Financials

Report by the Board of Directors

The directors have pleasure in presenting their report together with the audited financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2010.

1. Directors of the Company

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

Edmund Cheng Wai Wing	–	Chairman
David Zalmon Baffsky		
David Heng Chen Seng	–	(Appointed on 15 October 2009)
Khaw Kheng Joo		
Rajiv Behari Lall		
Mak Swee Wah		
Ng Kee Choe		
Keith Tay Ah Kee		
Yeo Chee Tong		

Note: Dr Ow Chin Hock was a director of the Company until his retirement on 28 July 2009.

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 as stated below:

	Direct interest		Deemed interest	
Name of director	**1.4.2009**	**31.3.2010**	**1.4.2009**	**31.3.2010**
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	**200,000**	–	**–**

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.

Report by the Board of Directors

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
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.

The option scheme has since been terminated.

At the end of the financial year, options to take up 49,195,130 unissued ordinary shares in the Company were outstanding:

Date of grant	Balance at 1.4.2009/ date of grant	Cancelled	Exercised	Balance at 31.3.2010	Exercise price*	Exercisable period
28.3.2000	5,023,900	(1,819,700)	(3,204,200)	**–**	$2.15	28.3.2001 – 27.3.2010
3.7.2000	1,833,350	(303,700)	(436,300)	**1,093,350**	$1.75	3.7.2001 – 2.7.2010
2.7.2001	501,250	(104,200)	(117,350)	**279,700**	$1.19	2.7.2002 – 1.7.2011
1.7.2002	1,227,950	(323,200)	(284,000)	**620,750**	$1.55	1.7.2003 – 30.6.2012
1.7.2003	1,391,500	(296,700)	(319,200)	**775,600**	$1.42	1.7.2004 – 30.6.2013
1.7.2004	5,109,900	(754,550)	(1,030,950)	**3,324,400**	$2.04	1.7.2005 – 30.6.2014
1.7.2005	10,665,050	(103,600)	(2,459,450)	**8,102,000**	$2.22	1.7.2006 – 30.6.2015
3.7.2006	14,123,325	(108,625)	(5,741,270)	**8,273,430**	$2.05	3.7.2007 – 2.7.2016
2.7.2007	13,718,000	(217,300)	–	**13,500,700**	$3.01	2.7.2009 – 1.7.2017
1.7.2008	13,407,100	(181,900)	–	**13,225,200**	$2.17	1.7.2010 – 30.6.2018
	67,001,325	(4,213,475)	(13,592,720)	**49,195,130**		

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

Report by the Board of Directors

4. Options on Shares in the Company (Cont'd)

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

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

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

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
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 RSP and PSP.

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

Date of grant	Balance at 1.4.2009/ date of grant	Vested	Cancelled	Adjustments #	Balance at 31.3.2010
2.10.2006	84,044	(57,070)	(641)	–	**26,333**
27.7.2007	322,350	(72,824)	(500)	(203,906)	**45,120**
1.11.2007	41,000	(10,300)	–	(20,500)	**10,200**
28.7.2008	511,600	–	(22,900)	–	**488,700**
17.11.2008	50,000	–	–	–	**50,000**
12.11.2009	813,800	–	(23,800)	–	**790,000**
	1,822,794	(140,194)	(47,841)	(224,406)	**1,410,353**

Report by the Board of Directors

4. Options on Shares in the Company (Cont'd)

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

PSP

Date of grant	Balance at 1.4.2009/later date of grant	Number of ordinary shares Vested	Adjustments#	Balance at 31.3.2010
2.10.2006	85,651	–	(85,651)	**–**
12.2.2007*	181,538	(181,538)	–	**–**
27.7.2007	98,200	–	–	**98,200**
1.11.2007	55,000	–	–	**55,000**
15.4.2008*	185,616	–	–	**185,616**
28.7.2008	92,000	–	–	**92,000**
12.11.2009	72,000	–	–	**72,000**
	770,005	(181,538)	(85,651)	**502,816**

* These relate to the PSP plan granted under Singapore Food Industries ("SFI") which were converted to Singapore Airport Terminal Services Limited ("SATS") shares in the financial year ended 31 March 2010.
\# Adjustments at the end of the two-year and three-year performance period upon meeting/(not meeting) stated performance targets for RSP and PSP respectively.

Based on the Monte Carlo simulation model, the estimated fair value at the date of grant for each share granted under the RSP ranges from $2.01 to $2.18 (2008-09: $1.65 to $1.86) and the estimated fair value at the date of grant for each share granted under the PSP is $3.03 (2008-09: $1.62).

The number of contingent shares granted but not released as at 31 March 2010 were 1,410,353 (2008-09: 1,008,994) and 502,816 (2008-09: 330,851) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from 81,653 (2008-09: 84,044) to a maximum of 2,074,803 (2008-09: 1,362,464), and zero to a maximum of 743,416 (2008-09: 542,277) fully-paid ordinary shares of SATS, for RSP and PSP respectively.

5. Audit Committee

The Audit 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, 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 4th day of May 2010

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 2010, 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 4th day of May 2010

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 96 to 160, which comprise the balance sheets of the Group and the Company as at 31 March 2010, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation 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 2010 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 4th day of May 2010

Consolidated Income Statement

for the year ended 31 March 2010 (in $ Thousand)

	Note	GROUP 2009-10	2008-09
Revenue	4	**1,538,906**	1,062,094
Expenditure			
Staff costs	5	**(545,417)**	(442,758)
Cost of raw materials		**(409,512)**	(155,427)
Licensing fees		**(56,788)**	(59,889)
Depreciation and amortisation charges		**(90,796)**	(64,594)
Company accommodation and utilities		**(90,790)**	(77,093)
Other costs		**(161,239)**	(91,446)
		(1,354,542)	(891,207)
Operating profit	6	**184,364**	170,887
Interest on borrowings	7	**(5,313)**	(6,708)
Interest income	8	**628**	6,872
Dividend from long-term investment, gross		**–**	1,167
Share of profits of associated companies		**41,934**	22,231
Share of loss of joint venture company		**(3)**	(1)
Loss on sale of investment in subsidiary		**–**	(44)
Gain on disposal of property, plant and equipment		**538**	470
Amortisation of deferred income, net of expenses		**929**	(538)
Loss on sale of short-term non-equity investment		**(5)**	(10,821)
Profit before tax		**223,072**	183,515
Taxation	9	**(40,951)**	(35,059)
Profit after taxation		**182,121**	148,456
Profit attributable to:			
Equity holders of the company		**181,241**	146,775
Minority interests		**880**	1,681
Profit for the year		**182,121**	148,456
Basic earnings per share (cents)	10	**16.7**	13.6
Diluted earnings per share (cents)	10	**16.7**	13.6

The notes on pages 104 to 160 form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2010 (in $ Thousand)

	GROUP	
	2009-10	**2008-09**
Profit after taxation	**182,121**	148,456
Other comprehensive income		
Net fair value changes on available-for-sale assets	**326**	358
Foreign currency translation	**(12,012)**	5,709
	(11,686)	6,067
Total comprehensive income	**170,435**	154,523
Total comprehensive income attributable to:		
Equity holders of the company	**170,420**	152,794
Minority interests	**15**	1,729
Total comprehensive income	**170,435**	154,523

The notes on pages 104 to 160 form an integral part of the financial statements.

Balance Sheets

at 31 March 2010 (in $ Thousand)

	Note	GROUP 31.3.2010	GROUP 31.3.2009 (Restated)	COMPANY 31.3.2010	COMPANY 31.3.2009
Share capital	12	**288,018**	255,177	**288,018**	255,177
Reserves					
Revenue reserve		**1,224,444**	1,161,762	**905,397**	907,684
Foreign currency translation reserve		**(59,642)**	(48,495)	**–**	–
Share-based compensation reserve	13	**22,601**	23,824	**22,601**	23,824
Fair value reserve	13	**–**	(326)	**–**	(326)
Statutory reserve	13	**6,477**	6,123	**–**	–
		1,193,880	1,142,888	**927,998**	931,182
Equity attributable to equity holders of the company		**1,481,898**	1,398,065	**1,216,016**	1,186,359
Minority interests		**18,299**	18,284	**–**	–
Total equity		**1,500,197**	1,416,349	**1,216,016**	1,186,359
Deferred taxation	14	**98,591**	104,226	**28,505**	27,882
Term loans	16	**5,796**	11,294	**–**	–
Finance leases	17	**4,154**	5,580	**–**	–
Other long term liability		**4,000**	4,000	**4,000**	4,000
Deferred income	18	**19,134**	20,957	**19,134**	20,957
		1,631,872	1,562,406	**1,267,655**	1,239,198
Represented by:					
Property, plant and equipment	19				
Freehold land and buildings		**13,459**	14,195	**–**	–
Leasehold land and buildings		**429,668**	460,780	**–**	–
Progress payments		**29,806**	4,864	**1,421**	295
Others		**121,391**	128,544	**171**	333
		594,324	608,383	**1,592**	628
Investment properties	20	**6,459**	7,001	**385,869**	410,383
Subsidiary companies	21	**–**	–	**540,754**	540,722
Long-term investment	22	**7,905**	7,904	**7,886**	7,886
Joint venture company	23	**–**	266	**–**	–
Associated companies	24	**334,781**	333,465	**270,819**	270,819
Loan to a subsidiary		**–**	–	**1,227**	726
Loan to an associated company	24	**140**	760	**140**	760
Intangible assets	25	**461,952**	479,816	**6,021**	1,146
Other non-current assets	26	**12,125**	12,064	**12,012**	12,064
Deferred tax assets	14	**5,687**	5,174	**680**	680

The notes on pages 104 to 160 form an integral part of the financial statements.

Balance Sheets

at 31 March 2010 (in $ Thousand)

	Note	GROUP 31.3.2010	GROUP 31.3.2009 (Restated)	COMPANY 31.3.2010	COMPANY 31.3.2009
Current assets					
Trade debtors	27	**219,438**	123,756	**7,368**	5,956
Other debtors	28	**16,650**	11,697	**1,851**	2,721
Prepayments		**9,091**	13,131	**1,263**	2,124
Related companies	29	**–**	236,631	**22,354**	157,025
Amount owing by associated companies	24	**516**	248	**517**	248
Loan to an associated company	24	**560**	608	**560**	608
Inventories	30	**43,161**	56,624	**360**	218
Short-term non-equity investments		**–**	20,400	**–**	20,400
Fixed deposits	31	**132,588**	83,872	**119,053**	83,083
Cash and bank balances	31	**63,761**	53,404	**12,087**	8,004
		485,765	600,371	**165,413**	280,387
Less:					
Current liabilities					
Bank overdraft – secured	31	**599**	1,805	**–**	–
Trade creditors		**154,758**	136,892	**22,664**	19,608
Other liabilities	32	**64,472**	67,410	**3,146**	9,515
Related companies	29	**–**	–	**92,179**	44,516
Provision for taxation		**43,858**	53,857	**6,769**	13,364
Term loans	16	**12,841**	31,927	**–**	–
Notes payable	15	**–**	200,000	**–**	200,000
Finance leases – current	17	**738**	907	**–**	–
		277,266	492,798	**124,758**	287,003
Net current assets/(liabilities)		**208,499**	107,573	**40,655**	(6,616)
		1,631,872	1,562,406	**1,267,655**	1,239,198

The notes on pages 104 to 160 form an integral part of the financial statements.

Statements of Changes in Equity

for the year ended 31 March 2010 (in $ Thousand)

	Note	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY Share capital	Revenue reserve	Share-based compen-sation reserve	Fair value reserve	Statutory reserve *	Foreign currency translation reserve	Total	Minority interests	Total equity
GROUP										
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
Profit for the year		–	181,241	–	–	–	–	181,241	880	182,121
Other comprehensive income for the year		–	–	–	326	–	(11,147)	(10,821)	(865)	(11,686)
Total comprehensive income for the year		–	181,241	–	326	–	(11,147)	170,420	15	170,435
Transfer to statutory reserve		–	(354)	–	–	354	–	–	–	–
Share-based payment		–	–	4,340	–	–	–	4,340	–	4,340
Share options exercised and lapsed		32,081	740	(4,803)	–	–	–	28,018	–	28,018
Award of performance and restricted shares		760	–	(760)	–	–	–	–	–	–
Dividends, net	11	–	(118,945)	–	–	–	–	(118,945)	–	(118,945)
Balance at 31 March 2010		**288,018**	**1,224,444**	**22,601**	**–**	**6,477**	**(59,642)**	**1,481,898**	**18,299**	**1,500,197**
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
Profit for the year		–	146,775	–	–	–	–	146,775	1,681	148,456
Other comprehensive income for the year		–	–	–	358	–	5,661	6,019	48	6,067
Total comprehensive income for the year		–	146,775	–	358	–	5,661	152,794	1,729	154,523
Transfer to statutory reserve		–	(223)	–	–	223	–	–	–	–
Share-based payment		–	–	7,632	–	–	–	7,632	–	7,632
Share options exercised and lapsed		796	313	(422)	–	–	–	687	–	687
Award of restricted shares		182	–	(182)	–	–	–	–	–	–
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	11	–	(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

* 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 2010 (in $ Thousand)

	Note	Share capital	Revenue reserve	Share-based compensation reserve	Fair value reserve	Total equity
COMPANY						
Balance at 31 March 2009		255,177	907,684	23,824	(326)	1,186,359
Profit for the year		–	115,918	–	–	115,918
Other comprehensive income for the year		–	–	–	326	326
Total comprehensive income for the year		–	115,918	–	326	116,244
Share-based payment		–	–	4,340	–	4,340
Share options exercised and lapsed		32,081	740	(4,803)	–	28,018
Award of performance and restricted shares		760	–	(760)	–	–
Dividends, net	11	–	(118,945)	–	–	(118,945)
Balance at 31 March 2010		**288,018**	**905,397**	**22,601**	**–**	**1,216,016**
COMPANY						
Balance at 31 March 2008		250,079	914,041	16,796	(684)	1,180,232
Profit for the year		–	144,420	–	–	144,420
Other comprehensive income for the year		–	–	–	358	358
Total comprehensive income 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	11	–	(151,090)	–	–	(151,090)
Balance at 31 March 2009		255,177	907,684	23,824	(326)	1,186,359

The notes on pages 104 to 160 form an integral part of the financial statements.

Consolidated Cash Flow Statement

for the year ended 31 March 2010 (in $ Thousand)

	Note	2009-10	2008-09
Cash flows from operating activities			
Profit before taxation		**223,072**	183,515
Adjustments for:			
Interest income		**(629)**	(6,872)
Interest on borrowings		**5,313**	6,708
Dividend from long-term investment		**–**	(1,167)
Depreciation and amortisation charges		**90,796**	64,594
Gain on disposal of property, plant and equipment		**(536)**	(470)
Share of profits of associated companies		**(41,934)**	(22,231)
Share of loss of joint venture company		**3**	1
Share-based payment expense		**4,340**	7,632
Amortisation of deferred income, net of expenses		**(929)**	538
Loss on sale of joint venture company		**8**	–
Impairment of property, plant and equipment		**18**	–
Negative goodwill arising from acquisition of subsidiary		**–**	(2,507)
Income from purchase price warranty claim		**–**	(1,112)
Gain on disposal of held for sale assets		**–**	(2,025)
Loss on disposal of long-term investment		**–**	44
Loss on disposal of short-term non-equity investments		**–**	10,821
Change in fair value reserve		**326**	–
Operating profit before working capital changes		**279,848**	237,469
Changes in working capital:			
(Increase)/decrease in debtors		**(100,846)**	18,367
Decrease/(increase) in prepayments		**4,040**	(10,219)
Decrease in inventories		**13,463**	9,851
Decrease in amounts owing by related companies		**96,363**	8,214
Increase/(decrease) in creditors		**11,438**	(25,874)
(Increase)/decrease in amounts due from associated companies		**(268)**	178
Cash generated from operations		**304,038**	237,986
Interest paid to third parties		**(5,293)**	(6,708)
Income taxes paid		**(44,553)**	(47,445)
Net cash from operating activities		**254,192**	183,833
Cash flows from investing activities			
Capital expenditure	31	**(64,122)**	(28,079)
Repayment of loan from associated company		**668**	427
Dividends from associated companies		**24,374**	18,311
Dividend from long-term investment		**–**	1,167
Proceeds from disposal of property, plant and equipment		**2,837**	1,817
Proceeds from purchase price warranty claim		**–**	556
Interest received from deposits		**828**	7,028
Proceeds from disposal of short-term non-equity investments		**20,400**	13,573
Capital expenditure for setting up associated companies		**–**	(3,862)
Proceeds from disposal of held for sale assets		**–**	5,176
Investment in subsidiaries, net of cash acquired		**–**	(457,829)
Acquisition of shares in subsidiary		**–**	(627)
Proceeds from sale of joint venture company		**255**	–
Net cash used in investing activities		**(14,760)**	(442,342)

The notes on pages 104 to 160 form an integral part of the financial statements.

Consolidated Cash Flow Statement

for the year ended 31 March 2010 (in $ Thousand)

	Note	2009-10	2008-09
Cash flows from financing activities			
Bank charges on sale and leaseback arrangement		**(894)**	(2,360)
Repayment of medium-term notes and term loans		**(228,014)**	(14,073)
Repayment of finance leases		**(1,620)**	(319)
Drawdown of term loan		**3,377**	–
Proceeds from exercise of share options		**28,018**	687
Dividends paid		**(118,945)**	(151,090)
Dividends paid by subsidiary companies to minority interests		**–**	(120)
Proceeds from issuance of shares by subsidiary to minority interests		**–**	525
Net cash used in financing activities		**(318,078)**	(166,750)
Net decrease in cash and cash equivalents		**(78,646)**	(425,259)
Effect of exchange rate changes		**(1,343)**	675
Cash and cash equivalents at beginning of financial year		**275,739**	700,323
Cash and cash equivalents at end of financial year	31	**195,750**	275,739

Notes to Financial Statements

31 March 2010

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 ceased to be a subsidiary of Singapore Airlines Limited with effect from 1 September 2009. Transactions with Singapore Airlines Group were recorded as third party transactions from thereon.

The Company is an associated company of Venezio Investments Pte Ltd, a subsidiary of Temasek Holdings (Private) Limited, both incorporated in the Republic of Singapore.

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

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

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

The consolidated financial statements for the financial year ended 31 March 2010 were authorised for issue in accordance with a resolution of the Directors on 4 May 2010.

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 2009. Adoption of these new/revised FRS and INT FRS did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures, including, in some cases, revisions to accounting policies.

The principal effects of these changes are as follows:

FRS 1: Presentation of financial statements – revised presentation

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Group has elected to present this statement as two linked statements.

FRS 107: Amendments to FRS 107 financial instruments – disclosures

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. Financial assets and liabilities measured at fair value are not material to the Group. Liquidity risk disclosures are presented in Note 35 and Note 36 to the financial statements respectively.

Notes to Financial Statements
31 March 2010

2. Accounting Policies (Cont'd)

(b) New and revised standards (Cont'd)

FRS 108: Operating segments

FRS 108 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. The Group determined that the reportable operating segments are the same as the business segments previously identified under FRS 14 Segment Reporting. Additional disclosures about each of the segments are shown in Note 38, including revised comparative information.

Improvements to FRSs issued in 2008

In 2008, the Accounting Standards Council issued an omnibus of amendments to FRS. There are separate transitional provisions for each amendment. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group:

FRS 1: Presentation of financial statements

Assets and liabilities classified as held for trading in accordance with FRS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet. The Group amended its accounting policy accordingly and analysed whether Management's expectation of the period of realisable of financial assets and liabilities differed from the classification of the instrument. This did not result in any re-classification of financial instruments between current and non-current in the balance sheet.

FRS 16: Property, plant and equipment

Replaces the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.

Notes to Financial Statements
31 March 2010

2. Accounting Policies (Cont'd)

(b) New and revised standards (Cont'd)

FRS 23 Borrowing costs

The definition of borrowing costs is revised to consolidate the two types of items that are considered components of "borrowing costs" into one – the interest expense calculated using the effective interest rate method calculated in accordance with FRS 39. The Group has amended its accounting policy accordingly which did not result in any change in its financial position.

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)
FRS 27:	Consolidated and Separate Financial Statements	1 July 2009
FRS 39:	Financial Instruments: Recognition and Measurement – Eligible Hedged Items	1 July 2009
FRS 103:	Business Combinations	1 July 2009
FRS 105:	Non-current Assets Held for Sale and Discontinued Operations	1 July 2009
INT FRS 117:	Distributions of Non-Cash Assets to Owners	1 July 2009
Improvements to FRSs issued in 2009:		
FRS 38:	Intangible Assets	1 July 2009
FRS 102:	Share-based Payment	1 July 2009
FRS 108:	Operating Segments	1 July 2009
INT FRS 109:	Reassessment of Embedded Derivatives	1 July 2009
INT FRS 116:	Hedges of a Net Investment in a Foreign Operation	1 July 2009
FRS 1:	Presentation of Financial Statements	1 January 2010
FRS 7:	Statement of Cash Flows	1 January 2010
FRS 17:	Leases	1 January 2010
FRS 36:	Impairment of Assets	1 January 2010
FRS 39:	Financial Instruments: Recognition and Measurement	1 January 2010
FRS 105:	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
FRS 108:	Operating Segments	1 January 2010

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:

Revised FRS 103: Business Combinations
Amendments to FRS 27: Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2009. The revised FRS 103 introduces a number of changes in the accounting for business combinations occurring after 1 July 2009. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 27 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to FRS 7 Statement of Cash Flows, FRS 12 Income Taxes, FRS 21 The Effects of Changes in Foreign Exchange Rates, FRS 28 Investments in Associates and FRS 31 Interests in Joint Ventures. The changes from revised FRS 103 and Amendments to FRS 27 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early applied. However, the Group does not intend to early adopt.

Notes to Financial Statements
31 March 2010

2. Accounting Policies (Cont'd)

(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 21 to the financial statements.

All intra-group balances, transactions, income and expenses and unrealised 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 so as to obtain benefits from its activities. An investment in a subsidiary company is generally accompanied by a shareholding giving rise to the majority of the voting rights.

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

The Group's investments in associated companies are accounted for using the equity method. Under the equity method, the investment in associated company is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated company. Goodwill relating to an associated company is included in the carrying amount of the investment. 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 23 to the financial statements.

Notes to Financial Statements
31 March 2010

2. Accounting Policies (Cont'd)

(d) Subsidiary, associated and joint venture companies (Cont'd)

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.

Notes to Financial Statements

31 March 2010

2. Accounting Policies (Cont'd)

(f) Intangible asset

(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.

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) Other intangible assets

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

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

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

Notes to Financial Statements

31 March 2010

2. Accounting Policies (Cont'd)

(f) Intangible asset (Cont'd)

(ii) Other intangible assets (Cont'd)

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

• ***Computer software***

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

• ***Transferable fishing licences***

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

• ***Abattoir licence***

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

• ***Brand names and customer relationships***

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

Brand names	17 years
Customer relationships	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.

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.

Notes to Financial Statements

31 March 2010

2. Accounting Policies (Cont'd)

(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.

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

(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.

Notes to Financial Statements

31 March 2010

2. Accounting Policies (Cont'd)

(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.

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.

Notes to Financial Statements

31 March 2010

2. Accounting Policies (Cont'd)

(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 expected to be realised within 12 months after the balance sheet date.

Loans and receivables

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

Available-for-sale financial assets

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

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

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

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

Notes to Financial Statements

31 March 2010

2. Accounting Policies (Cont'd)

(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.

Current taxes are being recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

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;

- 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 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.

Notes to Financial Statements

31 March 2010

2. Accounting Policies (Cont'd)

(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) Employees benefits

Equity compensation plan

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

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

Details of the Plan are disclosed in Note 12 to the financial statements.

Equity-settled transactions

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

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

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

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

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.

Notes to Financial Statements

31 March 2010

2. Accounting Policies (Cont'd)

(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. Any gains and losses arising from changes in fair value of derivatives are recognised in profit and loss. Net gains or losses on derivatives include exchange differences.

(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.

(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.

Notes to Financial Statements

31 March 2010

2. Accounting Policies (Cont'd)

(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 other comprehensive income, in which case it is charged to equity. An impairment loss is reversed only if there has been a change in estimates used to determine the recoverable amount, since the last impairment loss was recognised.

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 amount charged to the allowance account is written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has 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.

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.

Notes to Financial Statements

31 March 2010

2. Accounting Policies (Cont'd)

(z) Segmental reporting

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

(aa) Sale and leaseback

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

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

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

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

3. Significant Accounting Estimates and Judgements

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 associated companies at a premium to their net asset value. As at 31 March 2010, the carrying value of investments in associates exceeded the underlying net asset value by $92.9 million (2009: $85.6 million).

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

Notes to Financial Statements

31 March 2010

3. Significant Accounting Estimates and Judgements (Cont'd)

(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 2010 was $43.9 million (2009: $53.9 million).

(c) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of goodwill and brands, are given in Note 25 to the financial statements.

(d) Useful lives of property, plant and equipment and investment properties

The Group reviews the useful lives of property, plant and equipment and investment properties at each balance sheet date, in accordance with the accounting policy stated in Note 2(g) and Note 2(i) respectively.

Judgement is required in determining the useful lives of property, plant and equipment and investment properties. In determining useful lives, which is based on the period over which an asset is expected to be available for efficient use, the Group considers factors like insurance coverage requirement, maintenance and repair cost, technical or commercial obsolescence and legal or similar limits to the use of the property, plant and equipment and investment properties.

4. Revenue (in $ Thousand)

(a) Revenue

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

	GROUP	
	2009-10	2008-09
Revenue	**1,538,906**	1,062,094

(b) Analysis by activity

	GROUP	
	2009-10	2008-09
Food Solutions	**1,031,753**	540,977
Gateway services	**495,266**	508,241
Corporate	**11,887**	12,876
	1,538,906	1,062,094

Notes to Financial Statements
31 March 2010

5. Staff Costs (in $ Thousand)

	GROUP 2009-10	GROUP 2008-09
Staff costs:		
Salaries, bonuses and other costs*	**523,094**	414,887
CPF and other defined contributions^	**17,983**	20,239
Share-based compensation expense#	**4,340**	7,632
	545,417	442,758
Number of employees at end of year	**12,176**	11,577

* Included in salaries, bonuses and other costs are contract labour expenses of $61,783,856 (2008-09: $58,232,000).
^ Included in the Central Provident Fund ("CPF") are job credits from the Government of $17,134,000 (2008-09: $12,284,000).
\# Disclosures relating to share-based compensation expense are in Note 12.

6. Operating Profit (in $ Thousand)

	GROUP 2009-10	GROUP 2008-09
Operating profit for the financial year is stated after charging/(crediting):		
Directors' emoluments		
– Directors of the Company	**1,051**	749
– Directors of subsidiary companies	**555**	731
Auditors' remuneration		
– Audit fee	**912**	375
– Audit fee paid to auditors of subsidiary companies (other than auditors of the company)	**–**	117
– Non – audit fee paid to auditors of the company	**489**	834
Maintenance of equipment and vehicles	**27,940**	18,945
IT expenses	**12,345**	11,539
Lease of ground support equipment	**4,640**	4,309
Leasehold land rental	**7,237**	3,547
Exchange loss/(gain), net	**1,983**	(1,804)

7. Interest on Borrowings (in $ Thousand)

	GROUP 2009-10	GROUP 2008-09
Interest expenses on:		
Loan from third parties	**1,474**	708
Notes payable	**3,839**	6,000
	5,313	6,708

Notes to Financial Statements
31 March 2010

8. Interest Income (in $ Thousand)

	GROUP 2009-10	2008-09
Interest income from:		
Singapore Airlines Limited	**–**	916
Third parties	**606**	5,889
Associated companies	**22**	67
	628	6,872

9. Taxation (in $ Thousand)

	GROUP 2009-10	2008-09
Current taxation:		
Provision in respect of profit for the year	**38,993**	37,215
Over provision in respect of prior years	**(4,450)**	(1,834)
Deferred taxation:		
Movement in temporary differences	**(5,394)**	(6,370)
Under provision of deferred taxation in respect of prior years	**171**	271
Effects of change in tax rates	**–**	(2,669)
Share of associated companies' taxation	**10,226**	8,395
Provision for withholding tax expense on share of associated companies' profits	**1,405**	51
	40,951	35,059

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 2009-10	2008-09
Profit before taxation	**223,070**	183,515
Taxation at statutory tax rate of 17% (2009: 17%)	**37,922**	31,198
Adjustments		
Expenses not deductible for tax purposes	**5,526**	6,614
Effect of different tax rates in other countries	**5,893**	4,099
Over provision of current taxation in respect of prior years	**(4,450)**	(1,834)
Effects of change in tax rates	**–**	(2,669)
Under provision of deferred taxation in respect of prior years	**171**	271
Utilisation of previously unrecognised tax losses	**(3,871)**	–
Tax exempt income	**(2,108)**	(3,438)
Provision for withholding tax expense on share of associated companies' profits	**1,405**	51
Other withholding tax paid	**110**	934
Others	**353**	(167)
Current financial year's taxation charge	**40,951**	35,059

Notes to Financial Statements

31 March 2010

10. Earnings Per Share (in $ Thousand)

	GROUP 2009-10	GROUP 2008-09
Profit attributable to equity holders of the Company	**181,241**	146,775

	GROUP 31 March 2010	GROUP 31 March 2009
Weighted average number of ordinary shares in issue used for computing basic earnings per share	**1,082,849,836**	1,079,144,807
Adjustment for share options, RSP and PSP	**3,110,963**	563,495
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	**1,085,960,799**	1,079,708,302
Basic earnings per share (cents)	**16.7**	13.6
Diluted earnings per share (cents)	**16.7**	13.6

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.

32,583,467 (2009: 4,390,555) of the share options granted to employees under the existing employee share option plans have not been included in the calculation of the diluted earnings per share because they are anti-dilutive for the current and previous financial periods presented.

11. Dividends Paid and Proposed (in $ Thousand)

	GROUP AND COMPANY 2009-10	GROUP AND COMPANY 2008-09
Dividends paid:		
Final dividend of 6 cents (2009: 10 cents) per ordinary share in respect of previous financial year	**64,767**	107,921
Interim dividend of 5 cents (2009: 4 cents) per ordinary share in respect of current financial year	**54,178**	43,169
	118,945	151,090

The Directors proposed the following dividends for the financial year ended 31 March 2010:

	2009-10
Final dividend of 8 cents per ordinary share (one-tier tax exempt)	87,456

Notes to Financial Statements

31 March 2010

12. Share Capital (in $ Thousand)

	GROUP AND COMPANY 31 March 2010	2009
Issued and fully paid share capital		
Ordinary shares		
Balance at beginning of the year		
1,079,236,594 (2009: 1,076,502,080) ordinary shares	**255,177**	250,079
13,592,720 (2009: 357,700) share options exercised during the year	**32,081**	796
321,732 (2009: 87,910) restricted and performance shares vested and issued during the year	**760**	182
Nil (2009: 2,288,904) ordinary shares issued during the year	**–**	4,120
Balance at end of the year		
1,093,151,046 (2009: 1,079,236,594) ordinary shares	**288,018**	255,177

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

During the financial year, the Company issued 13,592,720 (2009: 357,700) ordinary shares upon exercise of options granted under the Employee Share Option Plan. In addition, 321,732 (2009: 87,910) ordinary shares were vested and issued during the financial year under the Restricted Share Plan and Performance Share Plan.

Share option plan

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

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

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

There are no cash settlement alternatives.

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

	GROUP 31 March 2010 Number of options	2010 Weighted average exercise price	2009 Number of options	2009 Weighted average exercise price
Outstanding at beginning of the year	**67,001,325**	**$2.27**	55,873,275	$2.28
Granted	**–**	**–**	13,517,300	$2.17
Exercised	**(13,592,720)**	**$2.54**	(357,700)	$2.17
Lapsed	**(4,213,475)**	**$2.02**	(2,031,550)	$2.02
Outstanding at end of the year	**49,195,130**	**$2.35**	67,001,325	$2.27
Exercisable at end of the year	**35,807,617**	**$2.41**	39,201,075	$2.04

Notes to Financial Statements
31 March 2010

12. Share Capital (in $ Thousand) (Cont'd)

Share option plan (Cont'd)

Fair values of the options

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted each year under the SATS ESOP. The estimate of the fair value of the services received is measured based on a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. There is no option granted during the year. The following table lists the inputs to the model used for the July 2008 grant:

	July 2008 grant
Expected dividend yield (%)	Management's forecast
Expected volatility (%)	25.1
Risk-free interest rate (%)	2.89
Expected life of options (years)	6.0
Exercise price ($)	2.17
Share price at date of grant ($)	2.21

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. No other features of options were incorporated into the measurement of fair value.

Proceeds received from share options exercised during the year were:

	GROUP	
	2009-10	2008-09
Aggregate proceeds from ordinary shares issued	**28,018**	687
Details of share options granted during the financial year:		
Expiry date	**Nil**	30.6.2018
Exercise price	**Nil**	$2.17

Terms of share options outstanding as at 31 March 2010:

Exercise period	Exercise price	Number outstanding	Number exercisable
03.07.2001 to 02.07.2010	$1.75	106,250	106,250
03.07.2002 to 02.07.2010	$1.75	676,800	676,800
03.07.2003 to 02.07.2010	$1.75	155,150	155,150
03.07.2004 to 02.07.2010	$1.75	155,150	155,150
02.07.2002 to 01.07.2011	$1.19	4,350	4,350
02.07.2003 to 01.07.2011	$1.19	237,250	237,250
02.07.2004 to 01.07.2011	$1.19	4,400	4,400
02.07.2005 to 01.07.2011	$1.19	33,700	33,700
01.07.2003 to 30.06.2012	$1.55	6,300	6,300
01.07.2004 to 30.06.2012	$1.55	482,400	482,400
01.07.2005 to 30.06.2012	$1.55	63,850	63,850
01.07.2006 to 30.06.2012	$1.55	68,200	68,200
01.07.2004 to 30.06.2013	$1.42	28,325	28,325
01.07.2005 to 30.06.2013	$1.42	595,275	595,275
01.07.2006 to 30.06.2013	$1.42	70,725	70,725
01.07.2007 to 30.06.2013	$1.42	81,275	81,275
01.07.2005 to 30.06.2014	$2.04	252,400	252,400
01.07.2006 to 30.06.2014	$2.04	2,523,500	2,523,500
01.07.2007 to 30.06.2014	$2.04	267,350	267,350
01.07.2008 to 30.06.2014	$2.04	281,150	281,150
01.07.2006 to 30.06.2015	$2.22	306,825	306,825
01.07.2007 to 30.06.2015	$2.22	7,162,625	7,162,625
01.07.2008 to 30.06.2015	$2.22	316,275	316,275
01.07.2009 to 30.06.2015	$2.22	316,275	316,275

Notes to Financial Statements

31 March 2010

12. Share Capital (in $ Thousand) (Cont'd)

Share option plan (Cont'd)

Exercise period	Exercise price	Number outstanding	Number exercisable
03.07.2007 to 02.07.2016	$2.05	144,237	144,237
03.07.2008 to 02.07.2016	$2.05	7,816,743	7,816,743
03.07.2009 to 02.07.2016	$2.05	150,137	150,137
03.07.2010 to 02.07.2016	$2.05	162,313	–
02.07.2009 to 01.07.2017	$3.01	13,500,700	13,500,700
01.07.2010 to 30.06.2018	$2.17	13,225,200	–
		49,195,130 @	35,807,617

@ The total number of options outstanding includes 5,127,025 (2009: 7,272,850) share options not exercised by employees who have retired or ceased to be employed by SATS or any of its subsidiary companies by reason of (i) ill health, injury or disability or death; (ii) redundancy; or (iii) any other reason approved in writing by the Remuneration Committee. The said options are exercisable up to the expiration of the applicable exercise period or the period of five years from the date of retirement or cessation of employment, whichever is earlier.

Details of movements of share options:

Date of grant	Balance at 1.4.2009/ date of grant	Cancelled	Exercised	Balance at 31.3.2010	Exercise price*	Exercisable period
28.3.2000	5,023,900	(1,819,700)	(3,204,200)	–	$2.15	28.3.2001 – 27.3.2010
3.7.2000	1,833,350	(303,700)	(436,300)	1,093,350	$1.75	3.7.2001 – 2.7.2010
2.7.2001	501,250	(104,200)	(117,350)	279,700	$1.19	2.7.2002 – 1.7.2011
1.7.2002	1,227,950	(323,200)	(284,000)	620,750	$1.55	1.7.2003 – 30.6.2012
1.7.2003	1,391,500	(296,700)	(319,200)	775,600	$1.42	1.7.2004 – 30.6.2013
1.7.2004	5,109,900	(754,550)	(1,030,950)	3,324,400	$2.04	1.7.2005 – 30.6.2014
1.7.2005	10,665,050	(103,600)	(2,459,450)	8,102,000	$2.22	1.7.2006 – 30.6.2015
3.7.2006	14,123,325	(108,625)	(5,741,270)	8,273,430	$2.05	3.7.2007 – 2.7.2016
2.7.2007	13,718,000	(217,300)	–	13,500,700	$3.01	2.7.2009 – 1.7.2017
1.7.2008	13,407,100	(181,900)	–	13,225,200	$2.17	1.7.2010 – 30.6.2018
	67,001,325	(4,213,475)	(13,592,720)	49,195,130		

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

The range of exercise prices for options outstanding at the end of the year is $1.19 – $3.01 (2008-09:$1.19 – $3.01). The weighted average remaining contractual life for these options is 6.51 years (2008-09: 6.74 years).

There are no options granted during the year. The option scheme has since been terminated.

The weighted average share price for options exercised during the year was $2.54 (2008-09: $2.17).

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.

Notes to Financial Statements
31 March 2010

12. Share Capital (in $ Thousand) (Cont'd)

Share-based incentive plans (Cont'd)

The details of the two plans are described below:

	Restricted Share Plan ("RSP")	Performance Share Plan ("PSP")
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 • EBITDA# Margin • Value Added per $ Employment Cost	• Absolute Total Shareholder Return (TSR) • Absolute Return on Equity (ROE)
Vesting Condition	Based on meeting stated performance conditions over a two-year performance period, 50% of award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.	Vesting based on meeting stated performance conditions over a three-year performance period.
Payout	0% – 150% depending on the achievement of pre-set performance targets over the performance period.	0% – 200% depending on the achievement of pre-set performance targets over the performance period.

EBITDA denotes Earnings before Interest, Taxes, Depreciation, Amortisation

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 2009	Nov 2008	Jul 2008
Expected dividend yield (%)		Management's forecast	
Expected volatility (%)	34.4 – 42.1	22.0 – 25.4	22.0 – 25.4
Risk-free interest rate (%)	0.7 – 1.1	1.1 – 1.9	1.1 – 1.9
Expected term (years)	1.6 – 3.6	1.9 – 3.9	1.9 – 3.9
Cost of equity (%)	N.A.	N.A.	N.A.
Share price at date of grant ($)	2.37	1.50	2.09

Notes to Financial Statements
31 March 2010

12. Share Capital (in $ Thousand) (Cont'd)

Share-based incentive plans (Cont'd)

PSP

	Nov 2009	Jul 2008
Expected dividend yield (%)	Management's forecast	
Expected volatility (%)	38.2	24.1
Risk-free interest rate (%)	0.83	1.44
Expected term (years)	2.6	2.9
Cost of equity (%)	8.08	8.2
Share price at date of grant ($)	2.37	2.09

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

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

RSP

	NUMBER OF ORDINARY SHARES				
Date of grant	Balance at 1.4.2009/later date of grant	Vested	Cancelled	Adjustments #	Balance at 31.3.2010
02.10.2006	84,044	(57,070)	(641)	–	26,333
27.07.2007	322,350	(72,824)	(500)	(203,906)	45,120
01.11.2007	41,000	(10,300)	–	(20,500)	10,200
28.07.2008	511,600	–	(22,900)	–	488,700
17.11.2008	50,000	–	–	–	50,000
12.11.2009	813,800	–	(23,800)	–	790,000
	1,822,794	(140,194)	(47,841)	(224,406)	1,410,353

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

Based on the Monte Carlo simulation model, the estimated fair values at date of grant for each share granted under the RSP ranges from $2.01 to $2.18 (2009: $1.65 to $1.86).

PSP

	NUMBER OF ORDINARY SHARES			
Date of grant	Balance at 1.4.2009/later date of grant	Vested	Adjustments #	Balance at 31.3.2010
02.10.2006	85,651	–	(85,651)	–
12.02.2007 *	181,538	(181,538)	–	–
27.07.2007	98,200	–	–	98,200
01.11.2007	55,000	–	–	55,000
15.04.2008 *	185,616	–	–	185,616
28.07.2008	92,000	–	–	92,000
12.11.2009	72,000	–	–	72,000
	770,005	(181,538)	(85,651)	502,816

* These relate to the PSP plan granted under Singapore Food Industries ("SFI") which were converted to Singapore Airport Terminal Services Limited ("SATS") shares in the financial year ended 31 March 2010.
# Adjustments at the end of the two-year and three-year performance period upon meeting/(not meeting) stated performance targets for RSP and PSP respectively.

Notes to Financial Statements

31 March 2010

12. Share Capital (in $ Thousand) (Cont'd)

Share-based incentive plans (Cont'd)

The estimated weighted average fair value at date of grant for each share granted under the PSP is $3.03 (2009: $1.62) 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 2010, were 1,410,353 (2009: 1,008,994) and 502,816 (2009: 330,851) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from 81,653 (2009: 84,044) to a maximum of 2,074,803 (2009: 1,362,464) and zero to a maximum of 743,416 (2009: 542,277) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

For the current financial year, the Group has provided $556,518(2009: $685,679) 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	
	2009-10	2008-09
Share-based compensation expense		
Share options expense	**3,306**	6,946
Restricted share plan	**410**	552
Performance share plan	**624**	134
	4,340	7,632

13. Other Reserves (in $ Thousand)

(a) Share-based compensation reserve

Share-based compensation reserve represents the equity-settled share options, restricted and performance shares granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options, restricted and performance shares.

	GROUP AND COMPANY 31 March	
	2010	2009
Balance at 1 April	**23,824**	16,796
Expense of shared-based payments	**4,340**	7,632
Exercised and lapsed share options	**(4,803)**	(422)
Award of performance and restricted shares	**(760)**	(182)
Balance at 31 March	**22,601**	23,824

Notes to Financial Statements
31 March 2010

13. Other Reserves (in $ Thousand) (Cont'd)

(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 2010	2009
Balance at 1 April	**(326)**	(684)
Net change in the reserve	**326**	358
Balance at 31 March	**–**	(326)
Net change in the reserve arises from:		
Net gain on fair value changes	**326**	358

(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 2010	2009
Balance at 1 April	**6,123**	5,900
Transferred from revenue reserve	**354**	223
Balance at 31 March	**6,477**	6,123

14. Deferred Taxation (in $ Thousand)

	GROUP			
	Consolidated balance sheet 31 March		Consolidated profit and loss account	
	2010	2009 (restated)	2009-10	2008-09
Deferred tax liabilities				
Differences in depreciation and amortisation	**39,710**	42,158	**(5,864)**	(5,514)
Identified intangible assets (as previously stated)	**49,846**	56,518	**(827)**	(748)
Completion of initial purchase accounting (Note 25)	**4,821**	4,821	**–**	–
As restated	**54,667**	61,339	**(827)**	(748)
Unremitted foreign dividend and interest income	**5,883**	5,020	**426**	(651)
Other temporary differences	**(1,669)**	(4,291)	**1,750**	(708)
Balance at end of year	**98,591**	104,226		
Deferred tax assets				
Provisions	**2,775**	2,226	**(507)**	(1,147)
Unutilised tax losses	**2,912**	2,948	**(201)**	–
Balance at end of year	**5,687**	5,174		
Deferred income tax expense			**(5,223)**	(8,768)

Notes to Financial Statements

31 March 2010

14. Deferred Taxation (in $ Thousand) (Cont'd)

	COMPANY Balance sheet 31 March 2010	2009
Deferred tax liabilities		
Differences in depreciation and amortisation	**25,875**	26,420
Unremitted foreign dividend and interest income	**5,883**	5,020
Other taxable temporary differences	**(3,253)**	(3,558)
Balance at end of year	**28,505**	27,882
Deferred tax assets		
Provisions	**680**	680

15. Notes Payable

Notes payable refers to the unsecured medium-term notes which bore fixed interest at 3.0% per annum and was fully repaid on 2 September 2009.

16. Term Loans (in $ Thousand)

	GROUP 31 March 2010	2009
Unsecured:		
Repayable within one year	**390**	22,384
Repayable after one year	**2,600**	2,990
	2,990	25,374
Secured:		
Repayable within one year	**12,451**	9,543
Repayable after one year	**3,196**	8,304
	15,647	17,847
Total term loans	**18,637**	43,221

Two of the unsecured term loans, which commenced on 10 April 2003 and 26 February 2008, are repayable in 240 and 60 installments respectively. Interest on the unsecured term loans are charged at the bank's commercial financing rate on monthly rests. The effective interest rates ranged from 4.2% to 4.5% (2009: 4.2% to 4.5%) per annum.

There are six secured term loans held by the Group as at 31 March 2010 and they are secured on the property, plant and equipment and other assets of certain subsidiaries with a total carrying value at 31 March 2010 of $154,561,000 (2009: $141,191,000). The terms and interest rates are as follows:

	Effective interest rate	Maturity date	Outstanding as at 31 March 2010	2009
Secured term loans:				
GBP floating rate	1.5% to 2.5%	June 2011 to May 2020	14,727	15,864
GBP fixed rate	5.8%	December 2010	553	1,138
EUR floating rate	2.21% to 4.83%	March 2011	340	787
AUD floating rate	9.8% to 10.2%	December 2011 to March 2012	27	58
			15,647	17,847

Intra-group financial guarantees

There were no intra-group financial guarantees comprising guarantees granted by any group to banks in respect of banking facilities secured by subsidiaries (2009: $4,689,000).

Notes to Financial Statements

31 March 2010

17. Finance Lease

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			
	2010		2009	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Not later than one year	**1,143**	**738**	1,540	907
Later than one year but not later than five years	**3,343**	**2,210**	4,322	2,702
Later than five years	**2,283**	**1,944**	3,529	2,878
Total future lease payments	**6,769**	**4,892**	9,391	6,487
Amounts representing interest	**(1,877)**	**–**	(2,904)	–
Present value of minimum lease payments	**4,892**	**4,892**	6,487	6,487

The average discount rate implicit in the leases is 9.45% (2009: 9.45%) per annum for the lease of tractors, 3.98% – 10.20% (2009: 5.31% to 8.10%) per annum for the lease of plant, machinery and equipment.

18. Deferred Income (in $ Thousand)

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

	GROUP AND COMPANY 31 March	
	2010	2009
Balance as at 1 April	**20,957**	22,779
Amount recognised as income during the year	**(1,823)**	(1,822)
Balance as at 31 March	**19,134**	20,957

19. Property, Plant and Equipment (in $ Thousand)

GROUP

	At 1.4.09	Translation	Reclassi-fications	Additions	Disposals	At 31.3.10
Cost						
Freehold land and buildings	14,329	(924)	1,159	–	–	**14,564**
Leasehold land and buildings	741,170	(739)	(1,216)	810	(155)	**739,870**
Office fittings and fixtures	48,210	–	1,094	2,050	(910)	**50,444**
Fixed ground support equipment	370,057	(4,158)	307	9,573	(3,679)	**372,100**
Mobile ground support equipment	56,052	4,131	293	3,612	(7,907)	**56,181**
Office and commercial equipment	56,386	(413)	(3,317)	16,270	(2,751)	**66,175**
Motor vehicles	29,966	22	953	2,257	(5,912)	**27,286**
	1,316,170	(2,081)	(727)	34,572	(21,314)	**1,326,620**
Progress payments	4,864	–	(3,426)	28,368	–	**29,806**
	1,321,034	(2,081)	(4,153)*	62,940	(21,314)	**1,356,426**

Notes to Financial Statements

31 March 2010

19. Property, Plant and Equipment (in $ Thousand) (Cont'd)

GROUP

	At 1.4.09	Translation	Reclassi-fications	Additions	Disposals	At 31.3.10
Accumulated depreciation						
Freehold land and buildings	134	(144)	728	387	–	**1,105**
Leasehold land and buildings	297,580	(263)	(745)	28,003	(155)	**324,420**
Office fittings and fixtures	31,020	–	–	5,316	(110)	**36,226**
Fixed ground support equipment	278,961	(3,444)	17	23,050	(3,257)	**295,327**
Mobile ground support equipment	40,645	4,236	–	3,944	(7,095)	**41,730**
Office and commercial equipment	39,728	(354)	–	6,012	(2,547)	**42,839**
Motor vehicles	24,583	12	–	1,709	(5,849)	**20,455**
	712,651	43	–	68,421	(19,013)	**762,102**
Net book value	608,383					**594,324**

Net book value of property, plant and equipment under finance lease is $39,961,000 (2009: $55,414,000). In addition to assets held under finance leases, the Group's property, plant and equipment with a carrying amount of $57,716,000 (2009: 45,951,000) are pledged to secure the Group's bank loan.

* Reclassification to intangible assets (Note 25).

GROUP

	At 1.4.08	Acquisition of subsidiaries (Note 21)	Trans-lation	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	263	490	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	5,810	(12,632)	26,126	(25,651)	1,316,170
Progress payments	5,462	–	–	(4,325)	3,727	–	4,864
	1,249,070	78,909	5,811	(16,957)*	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 $55,414,000 (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 (2008: Nil) are pledged to secure the Group's bank loans.

* Reclassification to investment properties (Note 20) and intangible assets (Note 25).

Notes to Financial Statements

31 March 2010

19. Property, Plant and Equipment (in $ Thousand) (Cont'd)

COMPANY

	At 1.4.09	Reclassi-fications	Additions	Disposals	At 31.3.10
Cost					
Fixed ground support equipment	1,221	–	4	(1)	**1,224**
Mobile ground support equipment	6,227	–	–	(5,047)	**1,180**
Office and commercial equipment	4,994	(3,941)	3,966	(55)	**4,964**
Motor vehicles	4,017	–	–	(3,823)	**194**
	16,459	(3,941)	3,970	(8,926)	**7,562**
Progress payments	295	(279)	1,405	–	**1,421**
	16,754	(4,220)*	5,375	(8,926)	**8,983**
Accumulated depreciation					
Fixed ground support equipment	1,221	–	1	(1)	**1,221**
Mobile ground support equipment	6,224	–	1	(5,047)	**1,178**
Office and commercial equipment	4,721	–	160	(39)	**4,842**
Motor vehicles	3,960	–	13	(3,823)	**150**
	16,126	–	175	(8,910)	**7,391**
Net book value	628				**1,592**

	At 1.4.08	Reclassi-fications	Additions	Disposals	Transfer from subsidiary companies	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

* Reclassification to investment properties (Note 20) and intangible assets (Note 25).

Notes to Financial Statements
31 March 2010

19. Property, Plant and Equipment (in $ Thousand) (Cont'd)

	GROUP		COMPANY	
	2009-10	2008-09	2009-10	2008-09
Depreciation charge for the financial year				
Freehold land and buildings	**387**	55	**–**	–
Leasehold land and buildings	**28,003**	25,242	**–**	–
Office fittings and fixtures	**5,316**	4,102	**–**	–
Fixed ground support equipment	**23,050**	18,636	**1**	–
Mobile ground support equipment	**3,944**	4,186	**1**	1
Office and commercial equipment	**6,012**	4,885	**160**	247
Motor vehicles	**1,709**	1,111	**13**	13
	68,421	58,217	**175**	261

	GROUP		COMPANY	
	2009-10	2008-09	2009-10	2008-09
Reclassification of property, plant and equipment to:				
Intangible assets (Note 25)	**(4,153)**	(664)	**(4,063)**	(349)
Investment property (Note 20)	**–**	(16,293)	**(157)**	(198)
	(4,153)	(16,957)	**(4,220)**	(547)

20. Investment Properties (in $ Thousand)

	GROUP	COMPANY
At cost		
Balance at 1 April 2009	16,293	719,186
Reclassification (Note 19)	–	157
Addition	–	882
Transfer from subsidiary companies	–	67
Disposal	–	(51)
Balance at 31 March 2010	**16,293**	**720,241**
Accumulated depreciation		
Balance at 1 April 2009	9,292	308,803
Depreciation	542	25,502
Transfer from subsidiary companies	–	67
Balance at 31 March 2010	**9,834**	**334,372**
Net book value	**6,459**	**385,869**
At cost		
Balance at 1 April 2008	–	718,138
Reclassification (Note 19)	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 19)	9,021	–
Depreciation	271	25,174
Balance at 31 March 2009	9,292	308,803
Net book value	7,001	410,383

Notes to Financial Statements
31 March 2010

20. Investment Properties (in $ Thousand) (Cont'd)

The property rental income earned by the Group and Company for the year ended 31 March 2010 from its investment properties which are leased out under operating leases, amounted to $2,529,000 and $44,152,000 (2009: $2,138,000 and $45,132,000) respectively.

Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties amounted to $801,000 and $33,557,000 (2009: $733,000 and $34,745,000) for the Group and Company respectively.

The Directors estimated the fair value of the investment properties of the company as at 31 March 2009 and 31 March 2010 to approximate the net book value.

21. Subsidiary Companies

	COMPANY 31 March 2010	2009
Unquoted shares, at cost	**540,754**	540,722

The subsidiary companies are:

Name of companies (Country of incorporation)	Principal activities (Place of business)	Cost to Company 2010	2009	Percentage of equity held 2010 %	2009 %
Held by the Company					
SATS Airport Services Pte Ltd* (Singapore)	Airport ground handling services (Singapore)	**16,500**	16,500	**100**	100
SATS Catering Pte Ltd* (Singapore)	Inflight catering services (Singapore)	**14,000**	14,000	**100**	100
SATS Security Services Private Limited* (Singapore)	Security handling services (Singapore)	**3,000**	3,000	**100**	100
Aero Laundry and Linen Services Private Limited* (Singapore)	Providing and selling laundry and linen services (Singapore)	**2,515**	2,515	**100**	100
Aerolog Express Pte Ltd* (Singapore)	Airport cargo delivery management services (Singapore)	**1,260**	1,260	**70**	70
Country Foods Pte Ltd* (Singapore)	Manufacturing and sale of chilled and frozen food, and providing food catering services (Singapore)	**11,030**	11,030	**100**	100
Asia-Pacific Star Private Limited* (Singapore)	Airport ground handling services (Singapore)	**#**	#	**100**	100
SATS HK Limited^ (Hong Kong)	Airport ramp handling and passenger services (Hong Kong)	**5,157**	5,157	**100**	100
Singapore Food Industries Pte Ltd* (Singapore)	Food processing and distribution services (Singapore)	**487,260**	487,260	**100**	100

Notes to Financial Statements

31 March 2010

21. Subsidiary Companies (Cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	Cost to Company 2010	Cost to Company 2009	Percentage of equity held 2010 %	Percentage of equity held 2009 %
Held by the Company (Cont'd)					
SATS Investment Pte Ltd (Singapore)	Investment holding (Singapore)	**–**	–	**100**	–
Singapore Airport Terminal Services (India) Co. Private Limited ^ (India)	Administrative, management and other services relating to airport terminal services in India (India)	**32**	–	**100**	–
		540,754	540,722		
Held through Country Foods Pte Ltd					
Country Foods Macau, Limited ^ (Macau)	Manufacturing and sale of chilled and frozen food, and providing food catering services (Macau)	**–**	–	**51**	51
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**	100
– Cresset Limited (Republic of Ireland)	Investment holding (Republic of Ireland)	**–**	–	**100**	100
– Swissco Manufacturing Limited (Republic of Ireland)	Inactive (Republic of Ireland)	**–**	–	**100**	100
Singfood Pte Ltd * (Singapore)	Contract manufacturing of food products and food distribution (Singapore)	**–**	–	**100**	100
Myanmar ST Food Industries Limited ^ (Myanmar)	Dormant (Myanmar)	**–**	–	**100**	100
Primary Industries Pte Ltd and its subsidiaries * (Singapore)	Provision of abattoir services (Singapore)	**–**	–	**78.5**	78.5
– Farmers Abattoir Pte Ltd	Meat processing and other related activities	**–**	–	**78.5**	78.5
– Hog Auction Market Pte Ltd	Auctioneers of pigs	**–**	–	**78.5**	78.5
Primary Industries (Qld) Pty Ltd and its subsidiary ^ (Australia)	Provision of land logistics support services (Australia)	**–**	–	**100**	100
– Urangan Fisheries Pty Ltd (Australia)	Processing and sale of seafood	**–**	–	**51**	51
Shanghai ST Food Industries Co., Ltd ^ (People's Republic of China)	Manufacture and sale of frozen foodstuff (People's Republic of China)	**–**	–	**96**	96

Notes to Financial Statements

31 March 2010

21. Subsidiary Companies (Cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	Cost to Company 2010	Cost to Company 2009	Percentage of equity held 2010 %	Percentage of equity held 2009 %
Held through Singapore Food Industries Limited (Cont'd)					
Singapore Food Development Pte Ltd * (Singapore)	Investment holding (Singapore)	**–**	–	**100**	100
SFI Food Pte Ltd * (Singapore)	Provision of technical and management services for agri-food business (Singapore)	**–**	–	**100**	100
SFI Manufacturing Pte Ltd * (Singapore)	Supply of food products and provision of cookhouse services (Singapore)	**–**	–	**100**	100
S Daniels plc and its subsidiaries ^ (United Kingdom)	Investment holding (United Kingdom)	**–**	–	**100**	100
– Farmhouse Fare Limited	Manufacture and sale of pudding	**–**	–	**100**	100
– All Square Foods Limited	Inactive	**–**	–	**100**	100
– Bilash Foods Limited	Inactive	**–**	–	**100**	100
– Brash Brothers Limited	Inactive	**–**	–	**100**	100
– Daniels Chilled Foods Limited	Production and marketing of chilled soup, freshly squeezed juices, smoothies and prepared fruits	**–**	–	**100**	100
– Daniels Foods Limited	Inactive	**–**	–	**100**	100
– Daniels Group Limited	Inactive	**–**	–	**100**	100
– Get Fresh Limited	Inactive	**–**	–	**100**	100
– Johnsons Fresh Products Limited	Inactive	**–**	–	**100**	100
– Johnsons Freshly Squeezed Juice Limited	Inactive	**–**	–	**100**	100
– Juice Limited	Inactive	**–**	–	**100**	100
– New Covent Garden Food Company Limited	Inactive	**–**	–	**100**	100
– Sun-Ripe Limited	Inactive	**–**	–	**100**	100

Amount is $2.
* Audited by Ernst & Young LLP, Singapore
^ All the overseas subsidiaries, with the exception of Myanmar ST Food Industries Ltd and Shanghai ST Food Industries Co., Ltd are audited by member firms of Ernst & Young Global in the respective countries.

Notes to Financial Statements
31 March 2010

22. Long-term Investment (in $ Thousand)

	GROUP 31 March		COMPANY 31 March	
	2010	2009	2010	2009
Unquoted equity investment, at cost	**7,905**	7,904	**7,886**	7,886

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

23. Joint Venture Company (in $ Thousand)

	GROUP 31 March	
	2009-10	2008-09
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	–	Nil (2008-09: 50%)

* Audited by KPMG LLP Singapore

During the financial year, the Group completed the voluntary liquidation proceedings of SembCorp Network Pte Ltd.

24. Associated Companies (in $ Thousand)

	GROUP 31 March		COMPANY 31 March	
	2010	2009	2010	2009
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	**156,141**	147,220	**–**	–
Goodwill on acquisition	**92,895**	83,825	**–**	–
Intangible assets, net of amortisation	**–**	1,732	**–**	–
Share of statutory reserves of associated companies	**6,239**	6,123	**–**	–
Foreign currency translation adjustments	**(32,761)**	(19,107)	**–**	–
Deferred tax liabilities	**(6,215)**	(4,810)	**–**	–
	216,299	214,983	**–**	–
	334,781	333,465	**270,819**	270,819

Notes to Financial Statements

31 March 2010

24. Associated Companies (in $ Thousand) (Cont'd)

	Goodwill	Customer-related intangible assets	Total
At cost			
Balance at 1 April 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
Currency realignment	9,070	(29)	9,041
Balance at 31 March 2010	**92,895**	**32,541**	**125,436**
Accumulated amortisation			
Balance at 1 April 2008	–	24,428	24,428
Amortisation	–	6,483	6,483
Currency realignment	–	(73)	(73)
Balance at 31 March 2009	–	30,838	30,838
Amortisation	–	1,703	1,703
Balance at 31 March 2010	**–**	**32,541**	**32,541**
Net carrying amount			
Balance at 31 March 2009	83,825	1,732	85,557
Balance at 31 March 2010	**92,895**	**–**	**92,895**

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 income statement.

Loan to an associated company

The loan due from an associated company is unsecured and bears interest ranging from 2.251% to 2.595% (2009: 3.425% to 6.052%) per annum, and is repayable on 31 March 2011.

Amount owing by associated companies (current account)

The amounts owing by associated companies are unsecured, trade-related, interest-free and are repayable on demand.

Notes to Financial Statements

31 March 2010

24. Associated Companies (in $ Thousand) (Cont'd)

The associated companies are:

Name of companies (Country of incorporation)	Principal activities (Place of business)	Cost to Company 2010	Cost to Company 2009	Percentage of equity held 2010 %	Percentage of equity held 2009 %
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

Notes to Financial Statements

31 March 2010

24. Associated Companies (in $ Thousand) (Cont'd)

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

	GROUP 31 March 2010	2009
Assets and liabilities		
Current assets	**394,960**	339,926
Non-current assets	**609,174**	665,486
	1,004,134	1,005,412
Current liabilities	**269,915**	250,120
Non-current liabilities	**63,048**	91,057
	332,963	341,177
	2009-10	**2008-09**
Results		
Revenue	**637,870**	615,648
Profit for the period	**82,233**	52,711

25. Intangible Assets (in $ Thousand)

GROUP

	Goodwill	Software	Brands	Customer relationships	Licenses	Total
At cost						
Balance at 1 April 2009 as previously stated	242,326	41,874	125,041	77,074	27,320	513,635
Completion of initial purchase accounting	4,821	–	–	–	–	4,821
Balance at 1 April 2009 as restated	247,147	41,874	125,041	77,074	27,320	518,456
Additions	–	3,758	–	–	–	3,758
Reclassification (Note 19)	–	4,153	–	–	–	4,153
Translation adjustments	–	–	(3,345)	(597)	–	(3,942)
Balance at 31 March 2010	**247,147**	**49,785**	**121,696**	**76,477**	**27,320**	**522,425**
Accumulated amortisation						
Balance at 1 April 2009	–	35,341	36	2,943	320	38,640
Amortisation	–	2,930	198	16,790	1,915	21,833
Balance at 31 March 2010	**–**	**38,271**	**234**	**19,733**	**2,235**	**60,473**
Net book value	**247,147**	**11,514**	**121,462**	**56,744**	**25,085**	**461,952**
At cost						
Balance at 1 April 2008	1,363	39,209	–	–	–	40,572
Acquisition of subsidiary as restated	244,128	–	126,588	77,519	27,320	475,555
Acquisition of minority interest	1,656	–	–	–	–	1,656
Additions	–	2,809	–	–	–	2,809
Reclassification (Note 19)	–	664	–	–	–	664
Disposal	–	(808)	–	–	–	(808)
Translation adjustments	–	–	(1,547)	(445)	–	(1,992)
Balance at 31 March 2009	247,147	41,874	125,041	77,074	27,320	518,456

Notes to Financial Statements

31 March 2010

25. Intangible Assets (in $ Thousand) (Cont'd)

	Goodwill	Software	Brands	Customer relationships	Licenses	Total
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	247,147	6,533	125,005	74,131	27,000	479,816

Completion of initial purchase accounting

The Group completed the initial accounting for the acquisition of Singapore Food Industries Limited during the year. The adjustments to the initial accounting were as follows:

Increase	
Deferred taxation (Note 14)	4,821
Goodwill	4,821

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)(ii), the useful life of the first two brands is estimated to be indefinite while "Farmhouse Fare" brand name has an estimated useful life of 17 years.

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 consolidated income statement.

Impairment testing of goodwill and brands

Goodwill arising from business combinations and brands with indefinite useful lives have been allocated to the following cash-generating units (CGU) for impairment testing:

- Food Solutions
- New Covent Garden products
- Johnsons products

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

	Food Solutions 31 March		New Covent Garden Products 31 March		Johnsons Products 31 March	
	2010	2009	2010	2009	2010	2009
Goodwill	**247,147**	247,147	**–**	–	**–**	–
New Covent Garden brand	**–**	–	**100,300**	103,021	**–**	–
Johnson brand	**–**	–	**–**	–	**18,300**	18,805

Notes to Financial Statements

31 March 2010

25. Intangible Assets (in $ Thousand) (Cont'd)

The New Covent Garden Products CGU and the Johnsons products CGU are part of the food solutions CGU for impairment testing purposes.

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

	Food Solutions 31 March		New Covent Garden Products 31 March		Johnsons Products 31 March	
	2010 %	2009 %	2010 %	2009 %	2010 %	2009 %
Growth rate	**1**	N/A*	**1**	N/A*	**1**	N/A*
Discount rate	**9**	N/A*	**10**	N/A*	**11**	N/A*

* 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.

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

Forecasted revenue and gross margins – Revenue and gross margins are based on average values achieved in the recent years preceding the start of the forecast period. These are increased over the forecast period for anticipated expansion in business, synergies and efficiency improvements.

Growth rates – The forecasted growth rates are based on relevant industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Discount rates – Discount rates reflect the current market assessment of the risks specific to each CGU. This is the benchmark used by the Group to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for each CGU, consideration has been given to the yield on a ten-year government bond at the beginning of the forecasted year.

Market share assumptions – In addition to using industry data to estimate the growth rates (as noted above), the Group assesses how the CGU's position, relative to its competitors, might change over the forecast period. The Group expects its share of the food solutions segment to be stable over the forecast period.

COMPANY

	Software
At cost	
Balance at 1 April 2009	3,442
Reclassification (Note 19)	4,063
Addition	1,166
Balance at 31 March 2010	**8,671**
Accumulated amortisation	
Balance at 1 April 2009	2,296
Amortisation	354
Balance at 31 March 2010	**2,650**
Net book value	**6,021**
At cost	
Balance at 1 April 2008	2,709
Reclassification (Note 19)	349
Addition	626
Disposal	(242)
Balance at 31 March 2009	3,442

Notes to Financial Statements

31 March 2010

25. Intangible Assets (in $ Thousand) (Cont'd)

COMPANY

	Software
Accumulated amortisation	
Balance at 1 April 2008	2,162
Amortisation	134
Balance at 31 March 2009	2,296
Net book value	1,146

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

26. Other Non-current Assets

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

27. Trade Debtors (in $ Thousand)

The table below is an analysis of trade debtors:

	GROUP 31 March		COMPANY 31 March	
	2010	2009	2010	2009
Not past due and not impaired	**133,393**	91,697	**1,236**	254
Past due but not impaired*	**91,071**	36,499	**6,132**	5,702
	224,464	128,196	**7,368**	5,956
Impaired trade debts – collectively assessed	**199**	1,514	**–**	–
Less: Accumulated impairment losses	**(199)**	(1,514)	**–**	–
	–	–	**–**	–
Impaired trade debts – individually assessed	**4,068**	1,252	**1,666**	–
Customers who default in payment within stipulated framework of IATA Clearing House or BSP	**99**	99	**–**	–
Less: Accumulated impairment losses	**(4,167)**	(1,351)	**(1,666)**	–
	–	–	**–**	–
Less: Allowance for trade discount	**(5,026)**	(4,440)	**–**	–
Total trade debtors, net	**219,438**	123,756	**7,368**	5,956
* Aging of trade debtors that are past due but not impaired				
Less than 30 days	**66,920**	21,348	**203**	1,689
30 days to 60 days	**10,766**	7,970	**776**	512
61 days to 90 days	**3,120**	3,777	**525**	2,316
More than 90 days	**10,265**	3,404	**4,628**	1,185
	91,071	36,499	**6,132**	5,702

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

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

Notes to Financial Statements

31 March 2010

27. Trade Debtors (in $ Thousand) (Cont'd)

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

	GROUP 31 March		COMPANY 31 March	
	2010	2009	2010	2009
Balance at 1 April	**2,865**	–	**–**	–
Acquisition of a subsidiary	**–**	2,530	**–**	–
Exchange differences	**(577)**	255	**–**	–
Charge/(write-back) to profit and loss account	**2,078**	80	**1,666**	–
Balance at 31 March	**4,366**	2,865	**1,666**	–
Bad debts written-off directly to profit and loss account	**935**	2	**–**	–

28. Other Debtors (in $ Thousand)

	GROUP 31 March		COMPANY 31 March	
	2010	2009	2010	2009
Staff loans	**313**	556	**299**	547
Sundry receivables	**16,337**	11,141	**1,552**	2,174
	16,650	11,697	**1,851**	2,721

These loans were granted in accordance with schemes approved by the shareholders of the Company. The interest rate on the staff loans is 3% (2009: 3%).

29. Related Companies (in $ Thousand)

	GROUP 31 March		COMPANY 31 March	
	2010	2009	2010	2009
Deposits with Singapore Airlines Limited	**–**	140,268	**–**	140,268
Amounts owing by Singapore Airlines Limited	**–**	67,098	**–**	3,671
Amounts owing by/(to) related companies	**–**	29,265	**–**	(921)
Amounts owing by subsidiary companies	**–**	–	**22,354**	13,086
Deposits placed by subsidiary companies	**–**	–	**(92,179)**	(43,595)
	–	236,631	**(69,825)**	112,509
Disclosed as:				
Current assets	**–**	236,631	**22,354**	157,025
Current liabilities	**–**	–	**(92,179)**	(44,516)
	–	236,631	**(69,825)**	112,509

There were no deposits placed with Singapore Airlines Limited as at 31 March 2010. The interest rates of the deposits placed with Singapore Airlines Limited in prior year ranged from 0.07% to 1.55% per annum.

The amounts owing by/(to) Singapore Airlines Limited and related companies are trade-related and non-interest bearing. The 2010 balances are part of the third party trade debtor account following the change of the corporate shareholder as explained in Note 1.

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 0.12% to 0.44% (2009: 0.125% to 1.31%) per annum.

Included in amount owing by subsidiary companies is an impairment loss of $1,444,000 (2009: $1,444,000).

Notes to Financial Statements
31 March 2010

30. Inventories (in $ Thousand)

	GROUP 31 March 2010	GROUP 31 March 2009	COMPANY 31 March 2010	COMPANY 31 March 2009
Food supplies and dry stores	**36,560**	50,436	**–**	–
Technical spares	**3,293**	3,289	**–**	–
Other consumables	**3,308**	2,899	**360**	218
Total inventories at lower of cost and net realisable value	**43,161**	56,624	**360**	218

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

	GROUP 31 March 2010	GROUP 31 March 2009	COMPANY 31 March 2010	COMPANY 31 March 2009
Balance at 1 April	**2,797**	2,574	**–**	–
Provided during the year	**305**	957	**–**	–
Allowance no longer required	**(455)**	–		
Allowance utilized during the year	**(1,107)**	(749)	**–**	–
Translation differences	**(119)**	15	**–**	–
Balance at 31 March	**1,421**	2,797	**–**	–

During the financial year, the Group wrote off $2,970,000 (2009: $717,000) of inventories that were expensed to the profit and loss account directly.

31. Cash and Cash Equivalents (in $ Thousand)

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

	GROUP 31 March 2010	GROUP 31 March 2009
Fixed deposits	**132,588**	83,872
Cash and bank balances	**63,761**	53,404
Deposits with Singapore Airlines Limited (Note 29)	**–**	140,268
Bank overdraft	**(599)**	(1,805)
	195,750	275,739

(b) Analysis of capital expenditure cash flows:

	GROUP 31 March 2009-10	GROUP 31 March 2008-09
Addition of property, plant and equipment	**62,940**	29,853
Addition of intangible assets	**3,758**	2,809
Adjustment for property, plant and equipment acquired under credit terms	**(2,576)**	(4,583)
Cash invested in property, plant and equipment and intangible assets	**64,122**	28,079

Notes to Financial Statements

31 March 2010

31. Cash and Cash Equivalents (in $ Thousand) (Cont'd)

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.015% to 1.75% (2009: 0.04% to 3.60%) per annum. Short-term deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate for short-term deposits is 0.34% (2009: 1.51%) 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 2010 of $165,137,000 (2009: $141,191,000).

32. Other Liabilities (in $ Thousand)

	GROUP 31 March		COMPANY 31 March	
	2010	2009	2010	2009
Tender deposits	**2,422**	2,471	**1,057**	955
Accrued expenses	**60,111**	56,930	**1,902**	8,297
Purchase of property, plant and equipment	**1,718**	6,484	**187**	263
Others	**221**	1,525	**–**	–
	64,472	67,410	**3,146**	9,515

33. Related Party Transactions (in $ Thousand)

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

Singapore Airlines Limited and companies owned and controlled by it were considered as related companies, before the Company was divested by Singapore Airlines Limited on 31 August 2009.

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

	GROUP		COMPANY	
	2009-10	2008-09	2009-10	2008-09
Services rendered by:				
Singapore Airlines Limited (Up to 31.8.2009)	**6,095**	18,329	**1,128**	3,471
Subsidiary companies	**–**	–	**173**	161
Related companies	**104**	49	**–**	–
	6,199	18,378	**1,301**	3,632
Sales to:				
Singapore Airlines Limited (Up to 31.8.2009)	**167,017**	451,295	**297**	741
Subsidiary companies	**–**	–	**64,230**	64,255
Related companies	**59,780**	159,570	**1,130**	2,012
Associated companies	**1,436**	1,458	**1,436**	1,458
	228,233	612,323	**67,093**	68,466

Notes to Financial Statements

31 March 2010

33. Related Party Transactions (in $ Thousand) (Cont'd)

Directors' and key executives' remuneration of the Company:

	COMPANY 2009–10	COMPANY 2008–09
Key executives		
Salary, bonuses and other costs	**5,600**	2,754
CPF and other defined contributions	**149**	54
Share-based compensation expense	**333**	330
	6,082	3,138
Directors		
Directors' fees (Note 6)	***1,051**	749

* Proposed

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

Name of participant	Aggregate options granted since commencement of scheme to end of financial year	Aggregate options exercised since commencement of scheme to end of financial year	Aggregate options outstanding at end of financial year
Tan Chuan Lye	624,500	(272,000)	352,500
Chang Seow Kuay	98,700	(50,200)	48,500
Tony Goh Aik Kwang	284,100	(124,100)	160,000
Leong Kok Hong	592,500	(353,500)	239,000
Andrew Lim Cheng Yueh	258,200	(45,950)	212,250
Denis Suresh Kumar Marie	80,600	(21,750)	58,850
Yacoob Bin Ahmed Piperdi	377,950	(68,000)	309,950

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 plan to end of financial year	Aggregate shares vested since commencement of plan to end of financial year	Aggregate shares not released at end of financial year
Clement Woon Hin Yong	124,000	344,000	(10,300)	333,700
Lim Chuang	27,000	77,000	–	77,000
Tan Chuan Lye	27,000	94,768	(9,700)	85,068
Ang Lee Nah	27,000	27,000	–	27,000
Robert Burnett	27,000	27,000	–	27,000
Chang Seow Kuay	27,000	90,503	(9,500)	81,003
Tony Goh Aik Kwang	27,000	81,107	(8,900)	72,207
Leong Kok Hong	18,900	68,052	(5,200)	62,852
Andrew Lim Cheng Yueh	18,900	61,707	(8,200)	53,507
Denis Suresh Kumar Marie	33,000	58,335	(2,300)	56,035
Yacoob Bin Ahmed Piperdi	18,900	79,561	(12,000)	67,561
Poon Choon Liang	27,000	27,000	–	27,000
Frankie Tan Chiew Kuang	18,900	18,900	–	18,900

34. Capital and Other Commitments (in $ Thousand)

(a) The Group and the Company have commitments for capital expenditure. Such commitments aggregated to $32.5 million (2009: $19.3 million) for the Group and $6.3 million (2009: $2.6 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 1 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	
	2010	2009	2010	2009
Within one year	**12,607**	12,126	**1,515**	1,313
After one year but not more than five years	**26,802**	25,891	**6,062**	6,060
Later than five years	**46,786**	34,203	**12,442**	13,960
	86,195	72,220	**20,019**	21,333

(c) In the year 2002, the Group entered into a sale and leaseback arrangement with two investors whereby two subsidiary companies sold and leaseback certain fixed ground support equipment. The net book value of these equipment as at 31 March 2010 is $36.2 million (2009: $49.5 million). The gain arising from this sale and leaseback is deferred and amortised over the lease period of 18 years commencing on October 2002. As at 31 March 2010, the balance of the deferred gain is $19,134,000 (2009: $20,957,000) (Note 18).

Under the terms of the agreement, the subsidiary companies have, in 2002, prepaid an amount equivalent to the present value of their future lease obligations to two financial institutions who act as payment undertaking agents. The Company has also guaranteed the repayment of these future lease obligations by the financial institutions to the investors.

Notes to Financial Statements
31 March 2010

35. Financial Risk Management Objectives and Policies (in $ Thousand)

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

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

(a) Foreign currency risk

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

The tax effects on profit before taxation and equity on a 5% strengthening or weakening of SGD against foreign currencies (United States Dollar, Euro and Hong Kong Dollar) in which the Group has major transactions in are as follows:

	GROUP 31 March		COMPANY 31 March	
	2010	2009	2010	2009
Effect of strengthening of SGD				
Profit before taxation	**(1,882)**	(91)	**(1,414)**	(46)
Equity	**(1,562)**	(79)	**(1,174)**	(38)
Effect of weakening of SGD				
Profit before taxation	**1,882**	91	**1,414**	46
Equity	**1,562**	79	**1,174**	38

(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 (2009: $15.6 million). Under this contractual arrangement, the interest rate cap and floor are 6.50% and 4.15% (2009: 6.50% and 4.15%) respectively. The cumulative fair value loss on this instrument is $1.4 million (2009: $1.5 million) 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 ranging from nil (2009: 1.81% to 4.00%) and 0.015% to 1.75% (2009: 0.04% to 3.60%) 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.

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.

Notes to Financial Statements

31 March 2010

35. Financial Risk Management Objectives and Policies (in $ Thousand) (Cont'd)

(b) Interest rate risk (Cont'd)

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

	GROUP 31 March		COMPANY 31 March	
	2010	2009	2010	2009
Effect of an increase in 50 basis points in market interest rates				
Profit before taxation	**(77)**	(79)	**4**	7
Equity	**(64)**	(71)	**3**	6
Effect of a decrease in 50 basis points in market interest rates				
Profit before taxation	**77**	77	**(4)**	(7)
Equity	**64**	71	**(3)**	(6)

(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 2010 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.

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

GROUP

	Outstanding balance		Percentage of total financial assets	
Counter-party profiles	2010	2009	2010	2009
By industry				
Airlines	**117,539**	268,766	**26.6%**	49.8%
Financial institutions	**196,350**	139,653	**44.5%**	25.9%
Others	**101,899**	89,244	**23.1%**	16.6%
	415,788	497,663	**94.2%**	92.3%
By region				
Singapore	**342,565**	422,229	**77.6%**	78.3%
Europe	**58,484**	58,186	**13.2%**	10.8%
Others	**14,739**	17,248	**3.3%**	3.2%
	415,788	497,663	**94.2%**	92.3%
By Moody's credit ratings				
Investment grade (A to AAA)	**156,436**	136,516	**35.4%**	25.3%
Non-rated	**259,352**	361,147	**58.7%**	67.0%
	415,788	497,663	**94.2%**	92.3%

Notes to Financial Statements

31 March 2010

35. Financial Risk Management Objectives and Policies (in $ Thousand) (Cont'd)

(c) Counter-party risk (Cont'd)

COMPANY

Counter-party profiles	Outstanding balance 2010	2009	Percentage of total financial assets 2010	2009
By industry				
Airlines	**4,768**	144,197	**2.8%**	50.2%
Financial institutions	**131,140**	103,483	**75.7%**	36.0%
Others	**24,954**	12,828	**14.4%**	4.4%
	160,862	260,508	**92.8%**	90.6%
By region				
Singapore	**153,293**	260,504	**88.5%**	90.6%
Others	**7,569**	4	**4.4%**	–
	160,862	260,508	**92.8%**	90.6%
By Moody's credit ratings				
Investment grade (A to AAA)	**131,140**	103,483	**75.7%**	36.0%
Non-rated	**29,722**	157,025	**17.2%**	54.6%
	160,862	260,508	**92.8%**	90.6%

(d) Liquidity risk

As at 31 March 2010, the Group had at its disposal, cash and cash equivalents amounting to $195.8 million (2009: $275.7 million) and nil (2009: $20.4 million) short-term non-equity investments. In addition, the Group has available short-term credit facilities of approximately $171.8 million (2009: $257.7 million) from open-ended revolving credit facilities granted by commercial banks. The Group also has an alternative facility to issue notes up to $500 million (2009: $300 million), with maturity dates between one month to ten years, under the Medium Term Note Programme.

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

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

Notes to Financial Statements

31 March 2010

35. Financial Risk Management Objectives and Policies (in $ Thousand) (Cont'd)

(d) Liquidity risk (Cont'd)

GROUP

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
2010							
Notes payable	–	–	–	–	–	–	–
Other long-term liability	–	–	–	–	–	4,000	4,000
Term loans	12,841	2,945	458	229	232	1,932	18,637
Finance lease commitments	738	648	607	489	466	1,944	4,892
Trade creditors	154,758	–	–	–	–	–	154,758
Other creditors	64,485	–	–	–	–	–	64,485
Bank overdrafts	599	–	–	–	–	–	599
	233,421	**3,593**	**1,065**	**718**	**698**	**7,876**	**247,371**
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

COMPANY

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
2010							
Notes payable	–	–	–	–	–	–	–
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
	73,639	**–**	**–**	**–**	**–**	**4,000**	**77,639**
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

Notes to Financial Statements

31 March 2010

36. Financial Instruments (in $ Thousand)

(a) Classification of financial instruments

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

GROUP

	Loans and receivables	Available for-sale financial assets	Financial liabilities at amortised costs	Financial liabilities at fair value	Total
2010					
Assets					
Long term investment	–	7,905	–	–	7,905
Loan to an associated company	700	–	–	–	700
Trade debtors	219,438	–	–	–	219,438
Other debtors	16,650	–	–	–	16,650
Amounts owing by associated companies	516	–	–	–	516
Fixed deposits	132,588	–	–	–	132,588
Cash and bank balances	63,761	–	–	–	63,761
	433,653	**7,905**	**–**	**–**	**441,558**
Total non-financial assets					1,467,580
Total assets					**1,909,138**
Liabilities					
Other long-term liability	–	–	4,000	–	4,000
Term loans	–	–	18,637	–	18,637
Finance lease commitments	–	–	4,892	–	4,892
Trade creditors	–	–	154,758	–	154,758
Other liabilities	–	–	64,472		64,472
Bank overdrafts	–	–	599	–	599
	–	**–**	**247,358**	**–**	**247,358**
Total non-financial liabilities					161,583
Total liabilities					**408,941**

Notes to Financial Statements
31 March 2010

36. Financial Instruments (in $ Thousand) (Cont'd)

(a) Classification of financial instruments (Cont'd)

GROUP

	Loans and receivables	Available for-sale financial assets	Financial liabilities at amortised costs	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					1,515,924
Total assets					2,055,204
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 liabilities	–	–	65,885	1,525	67,410
Bank overdrafts	–	–	1,805	–	1,805
	–	–	458,290	1,525	459,815
Total non-financial liabilities					179,040
Total liabilities					638,855

COMPANY

	Loans and receivables	Available for-sale financial assets	Financial liabilities at amortised costs	Total
2010				
Assets				
Long term investment	–	7,886	–	7,886
Loan to an associated company	700	–	–	700
Loan to a subsidiary company	1,227	–	–	1,227
Related companies	22,354	–	–	22,354
Trade debtors	7,625	–	–	7,625
Other debtors	1,851	–	–	1,851
Amounts owing by associated companies	517	–	–	517
Fixed deposits	119,053	–	–	119,053
Cash and bank balances	12,087	–	–	12,087
	165,414	**7,886**	**–**	**173,300**
Total non-financial assets				1,219,371
Total assets				**1,392,671**

Notes to Financial Statements

31 March 2010

36. Financial Instruments (in $ Thousand) (Cont'd)

(a) Classification of financial instruments (Cont'd)

COMPANY

	Loans and receivables	Available for-sale financial assets	Financial liabilities at amortised costs	Total
2010				
Liabilities				
Notes payable	–	–	–	
Other long-term liability	–	–	4,000	4,000
Related companies	–	–	92,179	92,179
Trade creditors	–	–	22,921	22,921
Other liabilities	–	–	3,146	3,146
	–	**–**	**122,246**	**122,246**
Total non-financial liabilities				54,409
Total liabilities				**176,655**

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
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 liabilities	–	–	9,515	9,515
	–	–	277,639	277,639
Total non-financial liabilities				62,203
Total liabilities				339,842

Notes to Financial Statements

31 March 2010

36. Financial Instruments (in $ Thousand) (Cont'd)

(b) Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	TOTAL CARRYING AMOUNT 31 March		AGGREGATE NET FAIR VALUE 31 March	
	2010	2009	2010	2009
Financial liabilities				
Finance leases (non-current)	**4,154**	5,580	**4,154**	5,580
Fixed rate-secured term loan	**553**	1,138	**564**	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 instrument held as a long-term investment is stated at a cost of $7,905,000 because the fair value cannot be measured reliably. These equity instruments represent ordinary shares in a company that is not quoted on any market and does not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of this investment in the foreseeable future. The fair value of this investment is expected to be above its carrying values.

B. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Trade and other debtors (Note 27 and 28), Amounts owing by/(to) associated and related companies (Note 24 and 29), Loan to an associated company (Note 24), Cash and cash equivalents (Note 31), Trade creditors and other liabilities (Note 32), Term loans (Note 16) and Finance leases – current (Note 17).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

37. Capital Management (in $ Thousand)

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

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

The Group did not breach any debt covenants during the financial years ended 31 March 2010 or 31 March 2009. 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 ratio, which is total debt divided by equity attributable to equity holders of the Company. The Group keeps the total debt equity ratio at a level above the required ratio under its debt covenants. The Group includes within total debt, loans and borrowings, finance lease commitments and bank overdraft.

Notes to Financial Statements
31 March 2010

37. Capital Management (in $ Thousand) (Cont'd)

	GROUP 31 March 2010	GROUP 31 March 2009	COMPANY 31 March 2010	COMPANY 31 March 2009
Notes payable (Note 15)	**–**	200,000	**–**	200,000
Term loans (Note 16)	**18,637**	43,221	**–**	–
Finance leases (Note 17)	**4,892**	6,487	**–**	–
Bank overdraft (Note 31)	**599**	1,805	**–**	–
Total debt	**24,128**	251,513	**–**	200,000
Equity attributable to equity holders of the Company	**1,481,898**	1,398,065	**1,216,016**	1,186,359
Total debt equity ratio	**0.02**	0.18	**–**	0.17

38. Segment Reporting (in $ Thousand)

For management purposes, the Group's operating businesses are organised and managed according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and services. The Group has three reportable operating segment as follows:

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue and profit after taxation.

Segment accounting policies are the same as the policies described in Note 2. Segment assets comprise primarily of property, plant and equipment, investment properties, intangible assets, inventories receivables, operating cash and other investments. Segment liabilities comprise primarily of operating liabilities.

Capital expenditure comprises additions to property, plant and equipment and intangible assets, excluding those acquired through business combinations and finance leases.

The Group generally accounts for inter-segment sales and transfers as if the sales and transfers were to third parties at current market prices.

BY BUSINESS

	Food Solutions	Gateway Services	Corporate	Eliminations	Total
Financial year ended 31 March 2010					
Revenue					
External revenue	1,031,753	495,266	11,887	–	1,538,906
Operating profit	143,472	57,795	(16,903)	–	184,364
Interest income	252	87	478	(189)	628
Interest on borrowings	(1,491)	(4)	(4,007)	189	(5,313)
Gross dividend from long-term investment					
Share of profits of associated companies	5,104	36,829	1	–	41,934
Share of loss of joint venture company	(3)	–	–	–	(3)
Gain on disposal of property, plant and equipment	179	334	25	–	538
Amortisation of deferred income	–	–	929	–	929
Loss on sale of short-term non-equity investment	(5)	–	–	–	(5)
Profit before taxation	147,508	95,041	(19,477)	–	223,072
Taxation	(25,719)	(19,385)	4,153	–	(40,951)
Profit after taxation	**121,789**	**75,656**	**(15,324)**	**–**	**182,121**

Notes to Financial Statements

31 March 2010

38. Segment Reporting (in $ Thousand) (Cont'd)

	Food Solutions	Gateway Services	Corporate	Eliminations	Total
As at 31 March 2010					
Segment assets	617,973	387,722	100,877	–	1,106,572
Associated companies	70,768	180,453	83,557	–	334,778
Deferred tax assets	2,296	2,711	680	–	5,687
Loan to an associated company	140	–	–	–	140
Intangibles (include goodwill)	49,701	4,155	408,107	–	461,963
Total assets	**740,878**	**575,041**	**593,221**	**–**	**1,909,140**
Current liabilities	152,818	53,554	27,056	–	233,428
Long-term liabilities	6,009	3,941	23,134	–	33,084
Tax liabilities	32,016	20,218	90,223	–	142,457
Total liabilities	**190,843**	**77,713**	**140,413**	**–**	**408,969**
Capital expenditure	43,055	16,220	7,423	–	66,698
Depreciation and amortisation charges	35,581	35,631	19,576	–	90,788
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 non-equity 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					
Intangible (include goodwill)	53,278	4,412	422,127	–	479,817
Segment assets	529,045	401,021	305,314	–	1,235,380
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	728,322	–	2,055,204
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	37,326	24,258	96,499	–	158,083
Total liabilities	213,063	75,213	350,579	–	638,855
Capital expenditure	12,435	18,495	1,732	–	32,662
Depreciation and amortisation charges	24,631	36,029	3,934	–	64,594

Notes to Financial Statements

31 March 2010

38. Segment Reporting (in $ Thousand) (Cont'd)

BY GEOGRAPHICAL LOCATION

	Singapore	UK	Others	Total
Financial year ended 31 March 2010				
Revenue	**1,118,082**	**366,100**	**54,724**	**1,538,906**
As at 31 March 2010				
Segment assets	942,499	144,722	19,351	1,106,572
Associated companies	189	–	334,589	334,778
Deferred tax assets	1,618	705	3,364	5,687
Intangibles (include goodwill)	461,219	–	744	461,963
Loan to an associated company	–	–	140	140
Total assets	**1,405,525**	**145,427**	**358,188**	**1,909,140**
Capital expenditure	**43,508**	**22,297**	**893**	**66,698**

	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				
Intangibles (include goodwill)	479,246	–	571	479,817
Segment assets	1,031,384	177,231	26,765	1,235,380
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	1,512,480	177,391	365,333	2,055,204
Capital expenditure	29,444	2,708	510	32,662

39. Subsequent Events

"National Aviation Company of India Limited ("NACIL"), the merged entity of Air India Limited and Indian Airlines Limited, and the Company has in prior years commenced operations in Bangalore and Hyderabad. In the current financial year ended 31 March 2010, NACIL and the Company have decided to consolidate the cargo handling and ground handling businesses at Bangalore and the ground handling business at Hyderabad under a single joint venture, with each party holding a 50% stake in the joint venture. The joint venture company, Air India SATS Airport Services Private Limited ("AI-SATS"), has been incorporated on 20 April 2010 and NACIL and the Company are in the process of transferring the jointly controlled businesses at Bangalore and Hyderabad to AI-SATS.

40. Comparative Figures (in $ Thousand)

Certain comparative figures have been restated to effect the completion of initial accounting for the acquisition of Singapore Food Industries Limited during the year (Note 25):

	2009 as restated	As previously reported
Balance sheet		
Deferred taxation	104,226	99,405
Intangible assets	479,816	474,995

Additional Information

required by the Singapore Exchange Securities Trading Limited ("SGX-ST")

1. Interested Person Transactions (in $ Thousand)

The interested person transactions entered into during the financial year ended 31 March 2010 are as follows:

Name of interested person	Aggregate value of all interested person transactions entered into during the financial year (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 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	–	1,378,390
Singapore Airlines Cargo Pte Ltd	–	607,700
Tiger Airways Pte Ltd	–	20,480
SMRT Taxis Pte Ltd	–	9,000
ST Synthesis Pte Ltd	–	3,700
NCS Pte Ltd	–	2,980
Great Wall Airlines Company Limited	–	1,040
Singapore Telecommunications Limited	–	550
Certis Cisco Security Pte Ltd	–	350
Total	–	2,024,190

Note: All the transactions set out in the above table were based on records from the Group's Register of Interested Person Transactions for the financial period under review, and include transactions whose durations exceed the financial period under review and/or multiple transactions with the same interested person. The transactions were based on actual or estimated values of the transactions for the entire duration of the relevant transactions in the case of fixed term contracts or annual/periodic values of the transactions in the case of open-ended contracts, taking into account agreed rates.

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

2 Material Contracts

Except as disclosed above and in the financial statements for the financial year ended 31 March 2010, there were no material contracts entered into by the Company and its subsidiaries involving the interests of its President and Chief Executive Officer, Directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

Five-year Financial Summary of the Group

(in Singapore Dollars)

		2009-10	2008-09	2007-08	2006-07	2005-06
Profit and loss account ($ million)						
Total revenue		**1,538.9**	1,062.1	958.0	945.7	932.0
Expenditure		**(1,354.5)**	(891.2)	(783.7)	(792.5)	(747.9)
Operating profit		**184.4**	170.9	174.3	153.2	184.1
Other income		**38.7**	12.6	57.1	66.6	62.0
Profit before tax and exceptional items		**223.1**	183.5	231.4	219.8	246.1
Exceptional items		**–**	–	17.3	–	–
Profit before tax		**223.1**	183.5	248.7	219.8	246.1
Profit after tax		**182.1**	148.5	195.2	179.0	189.2
Profit attributable to equity holders of the Company		**181.2**	146.8	194.9	178.2	188.6
Balance sheet ($ million)						
Share capital		**288.0**	255.2	250.1	215.6	179.8
Revenue reserve		**1,224.4**	1,161.8	1,166.0	1,111.3	1,018.2
Share-based compensation reserve		**22.6**	23.8	16.8	13.0	10.0
Foreign currency translation reserve		**(59.6)**	(48.5)	(54.2)	(31.2)	(9.5)
Statutory reserve		**6.4**	6.1	5.9	5.6	4.1
Fair value reserve		**–**	(0.3)	(0.7)	(0.1)	(0.1)
Equity holders' funds		**1,481.9**	1,398.1	1,383.9	1,314.2	1,202.5
Deferred taxation		**98.6**	104.2	47.9	53.5	65.6
Deferred income		**19.1**	21.0	22.8	24.6	26.3
Minority interests		**18.2**	18.3	4.0	3.9	3.3
Fixed assets		**594.4**	608.4	564.8	600.4	669.2
Investment properties		**6.5**	7.0	–	21.3	–
Other non-current assets		**17.8**	17.2	8.2	–	–
Loan to third parties		**–**	–	–	–	–
Associated companies		**334.9**	334.3	334.5	342.7	342.2
Long-term investments		**7.9**	8.2	7.9	7.9	7.9
Intangible assets		**461.9**	479.8	7.5	9.9	14.5
Current assets		**485.8**	600.4	926.6	822.0	684.1
Total assets	[Note 3]	**1,909.1**	#2,055.2	1,849.5	1,804.2	1,717.9
Long-term liabilities		**14.0**	20.9	207.2	202.5	203.9
Current liabilities		**277.6**	492.8	183.7	205.5	216.3
Total liabilities		**291.5**	513.7	390.9	408.0	420.2
Net liquid assets		**182.7**	64.0	744.6	651.3	480.2
Cash flow statement ($ million)						
Cash flow from operations		**304.0**	238.0	200.0	257.2	259.9
Internally generated cash flow	[Note 1]	**331.9**	262.5	258.2	275.8	283.9
Capital expenditure		**64.1**	32.7	20.6	13.7	13.0
Profitability ratios (%)						
Return on equity holders' funds		**12.6**	10.6	14.4	14.2	16.7
Return on total assets		**9.2**	7.6	10.7	10.2	11.4
Return on turnover		**11.8**	14.0	20.4	18.9	20.3

Five-year Financial Summary of the Group

(in Singapore Dollars)

		2009-10	2008-09	2007-08	2006-07	2005-06
Productivity and employee data						
Value added ($ million)		**802.8**	639.3	682.5	675.1	665.1
Value added per employee ($)		**67,283**	69,524	85,979	90,477	86,831
Value added per $ employment cost (times)		**1.66**	1.66	1.85	1.76	1.91
Revenue per employee ($)		**128,974**	115,495	120,961	126,747	121,675
Staff cost per employee ($)		**40,533**	41,814	46,410	51,390	45,369
Average employee strength		**11,932**	9,196	7,938	7,461	7,660
Per share data (cents)						
Earnings before tax		**20.6**	17.0	23.2	20.9	23.7
Earnings after tax						
– Basic		**16.7**	13.6	18.2	17.0	18.2
– Diluted		**16.7**	13.6	17.9	16.9	18.1
Net asset value		**136.9**	129.5	128.6	123.8	115.0
Dividends						
Gross Dividends (cents per share)	[Note 2]	**13.0**	10.0	14.0	*15.0	10.0
Dividend cover (times)		**1.3**	1.4	1.3	1.4	2.3

Notes:
1. Internally generated cash flow comprises cash generated from operations, dividends from associated companies, and proceeds from sale of fixed assets.
2. * include special dividend of 5 cents per share.
3. # Restatement

Five-year Operational Summary of the Group

	2009-10	2008-09	2007-08	2006-07	2005-06
Airfreight throughput (million tonnes)	**1.41**	1.46	1.57	1.55	1.49
Passengers served (million)	**32.99**	30.91	31.65	29.27	27.32
Inflight meals prepared (million)	**23.47**	25.19	25.72	24.74	24.19
Flights handled (thousand)	**95.40**	88.16	85.95	84.52	84.11

Quarterly Results of the Group

(in Singapore Dollars)

		1st quarter	2nd quarter	3rd quarter	4th quarter	Total
Total revenue						
2009-10	($ million)	**351.7**	**362.2**	**434.4**	**390.6**	**1,538.9**
2008-09	($ million)	244.0	249.2	242.4	326.5	1,062.1
Expenditure						
2009-10	($ million)	**308.0**	**319.9**	**376.3**	**350.3**	**1,354.5**
2008-09	($ million)	205.8	205.6	199.0	280.8	891.2
Operating profit						
2009-10	($ million)	**43.7**	**42.4**	**58.0**	**40.3**	**184.4**
2008-09	($ million)	38.2	43.6	43.4	45.7	170.9
Profit before tax						
2009-10	($ million)	**51.8**	**50.9**	**67.5**	**52.9**	**223.1**
2008-09	($ million)	44.1	42.5	50.4	46.5	183.5
Profit attributable to equity holders of the Company						
2009-10	($ million)	**40.4**	**40.9**	**53.4**	**46.5**	**181.2**
2008-09	($ million)	34.5	32.4	37.6	42.2	146.8
Earnings (after tax) per share – Basic						
2009-10	(cents)	**3.7**	**3.8**	**4.9**	**4.3**	**16.7**
2008-09	(cents)	3.2	3.0	3.5	3.9	13.6

Quarterly Operational Summary of the Group

		1st quarter	2nd quarter	3rd quarter	4th quarter	Total
Flights handled						
2009-10	(thousands)	**23.52**	**23.72**	**24.68**	**23.48**	**95.40**
2008-09	(thousands)	22.10	22.17	22.68	21.21	88.16
Cargo and mail processed						
2009-10	(thousand tonnes)	**325.81**	**350.17**	**377.33**	**353.57**	**1,406.88**
2008-09	(thousand tonnes)	396.27	401.72	358.63	304.24	1,460.86
Passenger served						
2009-10	(millions)	**7.60**	**8.00**	**8.88**	**8.51**	**32.99**
2008-09	(millions)	7.92	7.81	8.16	7.02	30.91
Meals produced						
2009-10	(millions)	**5.44**	**5.87**	**6.18**	**5.98**	**23.47**
2008-09	(millions)	6.48	6.45	6.56	5.70	25.19