Deloitte and Touche LLP, Singapore
** Audited by Deloitte and Touche, Taiwan
*** Audited by Zhongrui Yuehua Certified Public Accountants Co., Ltd
^ Financial year ends on 31 December

## 25. Associated companies (In $ Thousand) (continued)

The summarised financial information of the associated companies are as follows:

| | GROUP 31 MARCH 2009 | 2008 |
|---|---|---|
| **Assets and liabilities** | | |
| Current assets | **339,926** | 359,119 |
| Non-current assets | **665,486** | 676,183 |
| | **1,005,412** | 1,035,302 |
| Current liabilities | **250,120** | 221,928 |
| Non-current liabilities | **91,057** | 156,664 |
| | **341,177** | 378,592 |
| | **2008-09** | **2007-08** |
| **Results** | | |
| Revenue | **615,648** | 648,523 |
| Profit for the period | **52,711** | 104,700 |

## 26. Intangible assets (In $ Thousand)

GROUP

| | Goodwill | Software | Brands | Customer relationships | Licenses | Total |
|---|---|---|---|---|---|---|
| **At cost** | | | | | | |
| Balance at 1 April 2008 | 1,363 | 39,209 | – | – | – | 40,572 |
| Acquisition of subsidiary (Note 22) | 239,307 | – | 126,588 | 77,519 | 27,320 | 470,734 |
| Acquisition of minority interest (Note 22) | 1,656 | – | – | – | – | 1,656 |
| Additions | – | 2,809 | – | – | – | 2,809 |
| Reclassification (Note 20) | – | 664 | – | – | – | 664 |
| Disposal | – | (808) | – | – | – | (808) |
| Translation adjustments | – | – | (1,547) | (445) | – | (1,992) |
| Balance at 31 March 2009 | **242,326** | **41,874** | **125,041** | **77,074** | **27,320** | **513,635** |
| **Accumulated amortisation** | | | | | | |
| Balance at 1 April 2008 | – | 33,032 | – | – | – | 33,032 |
| Amortisation | – | 2,876 | 36 | 2,943 | 320 | 6,175 |
| Disposal | – | (567) | – | – | – | (567) |
| Balance at 31 March 2009 | **-** | **35,341** | **36** | **2,943** | **320** | **38,640** |
| Net book value | **242,326** | **6,533** | **125,005** | **74,131** | **27,000** | **474,995** |
| **At cost** | | | | | | |
| Balance at 1 April 2007 | 1,363 | 38,743 | – | – | – | 40,106 |
| Additions | – | 466 | – | – | – | 466 |
| Balance at 31 March 2008 | 1,363 | 39,209 | – | – | – | 40,572 |
| **Accumulated amortisation** | | | | | | |
| Balance at 1 April 2007 | – | 30,230 | – | – | – | 30,230 |
| Amortisation | – | 2,802 | – | – | – | 2,802 |
| Balance at 31 March 2008 | – | 33,032 | – | – | – | 33,032 |
| Net book value | 1,363 | 6,177 | – | – | – | 7,540 |

# notes to financial statements

31 march 2009

## 26. Intangible assets (In $ Thousand) (continued)

### Brands, licences and customer relationships

Brands relate to the "New Covent Garden", "Johnsons" and "Farmhouse Fare" brand names (acquired in January 2009) for the Group's food preparation, manufacturing and processing operations that were acquired in the acquisition of SFI Group. As explained in Note 2(f)(v), the useful life of the first two brands is estimated to be indefinite while "Farmhouse Fare" brand name has an estimated useful life of 17 years.

Licenses refer to the only abattoir and hog auction licence granted by the AVA in Singapore and transferable fishing licence in Australia. The customer relationships relate to the economic benefits that are expected to derive from trading with the existing customers in the Singapore and United Kingdom operations. These are acquired as part of the acquisition of the SFI group. The relationships include catering and supply contracts with customers as well as other non-contractual customer relationships which past transactions provide evidences that the Group is able to benefit from the future economic inflows from such relationships.

### Amortisation expense

The amortisation of brands, licences and customer relationships is included in the "Depreciation and amortisation charges" line item in the profit and loss account.

### Impairment testing of goodwill and brands

Goodwill arising from business combinations and brands has been allocated to two individual cash-generating units (CGU) for impairment testing as follows:

- Airport services
- Food solutions

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

| | AIRPORT SERVICES 31 MARCH | | FOOD SOLUTIONS 31 MARCH | | TOTAL 31 MARCH | |
|---|---|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Goodwill | **-** | - | **242,326** | 1,363 | **242,326** | 1,363 |
| Brands | **-** | - | **125,005** | - | **125,005** | - |
| Customer relationships | **-** | - | **74,131** | - | **74,131** | - |
| Licences | **-** | - | **27,000** | - | **27,000** | - |

No impairment testing was carried out as at 31 March 2009 as the acquisition was only completed in March 2009 and the fair values of the acquired assets and liabilities have been determined on a provisional basis and might be adjusted accordingly on a retrospective basis when the valuations are finalised.

### COMPANY

| | Software |
|---|---|
| At cost | |
| Balance at 1 April 2008 | 2,709 |
| Reclassification | 349 |
| Addition | 626 |
| Disposal | (242) |
| Balance at 31 March 2009 | **3,442** |
| Accumulated amortisation | |
| Balance at 1 April 2008 | 2,162 |
| Amortisation | 134 |
| Balance at 31 March 2009 | **2,296** |
| Net book value | **1,146** |

## 26. Intangible assets (In $ Thousand) (continued)

### COMPANY

| | Software |
|---|---|
| **At cost** | |
| Balance at 1 April 2007 | 2,509 |
| Additions | 200 |
| Balance at 31 March 2008 | 2,709 |
| **Accumulated amortisation** | |
| Balance at 1 April 2007 | 2,039 |
| Amortisation | 123 |
| Balance at 31 March 2008 | 2,162 |
| Net book value | 547 |

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

## 27. Other non-current assets

Other non-current assets relate to capital expenditure incurred for the setting up of associated companies which are not legally incorporated as at year-end.

## 28. Trade debtors (In $ Thousand)

The table below is an analysis of trade debtors:

| | GROUP 31 MARCH | | COMPANY 31 MARCH | |
|---|---|---|---|---|
| | **2009** | **2008** | **2009** | **2008** |
| Not past due and not impaired | **91,697** | 27,764 | **254** | 565 |
| Past due but not impaired * | **36,499** | 24,613 | **5,702** | 3,424 |
| | **128,196** | 52,377 | **5,956** | 3,989 |
| Impaired trade debts - collectively assessed | **1,514** | – | **-** | – |
| Less: Accumulated impairment losses | **(1,514)** | – | **-** | – |
| | **-** | – | **-** | – |
| Impaired trade debts - individually assessed | **1,252** | – | **-** | – |
| Customers in bankruptcy or other financial reorganisation | **-** | – | **-** | – |
| Customers who default in payment within stipulated framework of IATA Clearing House or BSP | **99** | – | **-** | – |
| Less: Accumulated impairment losses | **(1,351)** | – | **-** | – |
| Less: Allowance for trade discount | **(4,440)** | – | **-** | – |
| | **(4,440)** | – | **-** | – |
| Total trade debtors, net | **123,756** | 52,377 | **5,956** | 3,989 |
| * Aging of trade debtors that are past due but not impaired | | | | |
| Less than 30 days | **21,348** | 17,866 | **1,689** | 111 |
| 30 days to 60 days | **7,970** | 1,765 | **512** | 737 |
| 61 days to 90 days | **3,777** | 1,277 | **2,316** | 71 |
| More than 90 days | **3,404** | 3,705 | **1,185** | 2,505 |
| | **36,499** | 24,613 | **5,702** | 3,424 |

The carrying amount of trade debtors impaired by credit losses is reduced through the use of an allowance account unless on the date the impairment loss is recognised, the Group ascertains the amount to be uncollectible whereby it would be reduced directly. In subsequent periods when a trade debtor is ascertained to be uncollectible, it is written off against the allowance account.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days aging of debtor balances) are considered indicators that the debt owing by the trade debtor is impaired. Individual trade debtor amount is written off when management deems the amount not to be collectible.

## 28. Trade debtors (In $ Thousand) (continued)

Trade debtors are stated after impairment. Analysis of the impairment account is as follows:

| | GROUP 31 MARCH | | COMPANY 31 MARCH | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| Balance at 1 April | **-** | 138 | **-** | - |
| Acquisition of a subsidiary (Note 22) | **6,970** | - | **-** | - |
| Exchange differences | **255** | - | **-** | - |
| Charge/(write-back) to profit and loss account | **80** | (138) | **-** | - |
| Balance at 31 March | **7,305** | - | **-** | - |
| Bad debts written-off directly to profit and loss account | **2** | 488 | **-** | - |

## 29. Other debtors (In $ Thousand)

| | GROUP 31 MARCH | | COMPANY 31 MARCH | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| Staff loans | **556** | 1,081 | **547** | 1,078 |
| Sundry receivables | **11,141** | 5,836 | **2,174** | 4,030 |
| | **11,697** | 6,917 | **2,721** | 5,108 |

There are no outstanding loans to the Company's staff who are directors of its subsidiary companies (2008: $14,949). These loans were granted in accordance with schemes approved by the shareholders of the Company. The interest rate on the staff loans is 3% (2008: 3%).

## 30. Related companies (In $ Thousand)

| | GROUP 31 MARCH | | COMPANY 31 MARCH | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| Deposits with immediate holding company | **140,268** | 79,496 | **140,268** | 79,496 |
| Amounts owing by immediate holding company | **67,098** | 77,794 | **3,671** | 5,713 |
| Amounts owing by/(to) related companies | **29,265** | 26,913 | **(921)** | (307) |
| Amounts owing by subsidiary companies | **-** | - | **13,086** | 21,434 |
| Deposits placed by subsidiary companies | **-** | - | **(43,595)** | (69,064) |
| | **236,631** | 184,203 | **112,509** | 37,272 |
| Disclosed as: | | | | |
| Current assets | **236,631** | 184,203 | **157,025** | 106,643 |
| Current liabilities | **-** | - | **(44,516)** | (69,371) |
| | **236,631** | 184,203 | **112,509** | 37,272 |

Deposits placed with the immediate holding company are available on demand and have interest rates ranging from 0.07% to 1.55% (2008: 1.34% to 3.12%) per annum.

The amounts owing by/(to) the immediate holding and related companies are trade-related and non-interest bearing.

The amounts owing by subsidiary companies are unsecured, interest-free and are repayable on demand. The deposits placed by subsidiary companies bear interest rates ranging from 0.125% to 1.31% (2008: 0.88% to 3.25%) per annum.

Included in amount owing by subsidiary companies is an impairment loss of $1,444,000 (2008: $1,441,000).

## 31. Inventories (In $ Thousand)

| | GROUP 31 MARCH | | COMPANY 31 MARCH | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| Food supplies and dry stores | **48,816** | 6,613 | **-** | – |
| Other consumable stores | **2,421** | 2,154 | **-** | – |
| Technical spares | **3,289** | 3,216 | **-** | – |
| Foods supplies | **1,620** | 1,326 | **-** | – |
| Other consumables | **478** | 582 | **218** | 289 |
| Total inventories at lower of cost and net realisable value | **56,624** | 13,891 | **218** | 289 |

Inventories are stated after deducting provision for inventory obsolescence. An analysis of the provision for inventory obsolescence is as follows:

| | GROUP 31 MARCH | | COMPANY 31 MARCH | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| Balance at 1 April | **771** | 760 | **-** | – |
| Provided during the year | **120** | 78 | **-** | – |
| Provision utilised during the year | **(69)** | (67) | **-** | – |
| Balance at 31 March | **822** | 771 | **-** | – |

During the financial year, the Group wrote down $37,000 (2007–08: $59,000) of inventories which were expensed to the profit and loss account.

## 32. Cash and cash equivalents (In $ Thousand)

(a) Cash and cash equivalents included in the Group's consolidated cash flow statement comprise the following balance sheet amounts:

| | GROUP 31 MARCH | |
|---|---|---|
| | 2009 | 2008 |
| Fixed deposits | **83,872** | 599,953 |
| Cash and bank balances | **53,404** | 20,874 |
| Deposits with immediate holding company (Note 30) | **140,268** | 79,496 |
| Bank overdraft | **(1,805)** | – |
| | **275,739** | 700,323 |

(b) Analysis of capital expenditure cash flows:

| | GROUP 31 MARCH | |
|---|---|---|
| | 2008–09 | 2007–08 |
| Addition of property, plant and equipment | **29,853** | 20,154 |
| Addition of intangible assets | **2,809** | 466 |
| Adjustment for property, plant and equipment acquired under credit terms | **(4,583)** | (5,544) |
| Cash invested in property, plant and equipment and intangible assets | **28,079** | 15,076 |

Included in cash of the Group and the Company are the following amounts denominated in foreign currency:

| | GROUP 31 MARCH | | COMPANY 31 MARCH | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| USD | **1,583** | 7,059 | **909** | 7,059 |
| RMB | **145** | 49 | **22** | 49 |
| HKD | **778** | – | **-** | – |
| AUD | **3,404** | – | **-** | – |
| GBP | **10,766** | – | **-** | – |
| MOP | **3,907** | – | **-** | – |
| EUR | **1,314** | – | **-** | – |

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## 32. Cash and cash equivalents (In $ Thousand) (continued)

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.04% to 3.60% (2007-08: 1.06% to 5.18%) per annum. Short-term deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate for short-term deposits is 1.51% (2007-08: 2.52%) per annum.

The bank overdraft is part of the secured banking facilities of the Group and it is secured on the property, plant and equipment and other assets of certain subsidiaries with a total carrying value at 31 March 2009 of $141,191,000.

## 33. Other creditors (In $ Thousand)

| | GROUP 31 MARCH | | COMPANY 31 MARCH | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| Tender deposits | **2,471** | 2,134 | **955** | 759 |
| Accrued expenses | **56,930** | 5,674 | **8,297** | 881 |
| Purchase of property, plant and equipment | **6,484** | 1,243 | **263** | 179 |
| Other liabilities | **1,525** | - | **-** | - |
| | **67,410** | 9,051 | **9,515** | 1,819 |

## 34. Related party transactions (In $ Thousand)

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant related party transactions took place at terms agreed between the parties during the financial year:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2008-09 | 2007-08 | 2008-09 | 2007-08 |
| Services rendered by: | | | | |
| Immediate holding company | **18,329** | 16,643 | **3,471** | 2,647 |
| Subsidiary companies | **-** | - | **161** | 160 |
| Related companies | **49** | 60 | **-** | - |
| | **18,378** | 16,703 | **3,632** | 2,807 |
| Sales to: | | | | |
| Immediate holding company | **451,295** | 452,129 | **741** | 467 |
| Subsidiary companies | **-** | - | **64,255** | 68,174 |
| Related companies | **159,570** | 167,641 | **2,012** | 2,040 |
| Associated companies | **1,458** | 2,040 | **1,458** | 2,040 |
| | **612,323** | 621,810 | **68,466** | 72,721 |

Directors' and key executives' remuneration of the Company:

| | COMPANY | |
|---|---|---|
| | 2008-09 | 2007-08 |
| Key executives | | |
| Salary, bonuses and other costs | **2,754** | 2,457 |
| CPF and other defined contributions | **54** | 69 |
| Share-based compensation expense | **330** | 387 |
| | **3,138** | 2,913 |
| Directors | | |
| Directors' fees (Note 6) | **749*** | 620 |

* Proposed

## 34. Related party transactions (In $ Thousand) (continued)

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 |
|---|---|---|---|
| Karmjit Singh | 1,265,800 | (826,500) | 439,300 |
| Leong Kok Hong | 592,500 | (301,500) | 291,000 |
| Andrew Lim Cheng Yueh | 258,200 | (28,550) | 229,650 |
| Yacoob Piperdi | 377,950 | (48,600) | 329,350 |
| Tan Chuan Lye | 624,500 | (220,000) | 404,500 |

Shares awarded under the new share plans during the year since the commencement of the Restricted Share Plan and Performance Share Plan are as follows:

| Name of participant | Shares granted during financial year | Aggregate shares granted since commencement of scheme to end of financial year | Aggregate shares exercised since commencement of scheme to end of financial year | Aggregate shares not released at end of financial year |
|---|---|---|---|---|
| Clement Woon | 124,000 | 220,000 | – | 220,000 |
| Karmjit Singh | 43,800 | 108,965 | (4,800) | 104,165 |
| Lim Chuang | 50,000 | 50,000 | – | 50,000 |
| Leong Kok Hong | 18,900 | 49,152 | (2,700) | 46,452 |
| Andrew Lim Cheng Yueh | 18,900 | 42,807 | (3,600) | 39,207 |
| Yacoob Piperdi | 27,000 | 60,661 | (5,300) | 55,361 |
| Tan Chuan Lye | 27,000 | 67,768 | (3,800) | 63,968 |

## 35. Capital and other commitments (In $ Thousand)

(a) The Group and the Company have commitments for capital expenditure. Such commitments aggregated to $19.3 million (2008: $33.2 million) for the Group and $2.6 million (2008: $0.4 million) for the Company. In aggregate, these commitments are not at prices in excess of current market prices.

(b) The Group has entered into operating lease agreements for ground support equipment and leasehold land and buildings. The Group leases several pieces of leasehold land under lease agreements. The lease periods ranged from 13 to 999 years. The remaining lease periods ranged from one to 987 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 | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| Within one year | **12,126** | 5,676 | **1,313** | 1,362 |
| After one year but not more than five years | **25,891** | 13,251 | **6,060** | 5,448 |
| Later than five years | **34,203** | 19,234 | **13,960** | 13,921 |
| | **72,220** | 38,161 | **21,333** | 20,731 |

## 35. Capital and other commitments (In $ Thousand) (continued)

(c) In the year 2002, the Group entered into a lease agreement with a United States lessor, whereby two subsidiary companies sold and leaseback certain fixed ground support equipment with net book value of $49.5 million (2008: $62.9 million). The gain arising from this sale and leaseback is deferred and amortised over the lease period of 18 years commencing on October 2002 (Note 19). As at 31 March 2009, the balance of the deferred gain is $20,957,000.

Under the terms of the agreement, the subsidiary companies have prepaid an amount to cover the future lease obligations to two financial institutions. The Company has guaranteed the repayment of these future lease obligations and is the primary obligor under the lease agreement. Subsequent to the balance sheet date, one of the lessors requested for substitution of a payment guarantor. The Company is in the process of meeting this request. However, it is currently not expected that this event would have a material effect on the financial statements.

(d) On 16 May 2006, the Company and Air India ("AI"), now part of National Aviation Company of India Limited ("NACIL"), signed a Service Provider Right Holder ("SPRH") agreement with Bangalore International Airport Limited, awarding the AI-SATS consortium a 15-year contract to provide cargo handling services at the upcoming Bangalore International Airport at Devanahalli. AI and the Company entered into a joint venture on 27 July 2006 for the execution of their obligations under the SPRH. The Company's investment commitment in the joint venture amounts to approximately S$9.3million (Rp 256 million), which represent 50% of the registered capital contribution of the joint venture. As at 31 March 2009, the Company has not contributed its share of the registered capital as the joint venture company is in the process of being set up, following Indian Government's approval in February 2009, for NACIL to enter into the joint venture with SATS . The airport had started operations in May 2008.

(e) On 9 October 2006, the Company and Air India ("AI") signed a Service Provider Right Holder ("SPRH") agreement with Bangalore International Airport Limited. AI-SATS consortium was awarded a 7-year contract to provide ground handling services at the upcoming Bangalore International Airport at Devanahalli. On May 2007, the Company entered into a joint venture agreement with AI to form the joint venture in respect of the ground handling business. The Company's total investment commitment in the joint venture, to be contributed over a three-year period is estimated at S$7.0 million (Rp 200 million), which represents 40% of the registered capital contribution of the joint venture. The Company has not contributed its share of the registered capital as the joint venture company has not been set up. The airport had started operations in May 2008.

(f) On 18 May 2007, the Company, Air India and Indian Airlines (the two latter companies now merged and known as "NACIL") signed a Concession Agreement with Hyderabad International Airport Limited. The consortium was awarded a 7-year contract to provide ground handling services at the new Hyderabad International Airport at Shamshabad which commenced operations on 23 March 2008. The Company's investment commitment in the joint venture is estimated at S$8.5 million (Rp 245 million). The Company has also not contributed its share of the registered capital as the joint venture company has not been formed.

(g) Based on a revised Investment Agreement that the Company signed with Capital Airports Holding Company ("CAH") in 2007, Beijing Airport Inflight Kitchen Ltd ("BAIK") will acquire the inflight catering assets and the respective catering businesses from the airport companies of Nanchang, Hohhot, Harbin and Changchun. BAIK will also acquire Wuhan, Chongqing, Guiyang and Tianjin airport companies' shareholding interests in their inflight catering businesses at the respective airport locations. After the restructuring, the 8 airport companies will hold a combined 21.4% stake in BAIK, with CAH reducing its stake in BAIK correspondingly such that CAH and the 8 airport companies will together hold 60% share in BAIK. The Company will contribute further capital in cash of approximately $8.1 million (US$5.9 million) in BAIK so as to retain its 40% equity share in the joint venture. Though the Ministry of Commerce did not approve the proposed expansion and restructuring of BAIK, BAIK is still exploring other options currently and will seek approval again once the plan is finalised.

## 36. Financial risk management objectives and policies (In $ Thousand)

The Group operates principally in Singapore and generates revenue mainly in Singapore dollars. The Group also has investments overseas and operates in more than ten countries. The Group's operations carry certain financial and commodity risks, including the effects of changes in foreign exchange rates and interest rates. The Group's overall risk management approach is to minimise the effects of such volatility on its financial performance. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments for specific exposures where appropriate and cost-efficient. While the Group currently has not used any forward contracts to hedge its foreign exchange exposure, it would consider using treasury derivative instruments, depending on their merits, as valid and appropriate risk management tools. The Group has entered into an interest rate cap and floor contract to hedge its interest rate exposure. The Group and the Company do not apply hedge accounting.

Financial risk management policies are periodically reviewed and approved by the Board of Directors.

### (a) Foreign currency risk

The Group is exposed to the effect of foreign exchange rate fluctuation because of its foreign currency denominated operating revenue and expenses. However, the effects of foreign exchange rate fluctuations on the Group's operations are not significant because the Group's sales and purchases are mainly denominated in the respective functional currencies of the Group's entities.

The tax effects on profit before taxation and equity on a 5% strengthening or weakening of SGD against major foreign currencies in which the Group has transactions in are as follows:

| | GROUP 31 MARCH | | COMPANY 31 MARCH | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| Effect of strengthening of SGD | | | | |
| Profit before taxation | **(91)** | (355) | **(46)** | (355) |
| Equity | **(79)** | (291) | **(38)** | (291) |
| Effect of weakening of SGD | | | | |
| Profit before taxation | **91** | 355 | **46** | 355 |
| Equity | **79** | 291 | **38** | 291 |

### (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, short-term non-equity investments and associated companies, and its interest expense on the notes payable and term loans.

The Group has an interest rate cap and floor contract with a notional amount of $15.6 million (2008: $NIL). Under this contractual arrangement, the interest rate cap and floor are 6.50% and 4.15% respectively. The cumulative fair value loss on this instrument is $1.5 million (2008: $NIL) and the amount has been recognised in the financial statements.

The Group's interest-bearing assets and interest-bearing liabilities are predominantly denominated in SGD and GBP. Short-term non-equity investments and fixed deposits earned interest rates range from 1.81% to 4.00% (2008: 0.25% to 4.17%) and 0.04% to 3.60% (2008: 1.06% to 5.18%) respectively. Information relating to other interest-bearing assets and liabilities are disclosed in the notes on associated companies, related companies, notes payable and term loans.

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## 36. Financial risk management objectives and policies (In $ Thousand) (continued)

### (b) Interest rate risk (continued)

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

- Changes in market interest rates affect the interest income or finance charges of variable interest financial instruments.
- Changes in market interest rates affect the carrying value of financial instruments with fixed interest rates if these are recognised at their fair value.

Under these assumptions, an increase or decrease in market interest rates of 50 basis points for all currencies in which the Group had borrowings at 31 March 2009 would have the following effects:

| | GROUP 31 MARCH | | COMPANY 31 MARCH | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| Effect of an increase in 50 basis points in market interest rates | | | | |
| Profit before taxation | **(79)** | 149 | **7** | 149 |
| Equity | **(71)** | 122 | **6** | 122 |
| Effect of a decrease in 50 basis points in market interest rates | | | | |
| Profit before taxation | **77** | (149) | **(7)** | (149) |
| Equity | **71** | (122) | **(6)** | (122) |

### (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 2009 in relation to each class of recognised financial assets was the carrying amount of those assets as indicated in the balance sheet.

The Group only transacts with credit-worthy counter-parties. Surplus funds are placed as interest-bearing deposits with reputable financial institutions and the immediate holding company, or invested in high quality short-term liquid investments. Counter-party risks are managed by limiting aggregate exposure on all outstanding financial instruments to any individual counter-party, taking into account its credit rating. Such counter-party exposures are regularly reviewed, and adjusted as necessary. This mitigates the risk of material loss arising in the event of non-performance by counter-parties.

Concentration of credit risk exists when changes in economic, industry or geographical factors similarly affect the group of counter-parties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. As at 31 March 2009, the Group had trade receivables of $67.1 million (2008: $77.8 million) due from its immediate holding company, and placed deposits of $140.3 million (2008: $79.5 million) with its immediate holding company.

## 36. Financial risk management objectives and policies (In $ Thousand) (continued)

### (c) Counter-party risk (continued)

The Group determines concentrations of credit risk by monitoring the industry, country and credit rating of its counter-parties. The table below shows an analysis of credit risk exposures that exceed 5% of the financial assets of the Group and the Company as at 31 March:

GROUP

| Counter-party profiles | OUTSTANDING BALANCE 2009 | 2008 | PERCENTAGE OF TOTAL FINANCIAL ASSETS 2009 | 2008 |
|---|---|---|---|---|
| By Industry | | | | |
| Airlines | **268,766** | 227,995 | **49.8%** | 24.8% |
| Financial institutions | **139,653** | 644,389 | **25.9%** | 70.1% |
| Others | **89,244** | 8,585 | **16.6%** | 0.9% |
| | **497,663** | 880,969 | **92.3%** | 95.8% |
| By Region | | | | |
| Singapore | **422,229** | 872,721 | **78.3%** | 95.0% |
| Europe | **58,186** | – | **10.8%** | – |
| Others | **17,248** | 8,248 | **3.2%** | 0.8% |
| | **497,663** | 880,969 | **92.3%** | 95.8% |
| By Moody's Credit Ratings | | | | |
| Investment grade (A to AAA) | **136,516** | 644,389 | **25.3%** | 70.1% |
| Non-rated | **361,147** | 236,580 | **67.0%** | 25.7% |
| | **497,663** | 880,969 | **92.3%** | 95.8% |

COMPANY

| Counter-party profiles | OUTSTANDING BALANCE 2009 | 2008 | PERCENTAGE OF TOTAL FINANCIAL ASSETS 2009 | 2008 |
|---|---|---|---|---|
| By Industry | | | | |
| Airlines | **144,197** | 85,835 | **50.2%** | 11.0% |
| Financial institutions | **103,483** | 643,614 | **36.0%** | 82.3% |
| Others | **12,828** | 20,808 | **4.4%** | 2.6% |
| | **260,508** | 750,257 | **90.6%** | 95.9% |
| By Region | | | | |
| Singapore | **260,504** | 744,548 | **90.6%** | 95.1% |
| Others | **4** | 5,709 | **-** | 0.8% |
| | **260,508** | 750,257 | **90.6%** | 95.9% |
| By Moody's Credit Ratings | | | | |
| Investment grade (A to AAA) | **103,483** | 643,614 | **36.0%** | 82.3% |
| Non-rated | **157,025** | 106,643 | **54.6%** | 13.6% |
| | **260,508** | 750,257 | **90.6%** | 95.9% |

### (d) Liquidity risk

As at 31 March 2009, the Group had at its disposal, cash and cash equivalents amounting to $275.7 million (2008: $700.3 million) and short-term non-equity investments of $20.4 million (2008: $44.4 million). In addition, the Group has available short-term credit facilities of approximately $257.7 million (2008: $78.5 million) from open-ended revolving credit facilities granted by commercial banks. The Group also has an alternative facility to issue notes up to $300 million (2008: $300 million), with maturity dates between one month to ten years, under the Medium Term Note Programme.

## 36. Financial risk management objectives and policies (In $ Thousand) (continued)

### (d) Liquidity risk (continued)

The Group's holdings of cash, short-term deposits and investments, together with non-committed funding facilities and net cash flow from operations, are expected to be sufficient to cover the cost of all capital expenditure due in the next financial year. The shortfall, if any, could be met by bank borrowings or public market funding.

The maturity profile of the financial liabilities of the Group and the Company is shown in the table that follows. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying amounts as the impact of discounting is insignificant.

GROUP

| | Within 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|---|
| 2009 | | | | | | | |
| Notes payable | 202,548 | – | – | – | – | – | 202,548 |
| Other long-term liability | – | – | – | – | – | 4,000 | 4,000 |
| Term loans | 32,331 | 5,445 | 3,154 | 474 | 240 | 2,223 | 43,867 |
| Finance lease commitments | 1,408 | 1,182 | 1,168 | 1,087 | 911 | 3,635 | 9,391 |
| Trade creditors | 136,892 | – | – | – | – | – | 136,892 |
| Other creditors | 66,699 | 537 | 292 | – | – | – | 67,528 |
| Bank overdrafts | 1,805 | – | – | – | – | – | 1,805 |
| | **441,683** | **7,164** | **4,614** | **1,561** | **1,151** | **9,858** | **466,031** |
| 2008 | | | | | | | |
| Notes payable | 6,000 | 202,548 | – | – | – | – | 208,548 |
| Term loans | 448 | 384 | 390 | 396 | 381 | 1,823 | 3,822 |
| Finance lease commitments | 751 | 751 | 692 | 686 | 687 | 2,734 | 6,301 |
| Trade creditors | 117,764 | – | – | – | – | – | 117,764 |
| Other creditors | 9,051 | – | – | – | – | – | 9,051 |
| | 134,014 | 203,683 | 1,082 | 1,082 | 1,068 | 4,557 | 345,486 |

COMPANY

| | Within 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|---|
| 2009 | | | | | | | |
| Notes payable | 202,548 | – | – | – | – | – | 202,548 |
| Other long-term liability | – | – | – | – | – | 4,000 | 4,000 |
| Related companies | 44,516 | – | – | – | – | – | 44,516 |
| Trade creditors | 19,608 | – | – | – | – | – | 19,608 |
| Other creditors | 9,515 | – | – | – | – | – | 9,515 |
| | **276,187** | **-** | **-** | **-** | **-** | **4,000** | **280,187** |
| 2008 | | | | | | | |
| Notes payable | 6,000 | 202,548 | – | – | – | – | 208,548 |
| Related companies | 69,371 | – | – | – | – | – | 69,371 |
| Trade creditors | 19,337 | – | – | – | – | – | 19,337 |
| Other creditors | 1,819 | – | – | – | – | – | 1,819 |
| | 96,527 | 202,548 | – | – | – | – | 299,075 |

## 37. Financial instruments (In $ Thousand)

### (a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the balance sheet by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

GROUP

| | Loans and receivables | Available-for-sale financial assets | Financial liabilities at amortised costs | Financial liabilities at fair value | Total |
|---|---|---|---|---|---|
| 2009 | | | | | |
| Assets | | | | | |
| Long term investment | – | 7,904 | – | – | 7,904 |
| Loan to an associated company | 1,368 | – | – | – | 1,368 |
| Related companies | 236,631 | – | – | – | 236,631 |
| Trade debtors | 123,756 | – | – | – | 123,756 |
| Other debtors | 11,697 | – | – | – | 11,697 |
| Amounts owing by associated companies | 248 | – | – | – | 248 |
| Short-term non-equity investments | – | 20,400 | – | – | 20,400 |
| Fixed deposits | 83,872 | – | – | – | 83,872 |
| Cash and bank balances | 53,404 | – | – | – | 53,404 |
| | **510,976** | **28,304** | **-** | **-** | **539,280** |
| Total non-financial assets | | | | | 1,511,103 |
| Total assets | | | | | **2,050,383** |
| Liabilities | | | | | |
| Notes payable | – | – | 200,000 | – | 200,000 |
| Other long-term liability | – | – | 4,000 | – | 4,000 |
| Term loans | – | – | 43,221 | – | 43,221 |
| Finance lease commitments | – | – | 6,487 | – | 6,487 |
| Trade creditors | – | – | 136,892 | – | 136,892 |
| Other creditors | – | – | 65,885 | 1,525 | 67,410 |
| Bank overdrafts | – | – | 1,805 | – | 1,805 |
| | **-** | **-** | **458,290** | **1,525** | **459,815** |
| Total non-financial liabilities | | | | | 174,219 |
| Total liabilities | | | | | **634,034** |

# notes to financial statements

31 march 2009

## 37. Financial instruments (In $ Thousand) (continued)

### (a) Classification of financial instruments (continued)

GROUP

| | Loans and receivables | Available-for-sale financial assets | Financial liabilities at amortised costs | Total |
|---|---|---|---|---|
| 2008 | | | | |
| Assets | | | | |
| Long term investment | – | 7,886 | – | 7,886 |
| Loan to an associated company | 1,795 | – | – | 1,795 |
| Related companies | 184,203 | – | – | 184,203 |
| Trade debtors | 52,377 | – | – | 52,377 |
| Other debtors | 6,917 | – | – | 6,917 |
| Amounts owing by associated companies | 426 | – | – | 426 |
| Short-term non-equity investments | – | 44,436 | – | 44,436 |
| Fixed deposits | 599,953 | – | – | 599,953 |
| Cash and bank balances | 20,874 | – | – | 20,874 |
| | 866,545 | 52,322 | – | 918,867 |
| Total non-financial assets | | | | 930,683 |
| Total assets | | | | 1,849,550 |
| Liabilities | | | | |
| Notes payable | – | – | 200,000 | 200,000 |
| Term loans | – | – | 3,822 | 3,822 |
| Finance lease commitments | – | – | 4,208 | 4,208 |
| Trade creditors | – | – | 117,764 | 117,764 |
| Other creditors | – | – | 9,051 | 9,051 |
| | – | – | 334,845 | 334,845 |
| Total non-financial liabilities | | | | 126,802 |
| Total liabilities | | | | 461,647 |

COMPANY

| | Loans and receivables | Available-for-sale financial assets | Financial liabilities at amortised costs | Total |
|---|---|---|---|---|
| 2009 | | | | |
| Assets | | | | |
| Long term investment | – | 7,886 | – | 7,886 |
| Loan to an associated company | 1,368 | – | – | 1,368 |
| Loan to a subsidiary company | 726 | – | – | 726 |
| Related companies | 157,025 | – | – | 157,025 |
| Trade debtors | 5,956 | – | – | 5,956 |
| Other debtors | 2,721 | – | – | 2,721 |
| Amounts owing by associated companies | 248 | – | – | 248 |
| Short-term non-equity investments | – | 20,400 | – | 20,400 |
| Fixed deposits | 83,083 | – | – | 83,083 |
| Cash and bank balances | 8,004 | – | – | 8,004 |
| | **259,131** | **28,286** | **-** | **287,417** |
| Total non-financial assets | | | | 1,238,784 |
| Total assets | | | | **1,526,201** |

## 37. Financial instruments (In $ Thousand) (continued)

### (a) Classification of financial instruments (continued)

COMPANY (continued)

| | Loans and receivables | Available-for-sale financial assets | Financial liabilities at amortised costs | Total |
|---|---|---|---|---|
| **2009** | | | | |
| Liabilities | | | | |
| Notes payable | – | – | 200,000 | 200,000 |
| Other long-term liability | – | – | 4,000 | 4,000 |
| Related companies | – | – | 44,516 | 44,516 |
| Trade creditors | – | – | 19,608 | 19,608 |
| Other creditors | – | – | 9,515 | 9,515 |
| | **–** | **–** | **277,639** | **277,639** |
| Total non-financial liabilities | | | | 62,203 |
| Total liabilities | | | | **339,842** |
| **2008** | | | | |
| Assets | | | | |
| Long term investment | – | 7,886 | – | 7,886 |
| Loan to an associated company | 1,795 | – | – | 1,795 |
| Related companies | 106,643 | – | – | 106,643 |
| Trade debtors | 3,989 | – | – | 3,989 |
| Other debtors | 5,108 | – | – | 5,108 |
| Amounts owing by associated companies | 426 | – | – | 426 |
| Short-term non-equity investments | – | 44,436 | – | 44,436 |
| Fixed deposits | 599,178 | – | – | 599,178 |
| Cash and bank balances | 13,045 | – | – | 13,045 |
| | 730,184 | 52,322 | – | 782,506 |
| Total non-financial assets | | | | 760,409 |
| Total assets | | | | 1,542,915 |
| Liabilities | | | | |
| Notes payable | – | – | 200,000 | 200,000 |
| Related companies | – | – | 69,371 | 69,371 |
| Trade creditors | – | – | 19,337 | 19,337 |
| Other creditors | – | – | 1,819 | 1,819 |
| | – | – | 290,527 | 290,527 |
| Total non-financial liabilities | | | | 72,156 |
| Total liabilities | | | | 362,683 |

## 37. Financial instruments (In $ Thousand) (continued)

### (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.

Financial instruments not carried at fair value

The aggregate net fair values of financial assets and financial liabilities of the Group, which are not carried at fair value in the balance sheet, are presented in the following table:

| | TOTAL CARRYING AMOUNT 31 MARCH | | AGGREGATE NET FAIR VALUE 31 MARCH | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| Financial liabilities | | | | |
| Finance leases (non-current) | **5,580** | 3,835 | **5,580** | 3,835 |
| Fixed rate-secured term loan | **1,138** | – | **1,187** | – |

The fair value of the secured term loan is obtained from discounting the estimated cash flows using current market interest rate.

The carrying value of the unquoted equity investment held as long-term investment is stated at cost of $7,904,000 (2008: $7,886,000) because the fair value cannot be obtained directly from quoted market price or indirectly using valuation techniques supported by observable market data. The fair value of this investment is expected to be above its carrying values.

Financial instruments whose carrying amounts approximate fair value

The carrying amounts of the following financial assets and liabilities approximate their fair values due to their short-term nature: cash and cash equivalents, amounts owing by/to related and associated companies, loans, trade and other debtors, trade and other creditors, finance leases (current) and notes payable.

The carrying amounts of the non-current floating rate term loans approximate their fair values as such instruments are re-priced to market interest rates on or near the balance sheet date.

## 38. Capital management (In $ Thousand)

The primary objective of management of the Group's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low-cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Directors have reviewed the Group's capital structure. The Directors will continue to regularly review the Group's capital structure in line with this objective.

The Group did not breach any debt covenants during the financial years ended 31 March 2009 or 31 March 2008. In the same period, no changes were made in the objectives, policies or processes relating to the management of the Group's capital structure.

The Group monitors capital based on the total debt equity, which is total debt divided by equity attributable to equity holders of the Company. The Group keeps the total debt equity ratio at a level above the required ratio under its debt covenants. The Group includes within total debt, loans and borrowings, finance lease commitments, and bank overdraft.

| | GROUP 31 MARCH | | COMPANY 31 MARCH | |
|---|---|---|---|---|
| | **2009** | **2008** | **2009** | **2008** |
| Notes payable (Note 16) | **200,000** | 200,000 | **200,000** | 200,000 |
| Term loans (Note 17) | **43,221** | 3,822 | **-** | – |
| Finance leases (Note 18) | **6,487** | 4,208 | **-** | – |
| Bank overdraft (Note 32) | **1,805** | – | **-** | – |
| Total debt | **251,513** | 208,030 | **200,000** | 200,000 |
| Equity attributable to equity holders of the Company | **1,398,065** | 1,383,907 | **1,186,359** | 1,180,232 |
| Total debt equity ratio | **0.18** | 0.15 | **0.17** | 0.17 |

# notes to financial statements

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## 39. Segment reporting (In $ Thousand)

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 food solutions segment provides mainly inflight catering, food processing and distribution services. The airport services segment provides mainly airport terminal services, such as airfreight handling services, passenger services, aviation security services, baggage handling services and apron services to the Group's airline customers. The corporate segment provides rental of premises.

Segment accounting policies are the same as the policies described in Note 2. The Group generally accounts for inter-segment sales and transfers as if the sales and transfers were to third parties at current market prices.

The following tables present revenue and net income information for the Group's industry segments for the years ended 31 March 2009 and 31 March 2008 and certain asset and liability information regarding the Group's industry segments as at 31 March 2009 and 31 March 2008.

BY INDUSTRY

| | Food Solutions | Airport Services | Corporate | Eliminations | Total |
|---|---|---|---|---|---|
| Financial year ended 31 March 2009 | | | | | |
| Revenue | | | | | |
| External revenue | 540,977 | 508,241 | 12,876 | – | 1,062,094 |
| Inter-segment revenue | 2,800 | 2,718 | 64,255 | (69,773) | – |
| Total revenue | **543,777** | **510,959** | **77,131** | **(69,773)** | **1,062,094** |
| Operating profit | 96,523 | 70,861 | 3,503 | – | 170,887 |
| Interest income | 350 | 172 | 6,817 | (467) | 6,872 |
| Interest on borrowings | (708) | (2) | (6,465) | 467 | (6,708) |
| Gross dividend from long-term investment | – | – | 1,167 | – | 1,167 |
| Share of profits of associated companies | 8,193 | 14,036 | 2 | – | 22,231 |
| Share of loss of joint venture company | (1) | – | – | – | (1) |
| Gain on disposal of property, plant and equipment | 39 | 365 | 66 | – | 470 |
| Amortisation of deferred income | – | – | (538) | – | (538) |
| Loss on sale of short-term investment | – | – | (10,821) | – | (10,821) |
| Loss on sale of subsidiary | (50) | – | – | 6 | (44) |
| Profit before taxation | 104,346 | 85,432 | (6,269) | 6 | 183,515 |
| Taxation | (18,255) | (13,198) | (3,606) | – | (35,059) |
| Profit after taxation | **86,091** | **72,234** | **(9,875)** | **6** | **148,456** |
| As at 31 March 2009 | | | | | |
| Segment assets | 582,323 | 405,433 | 722,620 | – | 1,710,376 |
| Associated companies | 71,041 | 262,223 | 201 | – | 333,465 |
| Deferred tax assets | 1,546 | 2,948 | 680 | – | 5,174 |
| Loan to an associated company | 1,368 | – | – | – | 1,368 |
| Total assets | **656,278** | **670,604** | **723,501** | **-** | **2,050,383** |
| Current liabilities | 164,093 | 45,659 | 29,123 | – | 238,875 |
| Long-term liabilities | 11,644 | 5,296 | 24,957 | – | 41,897 |
| Notes payable | – | – | 200,000 | – | 200,000 |
| Tax liabilities | 32,505 | 24,258 | 96,499 | – | 153,262 |
| Total liabilities | **208,242** | **75,213** | **350,579** | **-** | **634,034** |
| Capital expenditure | 12,435 | 18,495 | 1,732 | – | 32,662 |
| Depreciation and amortisation charges | 24,631 | 36,029 | 3,934 | – | 64,594 |
| Non-cash items other than depreciation and amortisation charges | (32) | 6,476 | (1,168) | – | 5,276 |

## 39. Segment reporting (In $ Thousand) (continued)

BY INDUSTRY (continued)

| | Food Solutions | Airport Services | Corporate | Eliminations | Total |
|---|---|---|---|---|---|
| Financial year ended 31 March 2008 | | | | | |
| Revenue | | | | | |
| External revenue | 461,363 | 481,928 | 14,751 | – | 958,042 |
| Inter-segment revenue | 3,109 | 2,924 | 68,174 | (74,207) | – |
| Total revenue | 464,472 | 484,852 | 82,925 | (74,207) | 958,042 |
| Operating profit | 104,239 | 56,554 | 13,581 | – | 174,374 |
| Interest income | 555 | 724 | 15,694 | (1,254) | 15,719 |
| Interest on borrowings | (126) | – | (7,270) | 1,254 | (6,142) |
| Gross dividend from long-term investment | – | – | 1,119 | – | 1,119 |
| Share of profits of associated companies | 14,925 | 29,775 | 11 | – | 44,711 |
| Gain on disposal of property, plant and equipment | 18 | 220 | 2 | – | 240 |
| Amortisation of deferred income | – | – | 1,413 | – | 1,413 |
| Exceptional item | – | – | 17,342 | – | 17,342 |
| Profit before taxation | 119,611 | 87,273 | 41,892 | – | 248,776 |
| Taxation | (22,577) | (17,711) | (13,309) | – | (53,597) |
| Profit after taxation | 97,034 | 69,562 | 28,583 | – | 195,179 |
| As at 31 March 2008 | | | | | |
| Segment assets | 404,329 | 435,533 | 674,580 | – | 1,514,442 |
| Associated companies | 70,781 | 262,334 | 198 | – | 333,313 |
| Loan to an associated company | 1,795 | – | – | – | 1,795 |
| Total assets | 476,905 | 697,867 | 674,778 | – | 1,849,550 |
| Current liabilities | 47,377 | 59,103 | 21,156 | – | 127,636 |
| Long-term liabilities | 3,438 | 3,771 | 22,779 | – | 29,988 |
| Notes payable | – | – | 200,000 | – | 200,000 |
| Tax liabilities | 27,308 | 27,338 | 49,377 | – | 104,023 |
| Total liabilities | 78,123 | 90,212 | 293,312 | – | 461,647 |
| Capital expenditure | 7,089 | 12,561 | 970 | – | 20,620 |
| Depreciation and amortisation charges | 23,824 | 26,359 | 8,996 | – | 59,179 |
| Non-cash items other than depreciation and amortisation charges | – | 6,948 | (94) | – | 6,854 |

## 39. Segment reporting (In $ Thousand) (continued)

BY GEOGRAPHICAL LOCATION

| | Singapore | UK | Others | Total |
|---|---|---|---|---|
| **Financial year ended 31 March 2009** | | | | |
| Revenue | **982,591** | **62,332** | **17,171** | **1,062,094** |
| **As at 31 March 2009** | | | | |
| Segment assets | 1,505,809 | 177,231 | 27,336 | 1,710,376 |
| Associated companies | 201 | – | 333,264 | 333,465 |
| Deferred tax assets | 1,649 | 160 | 3,365 | 5,174 |
| Loan to an associated company | – | – | 1,368 | 1,368 |
| Total assets | **1,507,659** | **177,391** | **365,333** | **2,050,383** |
| Capital expenditure | **29,444** | **2,708** | **510** | **32,662** |
| **Financial year ended 31 March 2008** | | | | |
| Revenue | 958,042 | – | – | 958,042 |
| **As at 31 March 2008** | | | | |
| Segment assets | 1,500,799 | – | 13,643 | 1,514,442 |
| Associated companies | 198 | – | 333,115 | 333,313 |
| Loan to an associated company | – | – | 1,795 | 1,795 |
| Total assets | 1,500,997 | – | 348,553 | 1,849,550 |
| Capital expenditure | 20,620 | – | – | 20,620 |

## 40. Comparative (In $ Thousand)

Certain comparative have been reclassified to conform with the current year's presentation.

Segment Reporting

BY INDUSTRY

| | RESTATED | | | | PREVIOUSLY REPORTED | | | | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| | Food Solutions | Airport Services | Corporate | Elimi-nations | Inflight Catering | Ground Handling /Cargo | Others | Elimi-nations | |
| **Financial year ended 31 March 2008** | | | | | | | | | |
| Revenue | | | | | | | | | |
| External revenue | 461,363 | 481,928 | 14,751 | – | 430,933 | 430,851 | 96,258 | – | 958,042 |
| Inter-segment revenue | 3,109 | 2,924 | 68,174 | (74,207) | 3,032 | – | 86,097 | (89,129) | – |
| Total revenue | 464,472 | 484,852 | 82,925 | (74,207) | 433,965 | 430,851 | 182,355 | (89,129) | 958,042 |
| Operating profit | 104,239 | 56,554 | 13,581 | – | 99,941 | 45,920 | 28,513 | – | 174,374 |
| Interest income | 555 | 724 | 15,694 | (1,254) | 546 | 535 | 15,892 | (1,254) | 15,719 |
| Interest on borrowings | (126) | – | (7,270) | 1,254 | – | – | (7,396) | 1,254 | (6,142) |
| Gross dividend from long-term investment | – | – | 1,119 | – | 1,119 | – | – | – | 1,119 |
| Share of profits of associated companies | 14,925 | 29,775 | 11 | – | 14,925 | 29,775 | 11 | – | 44,711 |

## 40. Comparative (In $ Thousand) (continued)

### BY INDUSTRY (continued)

| | RESTATED | | | | PREVIOUSLY REPORTED | | | | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| | Food Solutions | Airport Services | Corporate | Eliminations | Inflight Catering | Ground Handling /Cargo | Others | Eliminations | |
| **Financial year ended 31 March 2008 (continued)** | | | | | | | | | |
| Gain on disposal of property, plant and equipment | 18 | 220 | 2 | – | 18 | 219 | 3 | – | 240 |
| Amortisation of deferred income | – | – | 1,413 | – | – | – | 1,413 | – | 1,413 |
| Exceptional item | – | – | 17,342 | – | – | – | 17,342 | – | 17,342 |
| Profit before taxation | 119,611 | 87,273 | 41,892 | – | 116,549 | 76,449 | 55,778 | – | 248,776 |
| Taxation | (22,577) | (17,711) | (13,309) | – | (22,554) | (18,933) | (12,110) | – | (53,597) |
| Profit after taxation | 97,034 | 69,562 | 28,583 | – | 93,995 | 57,516 | 43,668 | – | 195,179 |

| | RESTATED | | | PREVIOUSLY REPORTED | | | TOTAL |
|---|---|---|---|---|---|---|---|
| | Food Solutions | Airport Services | Corporate | Inflight Catering | Ground Handling /Cargo | Others | |
| **As at 31 March 2008** | | | | | | | |
| Segment assets | 404,329 | 435,533 | 674,580 | 376,940 | 416,580 | 720,922 | 1,514,442 |
| Associated companies | 70,781 | 262,334 | 198 | 70,781 | 262,334 | 198 | 333,313 |
| Loan to an associated company | 1,795 | – | – | 1,795 | – | – | 1,795 |
| Total assets | 476,905 | 697,867 | 674,778 | 449,516 | 678,914 | 721,120 | 1,849,550 |
| Current liabilities | 47,377 | 59,103 | 21,156 | 42,797 | 51,918 | 32,921 | 127,636 |
| Long-term liabilities | 3,438 | 3,771 | 22,779 | – | 3,771 | 26,217 | 29,988 |
| Notes payable | – | – | 200,000 | – | – | 200,000 | 200,000 |
| Tax liabilities | 27,308 | 27,338 | 49,377 | 25,919 | 25,204 | 52,900 | 104,023 |
| Total liabilities | 78,123 | 90,212 | 293,312 | 68,716 | 80,893 | 312,038 | 461,647 |
| Capital expenditure | 7,089 | 12,561 | 970 | 6,009 | 12,477 | 2,134 | 20,620 |
| Depreciation and amortisation charges | 23,824 | 26,359 | 8,996 | 22,026 | 26,184 | 10,969 | 59,179 |
| Non-cash items other than depreciation and amortisation charges | – | 6,948 | (94) | – | 6,948 | (94) | 6,854 |

### BY GEOGRAPHICAL LOCATION

| | RESTATED | | | PREVIOUSLY REPORTED | | TOTAL |
|---|---|---|---|---|---|---|
| | Singapore | UK | Others | Singapore | Overseas | |
| **Financial year ended 31 March 2008** | | | | | | |
| Revenue | 958,042 | – | – | 955,312 | 2,730 | 958,042 |
| **As at 31 March 2008** | | | | | | |
| Segment assets | 1,500,799 | – | 13,643 | 1500,799 | 13,643 | 1,514,442 |
| Associated companies | 198 | – | 333,115 | 198 | 333,115 | 333,313 |
| Loan to an associated company | – | – | 1,795 | – | 1,795 | 1,795 |
| Total assets | 1,500,997 | – | 348,553 | 1,500,997 | 348,553 | 1,849,550 |
| Capital expenditure | 20,620 | – | – | 20,620 | – | 20,620 |

# additional information

required by the Singapore Exchange Securities Trading Limited

## 1. Interested person transactions (in $ Thousand)

The interested person transactions entered into during the financial year ended 31 March 2009 are as follows:

| Name of interested person | Aggregate value of all interested person transactions entered into during the financial year below (excluding transactions of value less than S$100,000 and transactions conducted under the shareholders'mandate pursuant to Rule 920 of the SGX-ST Listing Manual) | Aggregate value of all interested person transactions entered into during the financial year below under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions of value less than S$100,000) |
|---|---|---|
| Singapore Airlines Limited | – | 21,780 |
| SIA Engineering Company Limited | – | 6,750 |
| Tiger Airways Pte Ltd | – | 5,920 |
| Jetstar Asia Airways Pte Ltd | – | 5,100 # |
| Valuair Ltd | – | 2,640 # |
| Seraya Energy Pte Ltd | – | 1,100 |
| ST Synthesis Pte Ltd | – | 420 # |
| ST Electronics (Info Comm Systems) Pte Ltd | – | 353 |
| Certis Cisco Security Pte Ltd | – | 345 |
| Singapore Airlines Cargo Pte Ltd | – | 300 |
| Singapore Computer Systems Limited | – | 200 |
| Ambrosia Investment Pte Ltd | 334,500 | – |
| Total | 334,500 | 44,908 |

# Includes amounts invoiced and paid in previous financial year(s).

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

There are no material contracts between SATS and its subsidiaries involving the interests of President and Chief Executive Officer SATS, each SATS Director or controlling shareholder (as defined in the SGX-ST Listing Manual), either still subsisting at the end of the financial year 2008-09, or if not then subsisting, entered into since the end of the previous financial year 2007-08, other than:

(a) the 2 corporate services agreements both dated 24 March 2000 between SATS and Singapore Airlines Limited ("SIA");

(b) the 2 corporate services agreements both dated 17 February 2000 between SATS and SIA Engineering Company Limited ("SIAEC");

(c) the apportionment of services agreement dated 24 March 2000 between SATS, SIA and SIAEC;

(d) the ground handling and catering agreements between SATS and SIA and SATS and SilkAir Pte Ltd (a subsidiary of SIA) respectively;

(e) the ground handling agreement between SATS and Singapore Airlines Cargo Pte Ltd (a subsidiary of SIA);

(f) the agreement for the laundering of airline linen dated 1 October 1999 between Aero Laundry and Linen Services Pte Ltd ("ALLS") (a subsidiary of SATS) and SIA; and

(g) where applicable, as disclosed in Note 34 (Related Party Transactions) of the notes to the financial statements, and interested person transactions listed above, or disclosed in the equivalent sections in previous SATS Annual Reports.

# information on shareholdings

as at 22 may 2009

Number of shares in issue : 1,079,236,594
Class of shares : Ordinary shares
Voting rights : 1 vote per share

## Analysis of shareholdings

| Range of shareholdings | No. of shareholders | % | Amount of shareholdings | % |
|---|---|---|---|---|
| 1 – 999 | 219 | 1.24 | 90,825 | 0.01 |
| 1,000 – 10,000 | 16,032 | 90.30 | 38,578,577 | 3.57 |
| 10,001 – 1,000,000 | 1,490 | 8.39 | 54,470,199 | 5.05 |
| 1,000,001 and above | 13 | 0.07 | 986,096,993 | 91.37 |
| Total | 17,754 | 100.00 | 1,079,236,594 | 100.00 |

## Major shareholders

| No. | Name | No. of shares held | % |
|---|---|---|---|
| 1 | Singapore Airlines Limited | 870,000,000 | 80.61 |
| 2 | DBS Nominees Pte Ltd | 59,146,336 | 5.48 |
| 3 | Citibank Nominees Singapore Pte Ltd | 17,321,215 | 1.60 |
| 4 | HSBC (Singapore) Nominees Pte Ltd | 11,010,500 | 1.02 |
| 5 | Raffles Nominees (Pte) Ltd | 8,152,959 | 0.76 |
| 6 | United Overseas Bank Nominees Pte Ltd | 5,404,510 | 0.50 |
| 7 | DBSN Services Pte Ltd | 5,132,000 | 0.48 |
| 8 | Morgan Stanley Asia (Singapore) Securities Pte Ltd | 2,321,000 | 0.22 |
| 9 | Frankie Tan Chiew Kuang (Chen Shuguang) | 2,288,904 | 0.21 |
| 10 | Kim Eng Securities Pte. Ltd. | 1,494,000 | 0.14 |
| 11 | OCBC Nominees Singapore Pte Ltd | 1,421,700 | 0.13 |
| 12 | DBS Vickers Securities (S) Pte Ltd | 1,324,000 | 0.12 |
| 13 | Phillip Securities Pte Ltd | 1,079,869 | 0.10 |
| 14 | DB Nominees (S) Pte Ltd | 973,380 | 0.09 |
| 15 | CIMB-GK Securities Pte. Ltd. | 817,000 | 0.08 |
| 16 | Merrill Lynch (Singapore) Pte Ltd | 789,630 | 0.07 |
| 17 | Ng Hian Chow | 600,000 | 0.06 |
| 18 | Realty & Investment Holdings Pte Ltd | 600,000 | 0.06 |
| 19 | UOB Kay Hian Pte Ltd | 581,000 | 0.05 |
| 20 | Citibank Consumer Nominees Pte Ltd | 558,000 | 0.05 |
| | | 991,016,003 | 91.83 |

# information on shareholdings

as at 22 may 2009

## Substantial shareholders

As at 22 May 2009, the substantial shareholders of the Company and their direct and deemed interests, as shown in the Company's Register of Substantial Shareholders, were as follows:

| Name of substantial shareholder | No. of shares in which the substantial shareholder has a direct interest (representing percentage of total shareholding**) | No. of shares in which the substantial shareholder has a deemed interest (representing percentage of total shareholding**) | Total no. of shares in which the substantial shareholder is interested (representing percentage of total shareholding**) |
|---|---|---|---|
| Temasek Holdings (Private) Limited | – | *870,040,000 (approximately **80.62%) | 870,040,000 (approximately **80.62%) |
| Singapore Airlines Limited | 870,000,000 (approximately **80.61%) | – | 870,000,000 (approximately **80.61%) |

* Derived mainly through the direct interest of Singapore Airlines Limited.
** The shareholding percentages have been calculated based on a total issued share capital of 1,079,236,594 shares as at 22 May 2009.

## Shareholding held by the public

Based on information available to the Company as at 22 May 2009, approximately 19% of the issued shares of the Company is held by the public (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST")).
The Company hence confirms that Rule 723 of the Listing Manual of the SGX-ST has been complied with.