FINANCIALS

Report by the Board of Directors

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

1. DIRECTORS OF THE COMPANY

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

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

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

3. DIRECTORS' INTERESTS IN ORDINARY SHARES, SHARE OPTIONS AND DEBENTURES

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

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

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

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

4. DIRECTORS' CONTRACTUAL BENEFITS

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

5. OPTIONS ON SHARES IN THE COMPANY

(i) Employee Share Option Plan

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RSP

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

PSP

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

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

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

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

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

6. AUDIT COMMITTEE

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

7. AUDITORS

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

On behalf of the Board,

EDMUND CHENG WAI WING
Chairman

KEITH TAY AH KEE
Director

Dated this 13th day of May 2011

Statement by the Directors

Pursuant to Section 201(15)

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

a) the accompanying consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company, together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2011, the changes in equity of the Group and of the Company, the results of the business and the cash flows of the Group for the financial year ended on that date; and

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

On behalf of the Board,

EDMUND CHENG WAI WING
Chairman

KEITH TAY AH KEE
Director

Dated this 13th day of May 2011

Independent Auditors' Report

To the members of SATS Ltd.

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2011 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

ERNST & YOUNG LLP
Public Accountants and Certified Public Accountants

SINGAPORE
Dated this 13th day of May 2011

Consolidated Income Statement

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

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

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

Consolidated Statement of Comprehensive Income

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

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

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

Balance Sheets

At 31 March 2011 (in $ Thousand)

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

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

Balance Sheets

At 31 March 2011 (in $ Thousand)

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

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

Statements of Changes in Equity

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

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

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

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

Statements of Changes in Equity

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

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

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

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

Statements of Changes in Equity

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

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

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

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

Consolidated Cash Flow Statement

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

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

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

1. GENERAL

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

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

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

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

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

2. ACCOUNTING POLICIES

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

a. Basis of Preparation

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

b. Changes in Accounting Policies

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

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

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

2. ACCOUNTING POLICIES (cont'd)

b. Changes in Accounting Policies (cont'd)

FRS 103 Business Combinations (revised)

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

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

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

FRS 27 Consolidated and Separate Financial Statements (revised)

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

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

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

2. ACCOUNTING POLICIES (cont'd)

c. Standards Issued but Not Yet Effective

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

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

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

Revised FRS 24 Related Party Disclosure

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

2. ACCOUNTING POLICIES (cont'd)

d. Basis of Consolidation

Business combinations from 1 January 2010

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

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

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

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

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES (cont'd)

d. Basis of Consolidation (cont'd)

Business combinations before 1 January 2010

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

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

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

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

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

e. Subsidiary, Associated and Joint Venture Companies

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

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

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

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

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

2. ACCOUNTING POLICIES (cont'd)

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

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

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

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

f. Transactions with Non-Controlling Interests

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

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

g. Functional and Foreign Currencies

(i) Functional currency

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

(ii) Foreign currency transactions

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

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

2. ACCOUNTING POLICIES (cont'd)

g. Functional and Foreign Currencies (cont'd)

(iii) Foreign currency translations

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

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

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

h. Intangible Asset

(i) Goodwill

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

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

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

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

(ii) Other intangible assets

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

2. ACCOUNTING POLICIES (cont'd)

h. Intangible Asset (cont'd)

(ii) Other intangible assets (cont'd)

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

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

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

- *Computer software*

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

- *Transferable fishing licences*

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

- *Abattoir licence*

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

- *Brand names and customer relationships*

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

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

2. ACCOUNTING POLICIES (cont'd)

i. Property, Plant and Equipment

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

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

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

j. Depreciation of Property, Plant and Equipment

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

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

No depreciation is provided for progress payments.

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

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

k. Investment Properties

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

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

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

2. ACCOUNTING POLICIES (cont'd)

l. Leases

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

Finance lease – as lessee

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

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

Operating lease – as lessee

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

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

Operating lease – as lessor

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

m. Inventories

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

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

2. ACCOUNTING POLICIES (cont'd)

n. Non-current Assets Held for Sale

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

o. Financial Assets

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

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

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

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

Financial assets at fair value through profit and loss

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

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

Loans and receivables

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

2. ACCOUNTING POLICIES (cont'd)

o. Financial Assets (cont'd)

Available-for-sale financial assets

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

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

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

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

p. Trade Debtors and Other Debtors

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

q. Cash and Bank Balances

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

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

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

r. Taxation

Current income tax

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

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

2. ACCOUNTING POLICIES (cont'd)

r. Taxation (cont'd)

Deferred tax

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

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

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

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

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES (cont'd)

s. Loans, Notes Payable and Borrowings

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

t. Borrowing Cost

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

u. Employees Benefits

Equity compensation plan

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

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

Equity-settled transactions

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

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

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

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

2. ACCOUNTING POLICIES (cont'd)

u. Employees Benefits (cont'd)

Defined contribution plan

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

Defined benefit plan

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

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES (cont'd)

v. Financial Liabilities

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

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

w. Derivative Financial Instruments

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

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

x. Provisions

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

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

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

y. Revenue

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

2. ACCOUNTING POLICIES (cont'd)

z. Income from Investments

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

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

aa. Impairment of Non-Financial and Financial Assets

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

Non-financial assets

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

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

Financial assets

Assets carried at amortised cost

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

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

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

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

2. ACCOUNTING POLICIES (cont'd)

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

Financial assets (cont'd)

Assets carried at amortised cost (cont'd)

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

Assets carried at cost

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

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

Available-for-sale financial assets

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

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

bb. Segmental Reporting

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

2. ACCOUNTING POLICIES (cont'd)

cc. Treasury Shares

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

dd. Sale and Leaseback

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Key Sources of Estimation Uncertainty

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

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

Key Sources of Estimation Uncertainty (cont'd)

(a) Carrying value of associated companies

The Group acquired certain investments in associated companies at a premium to their net asset value. As at 31 March 2011, the carrying value of investments in associates exceeded the underlying net asset value by $83.8 million (2010: $92.9 million).

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

(b) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Management judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables at 31 March 2011 was $43.8 million (2010: $43.9 million). The Group's deferred tax assets and deferred tax liabilities as of 31 March 2011 was $38.0 million (2010: $5.7 million) and $95.6 million (2010: $98.6 million) respectively.

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

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

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

(d) Defined benefit plan

Various actuarial assumptions are required when determining the Group's defined benefit plan obligations. Due to the long-term nature of these plans, such assumptions are subject to significant uncertainty. These assumptions and the related carrying amounts are disclosed in Note 17.

Judgements Made in Applying Accounting Policies

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

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

Judgements Made in Applying Accounting Policies (cont'd)

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Further details of the key assumptions applied in the impairment assessment of goodwill and brands are given in Note 25 to the financial statements.

Non-financial assets relating to operations in Japan

As disclosed in the Note 21(b), the Group acquired TFK, a subsidiary which operates primarily in Japan, which was accounted for on a provisional basis.

At 31 March 2011, included in the consolidated balance sheet is an amount of $28.1 million (2010: nil), $161.7 million (2010: Nil), and $19.6 million (2010: Nil) relating to the goodwill, property, plant and equipment and intangible assets of TFK.

Based on the current expected cash flows of TFK, no impairment provision is considered necessary for the value of these assets. However, following the chain of disasters from the Great East Japan Earthquake 2011, the aviation industry in Japan was severely affected with an adverse impact on complementary industries, including that of TFK's. As a result, current assumptions used for determining the discounted cash flow of TFK could be affected by the progress of the recovery of the aviation industry in Japan.

4. REVENUE (in $ Thousand)

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

	GROUP	
	2010-11	2009-10
Food Solutions	**1,168,026**	1,031,753
Gateway Services	**551,010**	495,266
Corporate (rental and other services)	**10,095**	11,887
	1,729,131	1,538,906

5. STAFF COSTS (in $ Thousand)

	GROUP 2010-11	GROUP 2009-10
Staff costs:		
Salaries, bonuses and other costs *	**596,548**	523,094
CPF and other defined contributions ^	**46,477**	17,983
Defined benefit plan	**1,200**	–
Share-based compensation expense #	**2,406**	4,340
	646,631	545,417
Number of employees at end of year	**15,301**	12,176

* Included in salaries, bonuses and other costs are contract labour expenses of $74,071,139 (2010: $61,783,856).
^ Included in the Central Provident Fund ("CPF") are job credits from the Government of Singapore $15,026 (2010: $17,134,000).
# Disclosures relating to share-based compensation expense are in Note 12.

6. OPERATING PROFIT (in $ Thousand)

	GROUP 2010-11	GROUP 2009-10
Operating profit for the financial year is stated after charging/(crediting):		
Directors' emoluments		
– Directors of the Company	**1,030**	1,051
– Directors of subsidiary companies	**1,995**	555
Non-audit fee paid to auditors of the company	**503**	489
Writeback for doubtful debts	**(3,883)**	–
Gain on disposal of property, plant and equipment	**(215)**	(538)
Maintenance of equipment and vehicles	**32,386**	27,940
IT expenses	**16,236**	12,345
Lease of ground support equipment	**5,658**	4,640
Leasehold land rental	**3,553**	7,237
Exchange (gain)/loss, net	**(1,617)**	1,983

7. INTEREST ON BORROWINGS (in $ Thousand)

	GROUP 2010-11	GROUP 2009-10
Interest expenses on:		
Loan from third parties	**2,756**	1,474
Notes payable	**–**	3,839
	2,756	5,313

8 INTEREST INCOME (in $ Thousand)

	GROUP 2010-11	GROUP 2009-10
Interest income from:		
Third parties	**516**	606
Associated companies	**5**	22
	521	628

9. TAXATION (in $ Thousand)

	GROUP 2010-11	GROUP 2009-10
Current taxation:		
Provision in respect of profit for the year	**41,744**	38,993
Over provision in respect of prior years	**(1,675)**	(4,450)
Deferred taxation:		
Movement in temporary differences	**(5,277)**	(5,394)
Under provision of deferred taxation in respect of prior years	**1,895**	171
Share of associated companies' taxation	**15,117**	10,226
Provision for withholding tax expense on share of associated companies' profits	**1,852**	1,405
	53,656	40,951

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

	GROUP 2010-11	GROUP 2009-10
Profit before taxation	**245,481**	223,072
Taxation at statutory tax rate of 17% (2010: 17%)	**41,732**	37,922
Adjustments		
Expenses not deductible for tax purposes	**6,487**	5,526
Effect of different tax rates in other countries	**5,240**	5,893
Over provision of current taxation in respect of prior years	**(1,675)**	(4,450)
Under provision of deferred taxation in respect of prior years	**1,895**	171
Utilisation of previously unrecognised tax losses/capital allowances	**(990)**	(3,871)
Tax exempt income	**(1,391)**	(2,108)
Provision for withholding tax expense on share of associated companies' profits	**1,852**	1,405
Deferred tax benefits not recognised	**1,456**	–
Others	**(950)**	463
Current financial year's taxation charge	**53,656**	40,951

10. EARNINGS PER SHARE

	GROUP 2010-11	GROUP 2009-10
Profit attributable to equity holders of the Company (in $ Thousand)	**191,450**	181,241

	GROUP 31 March 2011	GROUP 31 March 2010
Weighted average number of ordinary shares in issue used for computing basic earnings per share	**1,102,436,265**	1,082,849,836
Adjustment for share options, RSP and PSP	**4,948,236**	3,110,963
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	**1,107,384,501**	1,085,960,799
Basic earnings per share (cents)	**17.4**	16.7
Diluted earnings per share (cents)	**17.3**	16.7

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

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

15,459,539 (2010: 32,583,467) of the share options granted to employees under the existing employee share option plans have not been included in the calculation of the diluted earnings per share because they are anti-dilutive for the current and previous financial periods presented.

11. DIVIDENDS PAID AND PROPOSED (in $ Thousand)

	GROUP AND COMPANY 2010-11	GROUP AND COMPANY 2009-10
Dividends paid:		
Final dividend of 8 cents (2010: 6 cents) per ordinary share in respect of previous financial year	**88,175**	64,767
Interim dividend of 5 cents (2010: 5 cents) per ordinary share in respect of current financial year	**55,320**	54,178
	143,495	118,945

The Directors proposed the following dividends for the financial year ended 31 March 2011:

	2010-11
Final dividend of 6 cents per ordinary share (one-tier tax exempt)	66,461
Special dividend of 6 cents per ordinary share (one-tier tax exempt)	66,461
	132,922

12. SHARE CAPITAL (in $ Thousand)

	GROUP AND COMPANY 31 March 2010	2009
Issued and fully paid share capital		
Ordinary shares		
Balance at beginning of the year		
1,093,151,046 (2010: 1,079,236,594) ordinary shares	**288,018**	255,177
14,659,855 (2010: 13,592,720) share options exercised during the year	**35,972**	32,081
375,793 (2010: 321,732) restricted and performance shares vested and issued during the year	**753**	760
Balance at end of the year		
1,108,186,694 (2010: 1,093,151,046) ordinary shares	**324,743**	288,018

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

During the financial year, the Company issued 14,659,855 (2010: 13,592,720) ordinary shares upon exercise of options granted under the Employee Share Option Plan. In addition, 375,793 (2010: 321,732) ordinary shares were vested and issued during the financial year under the Restricted Share Plan and Performance Share Plan.

Share Option Plan

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

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

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

There are no cash settlement alternatives. Both the Employee Share Option Scheme and Senior Executive Share Option Scheme have fully vested during the financial year ended 31 March 2011.

12. SHARE CAPITAL (cont'd) (in $ Thousand)

Share Option Plan (cont'd)

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

	GROUP 31 March			
	2011		2010	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of the year	**49,195,130**	**$2.35**	67,001,325	$2.27
Exercised	**(14,659,855)**	**$2.80**	(13,592,720)	$2.54
Lapsed	**(821,000)**	**$2.17**	(4,213,475)	$2.02
Outstanding at end of the year	**33,714,275**	**$2.46**	49,195,130	$2.35
Exercisable at end of the year	**33,714,275**	**$2.46**	35,807,617	$2.41

Fair values of the options

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

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

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

Proceeds received from share options exercised during the year were:

	GROUP	
	2010-11	2009-10
Aggregate proceeds from ordinary shares issued	**30,793**	28,018

Details of share options granted during the financial year:		
Expiry date	**NIL**	NIL
Exercise price	**NIL**	NIL

12. SHARE CAPITAL (cont'd) (in $ Thousand)

Share Option Plan (cont'd)

Terms of share options outstanding as at 31 March 2011:

Exercise period	Exercise Price	Number Outstanding	Number Exercisable
02.07.2002 to 01.07.2011	$1.19	4,350	4,350
02.07.2003 to 01.07.2011	$1.19	167,950	167,950
02.07.2004 to 01.07.2011	$1.19	4,400	4,400
02.07.2005 to 01.07.2011	$1.19	16,200	16,200
01.07.2003 to 30.06.2012	$1.55	6,300	6,300
01.07.2004 to 30.06.2012	$1.55	329,200	329,200
01.07.2005 to 30.06.2012	$1.55	46,350	46,350
01.07.2006 to 30.06.2012	$1.55	50,700	50,700
01.07.2004 to 30.06.2013	$1.42	28,200	28,200
01.07.2005 to 30.06.2013	$1.42	450,450	450,450
01.07.2006 to 30.06.2013	$1.42	57,100	57,100
01.07.2007 to 30.06.2013	$1.42	64,500	64,500
01.07.2005 to 30.06.2014	$2.04	232,050	232,050
01.07.2006 to 30.06.2014	$2.04	1,781,650	1,781,650
01.07.2007 to 30.06.2014	$2.04	240,700	240,700
01.07.2008 to 30.06.2014	$2.04	251,350	251,350
01.07.2006 to 30.06.2015	$2.22	286,125	286,125
01.07.2007 to 30.06.2015	$2.22	4,609,325	4,609,325
01.07.2008 to 30.06.2015	$2.22	292,125	292,125
01.07.2009 to 30.06.2015	$2.22	292,425	292,425
03.07.2007 to 02.07.2016	$2.05	138,987	138,987
03.07.2008 to 02.07.2016	$2.05	4,393,138	4,393,138
03.07.2009 to 02.07.2016	$2.05	142,637	142,637
03.07.2010 to 02.07.2016	$2.05	149,763	149,763
02.07.2008 to 01.07.2017	$3.01	–	–
02.07.2009 to 01.07.2017	$3.01	13,306,500	13,306,500
01.07.2009 to 30.06.2018	$2.17	–	–
01.07.2010 to 30.06.2018	$2.17	6,371,800	6,371,800
		33,714,275 @	33,714,275

@ The total number of options outstanding includes 4,486,050 (2010: 5,127,025) share options not exercised by employees who have retired or ceased to be employed by SATS or any of its subsidiary companies by reason of (i) ill health, injury or disability or death; (ii) redundancy; or (iii) any other reason approved in writing by the Remuneration Committee. The said options are exercisable up to the expiration of the applicable exercise period or the period of five years from the date of retirement or cessation of employment, whichever is earlier.

12. SHARE CAPITAL (in $ Thousand) (cont'd)

Share Option Plan (cont'd)

Details of movements of share options:

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

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

The range of exercise prices for options outstanding at the end of the year is $1.19 – $3.01 (2010: $1.19 – $3.01). The weighted average remaining contractual life for these options is 5.58 years (2010: 6.51 years).

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

The weighted average share price for options exercised during the year was $2.80 (2010: $2.54).

Share-Based Incentive Plans

The Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") are share-based incentive plans for senior management staff, which were approved by the shareholders of the Company on 19 July 2005.

The details of the two plans are described below:

	Restricted Share Plan ("RSP")	Performance Share Plan ("PSP")
For grants prior to FY2010/2011		
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on position and individual performance targets set at the start of a two-year performance period based on stretched medium-term Group and Company objectives.	Award of fully-paid ordinary shares of the Company, conditional on performance targets set at the start of a three-year overlapping performance period based on stretched long-term corporate objectives.

12. SHARE CAPITAL (in $ Thousand) (cont'd)

Share-Based Incentive Plans (cont'd)

	Restricted Share Plan ("RSP")	Performance Share Plan ("PSP")
For grants prior to FY2010/2011 (cont'd)		
Performance Conditions	For grants prior to FY2009/2010 At Group level • EBITDA# Margin • Value Added per $ Employment Cost For grants in FY2009/2010 At Group level • PATMI@ • Value Added per $ Employment Cost	• Absolute Total Shareholder Return (TSR) • Absolute Return on Equity (ROE)
Vesting Condition	Based on meeting stated performance conditions over a two-year performance period, 50% of award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.	Vesting based on meeting stated performance conditions over a three-year performance period.
Payout	0% – 150% depending on the achievement of pre-set performance targets over the performance period.	0% – 200% depending on the achievement of pre-set performance targets over the performance period.
For grants in FY2010/2011		
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on both corporate and individual performance achievement based on prior financial year.	Award of fully-paid ordinary shares of the Company, conditional on performance targets set at the start of a three-year overlapping performance period based on stretched long-term corporate objectives.
Performance Conditions	Group PATMI@ performance equal or exceeds the Cost of Capital.	• EVA Improvement • Absolute TSR • Relative TSR
Vesting Condition	Equal vesting over a four-year period.	Vesting based on meeting specified performance conditions over a three-year performance period.
Payout	100% depending on the achievement based on prior financial year.	0% – 200% depending on the achievement of specified performance targets over the performance period.

EBITDA denotes Earnings before Interest, Taxes, Depreciation, Amortisation
@ PATMI denotes Profit after Taxes and Non-controlling interests

12. SHARE CAPITAL (in $ Thousand) (cont'd)

Share-based incentive plans (cont'd)

Fair values of RSP and PSP

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

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

RSP	Aug 2010	Nov 2009	Nov 2008	Jul 2008
Expected dividend yield (%)	Management's forecast			
Expected volatility (%)	33.2	34.4 – 42.1	22.0 – 25.4	22.0 – 25.4
Risk-free interest rate (%)	0.4-0.6	0.7 – 1.1	1.1 – 1.9	1.1 – 1.9
Expected term (years)	0.9-3.9	1.6 – 3.6	1.9 – 3.9	1.9 – 3.9
Share price at date of grant ($)	2.91	2.37	1.50	2.09

PSP	Aug 2010	Nov 2009	Jul 2008
Expected dividend yield (%)	Management's forecast		
Expected volatility (%)	36.2	38.2	24.1
Risk-free interest rate (%)	0.56	0.83	1.44
Expected term (years)	2.7	2.6	2.9
Cost of equity (%)	N.A.	8.08	8.2
Index (for Relative TSR)	MSCI Asia Pac ex-Japan Industrial Index	N.A.	N.A.
Index Volatility (%)	39.9	N.A.	N.A.
Correlation (%)	37.7	N.A.	N.A.
Share price at date of grant ($)	2.91	2.37	2.09

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

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

12. SHARE CAPITAL (in $ Thousand) (cont'd)

Share-based incentive plans (cont'd)

RSP

	Number of ordinary shares				
Date of grant	Balance at 1.4.2010 / later date of grant	Vested	Forfeited	Adjustments #	Balance at 31.3.2011
02.10.2006	26,333	(26,333)	–	–	–
27.07.2007	45,120	(23,760)	(1,760)	–	19,600
01.11.2007	10,200	(5,100)	–	–	5,100
28.07.2008	488,700	(190,500)	(19,800)	(120,000)	158,400
17.11.2008	50,000	(18,800)	–	(12,500)	18,700
12.11.2009	790,000	–	(68,300)	5,000	726,700
02.08.2010	1,046,000	–	(36,000)	–	1,010,000
	2,456,353	(264,493)	(125,860)	(127,500)	1,938,500

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

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

PSP

	Number of ordinary shares				
Date of grant	Balance at 1.4.2010/ later date of grant	Vested	Forfeited	Adjustments #	Balance at 31.3.2011
27.07.2007	98,200	(71,300)	–	(26,900)	–
01.11.2007	55,000	(41,300)	–	(13,700)	–
15.04.2008 *	185,616	(185,616)	–	–	–
28.07.2008	92,000	–	–	–	92,000
12.11.2009	72,000	–	–	–	72,000
02.08.2010	746,000	–	(10,000)	–	736,000
	1,248,816	(298,216)	(10,000)	(40,600)	900,000

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

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

The estimated weighted average fair value at date of grant for each share granted during the year under the PSP is $2.78 (2010: $3.03) based on the Monte Carlo simulation model.

12. SHARE CAPITAL (in $ Thousand) (cont'd)

Share-based incentive plans (cont'd)

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

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

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

For the current financial year, the Group has provided $1,878,161 (2010: $556,518) in respect of the RSP and PSP based on the fair values determined on grant date and estimation of share grants that will ultimately vest.

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

	GROUP	
	2010-11	2009-10
Share-based compensation expense		
Share options expense	**531**	3,306
Restricted share plan	**1,387**	410
Performance share plan	**488**	624
	2,406	4,340

13. OTHER RESERVES (in $ Thousand)

(a) Share-Based Compensation Reserve

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

(b) Fair Value Reserve

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

(c) Statutory Reserve

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

13. OTHER RESERVES (in $ Thousand) (cont'd)

(d) Foreign Currency Translation Reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

14. DEFERRED TAXATION (in $ Thousand)

	GROUP			
	Consolidated Balance Sheet 31-March		Consolidated Profit and Loss Account	
	2011	2010	2010-11	2009-10
Deferred tax liabilities, net				
Differences in depreciation and amortisation	**36,736**	39,710	**(1,934)**	(5,864)
Identified intangible assets	**55,849**	54,667	**(5,779)**	(827)
Unremitted foreign dividend and interest income	**5,883**	5,883	**–**	426
Other temporary differences	**430**	(1,669)	**(325)**	1,750
Provisions	**(3,280)**	–	**–**	–
Balance at end of year	**95,618**	98,591		
Deferred tax assets, net				
Provisions	**27,236**	2,775	**8,137**	(507)
Defined benefit plan	**10,605**	–	**(3,664)**	–
Unutilised tax losses/capital allowances	**140**	2,912	**183**	(201)
Balance at end of year	**37,981**	5,687		
Deferred income tax expense			**(3,382)**	(5,223)

	COMPANY	
	Balance Sheet 31-March	
	2011	2010
Deferred tax liabilities		
Differences in depreciation and amortisation	**24,797**	25,875
Unremitted foreign dividend and interest income	**6,221**	5,883
Other taxable temporary differences	**(2,943)**	(3,253)
Balance at end of year	**28,075**	28,505
Deferred tax assets		
Provisions	**–**	680

Unrecognised Tax Losses

At the end of the reporting period, the Group has tax losses and capital allowances of approximately $4,547,000 (2010: $3,773,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

15. TERM LOANS (in $ Thousand)

	GROUP 31 March 2011	GROUP 31 March 2010	COMPANY 31 March 2011	COMPANY 31 March 2010
Unsecured:				
Repayable within one year	**140,314**	390	**118,673**	–
Repayable after one year	**4,096**	2,600	**–**	–
	144,410	2,990	**118,673**	–
Secured:				
Repayable within one year	**11,106**	12,451	**–**	–
Repayable after one year	**8,655**	3,196	**–**	–
	19,761	15,647	**–**	–
Total term loans	**164,171**	18,637	**118,673**	–

There are ten unsecured loans held by the Group as at 31 March 2011. The terms and interest rates are as follows:

	Effective interest rate	Maturity date	Outstanding as at 31 March 2011	Outstanding as at 31 March 2010
Unsecured term loans:				
JPY floating rate	1.15% to 1.85%	April 2011 to December 2011	**138,452**	–
JPY fixed rate	1.7%	March 2014	**3,195**	–
SGD fixed rate	4.2%	December 2012	**499**	759
SGD floating rate	4.5%	December 2023	**2,264**	2,231
			144,410	2,990

There are nine secured term loans held by the Group as at 31 March 2011 and they are secured on the property, plant and equipment and other assets of certain subsidiaries with a total carrying value at 31 March 2011 of $35,084,000 (2010: $154,561,000). The terms and interest rates are as follows:

	Effective interest rate	Maturity date	Outstanding as at 31 March 2011	Outstanding as at 31 March 2010
Secured term loans:				
GBP floating rate	1.5% to 2.5%	June 2011 to May 2020	**9,285**	14,727
AUD fixed rate	9.2%	Febuary 2016	**1,280**	–
JPY fixed rate	0.85% to 2.845%	March 2014 to March 2017	**9,196**	–
GBP fixed rate	5.8%	December 2010	**–**	553
EUR floating rate	2.21% to 4.83%	March 2011	**–**	340
AUD floating rate	9.8% to 10.2%	December 2011 to March 2012	**–**	27
			19,761	15,647

Intra-group financial guarantees

There were no intra-group financial guarantees comprising guarantees granted by any group to banks in respect of banking facilities secured by subsidiaries (2010: nil).

16. FINANCE LEASE (in $ Thousand)

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

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

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

	GROUP 31 March			
	2011		2010	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Not later than one year	**5,041**	**4,572**	1,143	738
Later than one year but not later than five years	**7,467**	**6,427**	3,343	2,210
Later than five years	**1,665**	**1,480**	2,283	1,944
Total future lease payments	**14,173**	**12,479**	6,769	4,892
Amounts representing interest	**(1,694)**	**–**	(1,877)	–
Present value of minimum lease payments	**12,479**	**12,479**	4,892	4,892

The average discount rate implicit in the leases is 9.45% (2010: 9.45%) per annum for the lease of tractors, 1.2% – 10.2% (2010: 3.98% to 10.2%) per annum for the lease of plant, machinery and equipment.

17. DEFINED BENEFIT PLAN (in $ Thousand)

The subsidiaries in Japan operate a defined benefit plan which require contributions to be made to separately administered funds. The plan provides a pension and the amount of benefit is calculated by combination of final salary and total service years, not simply determined by the percentage of salary for each year of service. The benefit plan becomes vested after 3 years of service as lump-sum distribution or vested after 15 years of service as annual payment of plan benefit, and require contributions to be made to separately administered funds.

The following tables summarise the components of net benefit expense recognised in profit or loss and the funded status and amounts recognised in the balance sheets for the plans.

17. DEFINED BENEFIT PLAN (in $ Thousand) (cont'd)

	GROUP 31 March	
Funded pension plans	2011	2010
Net benefit expense		
Current service cost	**1,200**	–
Interest cost on benefit obligation	**820**	–
Expected return on plan assets	**(1,035)**	–
Net benefit expense	**985**	–
Defined benefit plan asset/(liability)		
Defined benefit obligation	**(143,552)**	–
Fair value of plan assets	**92,748**	–
	(50,804)	–
Unrecognised net actuarial gain	**(5,017)**	–
Defined benefit liability	**(55,821)**	–
Change in present value of defined benefit obligations are as follows:		
Acquisition of a subsidiary	**155,372**	–
Interest cost	**820**	–
Current service cost	**1,200**	–
Benefits paid	**(2,833)**	–
Actuarial gains on obligation	**(5,447)**	–
Exchange differences	**(5,560)**	–
As at 31 March 2011	**143,552**	–
Change in fair value of plan assets are as follows:		
Acquisition of a subsidiary	**96,499**	–
Expected return on plan assets	**1,035**	–
Contributions by employer	**1,930**	–
Benefits paid	**(2,833)**	–
Actuarial losses	**(430)**	–
Exchange differences	**(3,453)**	–
As at 31 March 2011	**92,748**	–

17. DEFINED BENEFIT PLAN (in $ Thousand) (cont'd)

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

	GROUP 31 March	
	2011 %	2010 %
Japan equities	**35.7**	–
Offshore equities	**22.7**	–
Japan bonds	**9.9**	–
Offshore bonds	**9.1**	–
Fixed deposit	**22.6**	–
	100.0	–

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

	GROUP 31 March	
	2011 %	2010 %
Discount rates	**2.4**	–
Expected rate of return on assets	**4.5**	–
Future salary increases	**2.0**	–
Future pension increases	**2.0**	–
Post retirement mortality for pensioners at age 60		–
– Male	**0.8**	–
– Female	**0.8**	–

The expected rate of return is calculated by weighing the expected rates of return on individual categories of plan assets in accordance with the anticipated balance in the plan's investment portfolio. These expected rates of return are determined based on the market prevailing on that date, applicable to the period over which the obligation is to be settled.

18. DEFERRED INCOME (in $ Thousand)

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

	GROUP AND COMPANY 31 March	
	2011	2010
Balance as at 1 April	**19,134**	20,957
Amount recognised as income during the year	**(1,822)**	(1,823)
Balance as at 31 March	**17,312**	19,134

19. PROPERTY, PLANT AND EQUIPMENT (in $ Thousand)

GROUP

	Freehold land and buildings	Leasehold land and buildings	Office fittings and fixtures	Fixed ground support equipment	Mobile ground support equipment	Office and commercial equipment	Motor vehicles	Progress payments	Total
Cost									
At 1 April 2010	14,564	739,870	50,444	372,100	56,181	66,175	27,286	29,806	1,356,426
Acquisition of subsidiaries ^ (Note 21)	138,701	–	1,714	–	–	7,521	13,747	–	161,683
Translation	(8,561)	(370)	(61)	(1,831)	(981)	(538)	(547)	(319)	(13,208)
Reclassifications	(1,156)	7,177	15,458	16,399	(11,577)	(6,728)	969	(22,077)	(1,535) *
Additions	320	719	15,590	12,777	3,805	3,994	5,244	20,429	62,878
Disposals	(5)	(834)	(486)	(7,354)	(1,625)	(526)	(2,062)	–	(12,892)
At 31 March 2011	143,863	746,562	82,659	392,091	45,803	69,898	44,637	27,839	1,553,352
Accumulated depreciation									
At 1 April 2010	1,105	324,260	36,386	295,327	41,730	42,839	20,455	–	762,102
Translation	(110)	(88)	(58)	(1,397)	(992)	(51)	(39)	–	(2,735)
Reclassifications	(728)	695	8,524	5,140	(9,476)	(4,182)	(23)	–	(50) *
Depreciation	2,700	27,495	7,283	24,884	3,580	6,081	2,795	–	74,818
Disposals	(5)	(794)	(486)	(7,266)	(1,625)	(521)	(2,058)	–	(12,755)
At 31 March 2011	2,962	351,568	51,649	316,688	33,217	44,166	21,130	–	821,380
Net book value	140,901	394,994	31,010	75,403	12,586	25,732	23,507	27,839	731,972

Net book value of property, plant and equipment under finance lease is $26,190,000 (2010: $39,961,000). In addition to assets held under finance leases, the Group's property, plant and equipment with a carrying amount of $173,785,000 (2010: 57,716,000) are pledged to secure the Group's bank loans and overdrafts.

^ As disclosed in Note 21(b), PPE relating to the TFK Group amounting to $161,683,000 has been recorded on a provisional basis.
* Reclassification to intangible assets (Note 25).

19. PROPERTY, PLANT AND EQUIPMENT(in $ Thousand) (cont'd)

GROUP

	Freehold land and buildings	Leasehold land and buildings	Office fittings and fixtures	Fixed ground support equipment	Mobile ground support equipment	Office and commercial equipment	Motor vehicles	Progress payments	Total
Cost									
At 1 April 2009	14,329	741,170	48,210	370,057	56,052	56,386	29,966	4,864	1,321,034
Translation	(924)	(739)	–	(4,158)	4,131	(413)	22	–	(2,081)
Reclassifications	1,159	(1,216)	1,094	307	293	(3,317)	953	(3,426)	(4,153) *
Additions	–	810	2,050	9,573	3,612	16,270	2,257	28,368	62,940
Disposals	–	(155)	(910)	(3,679)	(7,907)	(2,751)	(5,912)	–	(21,314)
At 31 March 2010	14,564	739,870	50,444	372,100	56,181	66,175	27,286	29,806	1,356,426
Accumulated depreciation									
At 1 April 2009	134	297,420	31,180	278,961	40,645	39,728	24,583	–	712,651
Translation	(144)	(263)	–	(3,444)	4,236	(354)	12	–	43
Reclassifications	728	(745)	–	17	–	–	–	–	–
Depreciation	387	28,003	5,316	23,050	3,944	6,012	1,709	–	68,421
Disposals	–	(155)	(110)	(3,257)	(7,095)	(2,547)	(5,849)	–	(19,013)
At 31 March 2010	1,105	324,260	36,386	295,327	41,730	42,839	20,455	–	762,102
Net book value	13,459	415,610	14,058	76,773	14,451	23,336	6,831	29,806	594,324

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

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

COMPANY

	Fixed ground support equipment	Mobile ground support equipment	Office and commercial equipment	Motor vehicles	Progress payments	Total
Cost						
At 1 April 2010	1,224	1,180	4,964	194	1,421	8,983
Reclassifications	–	–	248	–	(127)	121 *
Additions	39	–	678	–	1,308	2,025
Disposals	–	(830)	(27)	(40)	–	(897)
At 31 March 2011	1,263	350	5,863	154	2,602	10,232
Accumulated depreciation						
At 1 April 2010	1,221	1,178	4,842	150	–	7,391
Depreciation	7	1	206	13	–	227
Disposals	–	(829)	(27)	(40)	–	(896)
At 31 March 2011	1,228	350	5,021	123	–	6,722
Net book value	35	–	842	31	2,602	3,510

* Reclassification from intangible assets (Note 25).

19. PROPERTY, PLANT AND EQUIPMENT (in $ Thousand) (cont'd)

COMPANY

	Fixed ground support equipment	Mobile ground support equipment	Office and commercial equipment	Motor vehicles	Progress payments	Total
Cost						
At 1 April 2009	1,221	6,227	4,994	4,017	295	16,754
Reclassifications	–	–	(3,941)	–	(279)	(4,220) *
Additions	4	–	3,966	–	1,405	5,375
Disposals	(1)	(5,047)	(55)	(3,823)	–	(8,926)
At 31 March 2010	1,224	1,180	4,964	194	1,421	8,983
Accumulated Depreciation						
At 1 April 2009	1,221	6,224	4,721	3,960	–	16,126
Reclassifications	–	–	–	–	–	–
Depreciation	1	1	160	13	–	175
Disposals	(1)	(5,047)	(39)	(3,823)	–	(8,910)
At 31 March 2010	1,221	1,178	4,842	150	–	7,391
Net book value	3	2	122	44	1,421	1,592

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

	GROUP		COMPANY	
Depreciation charge for the financial year	2010-11	2009-10	2010-11	2009-10
Freehold land and buildings	**2,700**	387	**–**	–
Leasehold land and buildings	**27,495**	28,003	**–**	–
Office fittings and fixtures	**7,283**	5,316	**–**	–
Fixed ground support equipment	**24,884**	23,050	**7**	1
Mobile ground support equipment	**3,580**	3,944	**1**	1
Office and commercial equipment	**6,081**	6,012	**206**	160
Motor vehicles	**2,795**	1,709	**13**	13
	74,818	68,421	**227**	175

	GROUP		COMPANY	
Reclassification of property, plant and equipment (to)/from:	2010-11	2009-10	2010-11	2009-10
Intangible assets (Note 25)	**(1,485)**	(4,153)	**226**	(4,063)
Investment property (Note 20)	**–**	–	**(105)**	(157)
	(1,485)	(4,153)	**121**	(4,220)

20. INVESTMENT PROPERTIES (in $ Thousand)

	GROUP	COMPANY
At Cost		
Balance at 1 April 2010	16,293	720,241
Reclassification (Note 19)	–	105
Acquisition of subsidiaries ^	10,034	–
Additions	–	2,093
Disposals	–	(301)
Balance at 31 March 2011	26,327	722,138
Accumulated Depreciation		
Balance at 1 April 2010	9,834	334,372
Depreciation	542	25,212
Balance at 31 March 2011	10,376	359,584
Net book value	15,951	362,554
At Cost		
Balance at 1 April 2009	16,293	719,186
Reclassification (Note 19)	–	157
Addition	–	882
Transfer from subsidiary companies	–	67
Disposal	–	(51)
Balance at 31 March 2010	16,293	720,241
Accumulated Depreciation		
Balance at 1 April 2009	9,292	308,803
Depreciation	542	25,502
Transfer from subsidiary companies	–	67
Balance at 31 March 2010	9,834	334,372
Net book value	6,459	385,869

The property rental income earned by the Group and Company for the year ended 31 March 2011 from its investment properties which are leased out under operating leases, amounted to $2,663,000 and $46,360,000 (2010: $2,529,000 and $44,152,000) respectively.

Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties amounted to $416,000 and $35,405,000 (2010: $801,000 and $33,557,000) for the Group and Company respectively.

Most of the investment properties of the Company are rented to the subsidiaries in the Group for their operational needs and are accounted for as property, plant and equipment at the Group.

^ As disclosed in Note 21(b), investment properties relating to the TFK Group amounting to $10,034,000 has been recorded on a provisional basis.

21. SUBSIDIARY COMPANIES (in $ Thousand)

	COMPANY 31 March 2011	COMPANY 31 March 2010
Unquoted shares, at cost	**540,950**	540,754

The subsidiary companies are:

Name of companies (Country of incorporation)	Principal activities (Place of business)	Cost to Company 2011	Cost to Company 2010	Percentage of equity held 2011 %	Percentage of equity held 2010 %
Held by the Company					
SATS Airport Services Pte Ltd * (Singapore)	Airport ground handling services (Singapore)	**16,500**	16,500	**100**	100
SATS Catering Pte Ltd * (Singapore)	Inflight catering services (Singapore)	**14,000**	14,000	**100**	100
SATS Security Services Private Limited * (Singapore)	Security handling services (Singapore)	**3,000**	3,000	**100**	100
Aero Laundry And Linen Services Private Limited * (Singapore)	Providing and selling laundry and linen services (Singapore)	**2,515**	2,515	**100**	100
Aerolog Express Pte Ltd * (Singapore)	Airport cargo delivery management services (Singapore)	**1,260**	1,260	**70**	70
Country Foods Pte. Ltd. * (Singapore)	Manufacturing and sale of chilled and frozen food, and providing food catering services (Singapore)	**11,030**	11,030	**100**	100
Asia-Pacific Star Private Limited * (Singapore)	Airport ground handling services (Singapore)	**#**	#	**100**	100
SATS HK Limited ^ (Hong Kong)	Airport ramp, handling and passenger services (Hong Kong)	**5,157**	5,157	**100**	100
Singapore Food Industries Pte. Ltd. * (Singapore)	Food processing and distribution services (Singapore)	**487,260**	487,260	**100**	100

21. SUBSIDIARY COMPANIES (in $ Thousand) (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	Cost to Company 2011	Cost to Company 2010	Percentage of equity held 2011 %	Percentage of equity held 2010 %
Held by the Company (cont'd)					
SATS Investment Pte. Ltd. * (Singapore)	Investment holding (Singapore)	**#**	#	**100**	100
SATS (India) Co. Private Limited (formerly known as Singapore Airport Terminal Services (India) Co. Private Limited ^ (India)	Business Development and Marketing and Product Development (India)	**228**	32	**100**	100
		540,950	540,754		
Held through Country Foods Pte. Ltd.					
Country Foods Macau, Limited ^ (Macau)	Food Catering and Food Services (Macau)	**–**	–	**51**	51
Held through Singapore Food Industries Pte. Ltd.					
International Cuisine Limited and its subsidiaries ^ (United Kingdom)	Production and marketing of chilled ready cooked food (United Kingdom)	**–**	–	**100**	100
– Cresset Limited ^ (Republic of Ireland)	Investment holding (Republic of Ireland)	**–**	–	**100**	100
– Swissco Manufacturing Limited ^ (Republic of Ireland)	Inactive (Republic of Ireland)	**–**	–	**100**	100
– Swissco Limited ^ (Republic of Ireland)	In process of liquidation (Republic of Ireland)	**–**	–	**100**	100
Singfood Pte. Ltd. * (Singapore)	Contract manufacturing of food products and food distribution (Singapore)	**–**	–	**100**	100
Myanmar ST Food Industries Limited (Myanmar)	In process of liquidation (Myanmar) @	**–**	–	**100**	100

21. SUBSIDIARY COMPANIES (in $ Thousand) (cont'd)

		COMPANY 31 March			
		Cost to Company		Percentage of equity held	
Name of companies (Country of incorporation)	Principal activities (Place of business)	2011	2010	2011 %	2010 %
Held through Singapore Food Industries Pte. Ltd. (cont'd)					
Primary Industries Private Limited and its subsidiaries * (Singapore)	Provision of abattoir services (Singapore)	**–**	–	**78.5**	78.5
– Farmers Abattoir Pte Ltd * (Singapore)	Meat processing and other related activities (Singapore)	**–**	–	**78.5**	78.5
– Hog Auction Market Pte Ltd * (Singapore)	Auctioneers of pigs (Singapore)	**–**	–	**78.5**	78.5
Primary Industries (Qld) Pty Ltd and its subsidiary ^ (Australia)	Provision of land logistics and food solutions (Australia)	**–**	–	**100**	100
– Urangan Fisheries Pty Ltd ^ (Australia)	Processing and sale of seafood (Australia)	**–**	–	**51**	51
Shanghai ST Food Industries Co., Limited (People's Republic of China)	Manufacture and sale of frozen foodstuffs (People's Republic of China)	**–**	–	**96**	96
Singapore Food Development Pte Ltd * (Singapore)	Investment holding (Singapore)	**–**	–	**100**	100
SFI Food Pte. Ltd. * (Singapore)	Provision of technical and management services for agri-food business (Singapore)	**–**	–	**100**	100
SFI Manufacturing Private Limited * (Singapore)	Supply of food products and catering services (Singapore)	**–**	–	**100**	100
SATS Investments (Middle East I) Pte. Ltd. (Singapore) *	Inactive (Singapore)	**–**	–	**100**	–

21. SUBSIDIARY COMPANIES (in $ Thousand) (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	COMPANY 31 March Cost to Company 2011	2010	Percentage of equity held 2011 %	2010 %
Held through Singapore Food Industries Pte. Ltd. (cont'd)					
S Daniels Plc and its subsidiaries ^ (United Kingdom)	Investment holding (United Kingdom)	**–**	–	**100**	100
– Farmhouse Fare Limited ^ (United Kingdom)	Manufacture and sale of pudding (United Kingdom)	**–**	–	**100**	100
– All Square Foods Limited ^ (United Kingdom)	Inactive (United Kingdom)	**–**	–	**100**	100
– Bilash Foods Limited ^ (United Kingdom)	Inactive (United Kingdom)	**–**	–	**100**	100
– Brash Brothers Limited ^ (United Kingdom)	Inactive (United Kingdom)	**–**	–	**100**	100
– Daniels Chilled Foods Limited ^ (United Kingdom)	Production and marketing of chilled soup, freshly squeezed juices, smoothies and prepared fruits (United Kingdom)	**–**	–	**100**	100
– Daniels Group Limited ^ (United Kingdom)	Inactive (United Kingdom)	**–**	–	**100**	100
– Get Fresh Limited ^ (United Kingdom)	Inactive (United Kingdom)	**–**	–	**100**	100
– Johnsons Fresh Products Limited ^ (United Kingdom)	Inactive (United Kingdom)	**–**	–	**100**	100
– Johnsons Freshly Squeezed Juice Limited ^ (United Kingdom)	Inactive (United Kingdom)	**–**	–	**100**	100
– New Covent Garden Food Company Limited ^ (United Kingdom)	Inactive (United Kingdom)	**–**	–	**100**	100
– Sun-Ripe Limited ^ (United Kingdom)	Inactive (United Kingdom)	**–**	–	**100**	100
– The New Covent Garden Soup Company Limited ^ (United Kingdom)	Inactive (United Kingdom)	**–**	–	**100**	100

21. SUBSIDIARY COMPANIES (in $ Thousand) (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	COMPANY 31 March Cost to Company 2011	2010	Percentage of equity held 2011 %	2010 %
Held through SATS Investment Pte. Ltd.					
TFK Corporation ^ (Japan)	Inflight catering services (Japan)	**–**	–	**53.8 ##**	–
Held through TFK Corporation					
Inflight Foods Co., Ltd. (Japan)	Preparation and sale of inflight meals, frozen foods, seafood, meat and rice products and vegetables and fruits (Japan)	**–**	–	**53.8 ##**	–
Narita Dry Ice Co., Ltd (Japan)	Manufacture and sale of dry ice, ice cubes and sale of refrigerant and packaging material (Japan)	**–**	–	**53.8 ##**	–
Narita Tokyo Service Co., Ltd (Japan)	Inflight catering services, despatch of workers to Inflight catering operators (Japan)	**–**	–	**53.8 ##**	–
Tokyo Flight Kitchen Restaurantes LTDA (Brazil)	Real estate management (Brazil)	**–**	–	**53.8 ##**	–
TFK International (N.Z.) Limited (Japan)	Restaurant and inflight meal (in process of liquidation) (Japan)	**–**	–	**53.8 ##**	–

Amount is $2.
@ Dissolved on 2 May 2011.
* Audited by Ernst & Young LLP, Singapore.
^ Audited by member firms of Ernst & Young Global in the respective countries.
Excluding Treasury Shares held by TKF Corporation.

21. SUBSIDIARY COMPANIES (in $ Thousand) (cont'd)

(a) Loan to Subsidiaries

Loans to subsidiaries consists of an amount of $467,000 which is unsecured, bears interest at SIBOR + 1.7% per annum and is repayable in six monthly instalments beginning 1 November 2010. Remaining loans are unsecured, non-interest bearing, repayable on demand and not expected to be repaid in the next 12 months.

(b) Acquisition of Subsidiaries

On 20 December 2010, the Group through its subsidiary, SATS Investments Pte. Ltd. (SIPL), acquired 53.8% equity interest in TFK Corporation (TFK). Upon the acquisition, TFK and its subsidiaries (collectively known as TFK Group) became subsidiaries of the Group.

The Group has acquired TFK Corporation to enter into the Japanese airline catering market and to strengthen existing relationship with key customers operating in Japan. The acquisition is also expected to increase the Group's capability to serve its core group of customers at new locations.

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

	Fair value recognised on acquisition
Property, plant and equipment	161,683
Investment properties	10,034
Intangible assets	19,624
Other non-current assets	14,159
Trade and other receivable	51,439
Other current assets	7,643
Cash and bank balances	63,295
Deferred tax assets	30,497
	358,374
Borrowings	(52,232)
Defined benefit plan	(57,905)
Other long term liabilities	(9,696)
Current liabilities	(63,973)
	(183,806)
Total net identifiable assets at fair value	174,568
Non-controlling interest measured at the non-controlling interest's proportionate share of TFK Group's net identifiable assets	(80,650)
Goodwill arising from acquisition	28,071
Purchase consideration paid in cash	121,989

Effect of the acquisition of TFK Corporation on cash flows:

Consideration settled in cash	121,989
Less: Cash and cash equivalent of subsidiary acquired	(55,247)
Net cash outflow on acquisition	66,742

21. SUBSIDIARY COMPANIES (in $ Thousand) (cont'd)

Transaction costs

Transactions costs related to the acquisition of $3,700,000 have been recognised in the “other costs” in the Group’s consolidated income statement for the year ended 31 March 2011.

Goodwill arising from acquisition

Goodwill of $28,071,000 arose from the acquisition of 53.8% equity interest in TFK Corporation and is attributable to the fair value of improved resilience to sector specific volatilities and significant synergies expected to arise after the acquisition.

Provisional accounting of the acquisition

The Group has engaged independent valuers to determine the fair value of the acquired property and intangible assets. As at 31 March 2011, the fair values of these assets have been determined on a provisional basis as the final results of the valuations have not been ascertained by the date the financial statements were authorised for issue. Goodwill arising from this acquisition, the carrying amount of the property, plant and equipment and identifiable intangible assets and deferred tax liability might be adjusted accordingly on a retrospective basis when the valuations of the assets and liabilities are finalised.

22. LONG-TERM INVESTMENT (in $ Thousand)

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Unquoted equity investment, at cost	**8,355**	7,905	**7,886**	7,886

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

23. JOINT VENTURE COMPANIES (in $ Thousand)

	GROUP 31 March	
	2011	2010
Unquoted ordinary shares, at cost	**13,898**	–
Share of post-acquisition reserves	**183**	–
	14,081	–

23. JOINT VENTURE COMPANIES (in $ Thousand) (cont'd)

Details of the joint venture companies are as follows:

Name of joint venture company	–	Air India SATS Airport Services Private Limited *
Principal activities	–	Provision of ground handling and cargo handling services.
Place of incorporation and business	–	India
Effective equity held by the group	–	50% (2010 : NIL)

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

Name of joint venture company	–	Jilin Zhong Xin Cheng Food Co., Ltd #
Principal activities	–	Operate and manage pig farming, abattoir, pork-processing, feed mill and other projects
Place of incorporation and business	–	People's Republic of China
Effective equity held by the group	–	30% (2010 : NIL)

Audited by JiLin HuaTai Certified Public Accountants Co., Ltd (People's Republic of China)

The aggregate amounts of each of current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the Group's interests in the jointly-controlled entities are as follows:

	GROUP	
	31 March	
	2011	2010
Assets and liabilities:		
Current assets	**59,886**	–
Non-current assets	**19,590**	–
Total assets	**79,476**	–
Current liabilities	**47,703**	–
Non-current liabilities	**438**	–
Total liabilities	**48,141**	–
Income and expenses:		
Income	**103,542**	–
Expenses	**94,340**	–

24. ASSOCIATED COMPANIES (in $ Thousand)

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Unquoted shares, at cost	**278,341**	275,554	**275,554**	275,554
Impairment loss	**(3,313)**	(3,313)	**(4,735)**	(4,735)
Share of post-acquisition profits of associated companies	**159,753**	156,141	**–**	–
Accumulated amortisation of goodwill and intangible assets	**(39,087)**	(39,087)	**–**	–
Share of statutory reserves of associated companies	**6,405**	6,239	**–**	–
Foreign currency translation adjustments	**(80,851)**	(54,538)	**–**	–
Deferred tax liabilities	**(7,052)**	(6,215)	**–**	–
	314,196	334,781	**270,819**	270,819

Intangible assets

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

Amount owing by associated companies (current account)

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

The associated companies are:

Name of companies (Country of incorporation)	Principal activities (Place of business)	Cost to Company 2011	Cost to Company 2010	Percentage of equity held 2011 %	Percentage of equity held 2010 %
Held by the Company					
Maldives Inflight Catering Pte Ltd (Republic of Maldives)	Inflight catering services (Republic of Maldives)	**287**	287	**35.0**	35.0
Beijing Airport Inflight Kitchen Ltd (Peoples’ Republic of China)	Inflight catering services (Peoples’ Republic of China)	**13,882**	13,882	**40.0**	40.0
Beijing Aviation Ground Services Co., Ltd (Peoples’ Republic of China)	Airport ground handling services (Peoples’ Republic of China)	**5,710**	5,710	**40.0**	40.0
Aviserv Limited (Ireland)	Inflight catering services (Pakistan)	**3,313**	3,313	**49.0**	49.0
Tan Son Nhat Cargo Services Ltd (Vietnam)	Air cargo handling services (Vietnam)	**1,958**	1,958	**30.0**	30.0

24. ASSOCIATED COMPANIES (in $ Thousand) (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	Cost to Company 2011	Cost to Company 2010	Percentage of equity held 2011 %	Percentage of equity held 2010 %
Held by the Company					
Asia Airfreight Terminal Co Ltd (Hong Kong)	Air cargo handling services (Hong Kong)	**92,662**	92,662	**49.0**	49.0
Servair–SATS Holding Company Pte Ltd (Singapore)	Investment holding company (Singapore)	**509**	509	**49.0**	49.0
MacroAsia Catering Services, Inc (Philippines)	Inflight catering services (Philippines)	**2,027**	2,027	**20.0**	20.0
Taj Madras Flight Kitchen Pvt Limited (India)	Inflight catering services (India)	**1,901**	1,901	**30.0**	30.0
Singapore Airport Duty-Free Emporium (Pte) Ltd (Singapore)	Inactive (Singapore)	**1,560**	1,560	**24.0**	24.0
Evergreen Airline Services Corporation (Taiwan)	Airport ground handling services (Taiwan)	**5,404**	5,404	**20.0**	20.0
Evergreen Air Cargo Services Corporation (Taiwan)	Air cargo handling services (Taiwan)	**16,163**	16,163	**25.0**	25.0
Taj SATS Air Catering Limited (India)	Catering services (India)	**24,646**	24,646	**49.0**	49.0
PT Jasa Angkasa Semesta Tbk (Indonesia)	Ground and cargo handling (Indonesia)	**105,532**	105,532	**49.8**	49.8
Held through TFK Corporation					
Tasco Foods Co., Ltd. (Japan)	Production and sales of confectionery (Japan)	**–**	–	**26.8**	–
International Airport Cleaning Co., Ltd. (Japan)	Providing laundry services (Japan)	**–**	–	**14.9 ***	–
		275,554	275,554		

* International Airport Cleaning Co., Ltd. is held through TFK Corporation (a subsidiary) which has an equity stake of 27.7% in the associated company.

24. ASSOCIATED COMPANIES (in $ Thousand) (cont'd)

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

	GROUP 31 March 2011	GROUP 31 March 2010
Assets and Liabilities		
Current assets	**434,445**	394,960
Non-current assets	**528,516**	609,174
	962,961	1,004,134
Current liabilities	**236,404**	269,915
Non-current liabilities	**46,568**	63,048
	282,972	332,963
	2010-11	2009-10
Results		
Revenue	**706,374**	637,870
Profit for the year	**106,792**	82,233

25. INTANGIBLE ASSETS (in $ Thousand)

GROUP

	Software Development	Advance and progress payment	Goodwill	Fishing licences	Brand name	Customer relationships	Total
Cost							
At 1 April 2010	45,944	4,408	247,147	27,320	121,677	75,415	521,911
Acquisition of subsidiary	2,031	616	28,071	–	–	16,978	47,696
Additions	277	4,919	–	–	–	–	5,196
Reclassification	1,351	184	–	–	–	–	1,535
Translation adjustments	(73)	(22)	–	(158)	(4,684)	(2,007)	(6,944)
At 31 March 2011	49,530	10,105	275,218	27,162	116,993	90,386	569,394
Accumulated Amortisation							
At 1 April 2010	38,838	–	–	2,235	215	18,671	59,959
Acquisition of subsidiary	–	–	–	–	–	–	–
Amortisation	2,750	13	–	1,915	179	15,879	20,736
Reclassification	50	–	–	–	–	–	50
Translation adjustments	–	–	–	–	(11)	(178)	(189)
At 31 March 2011	41,638	13	–	4,150	383	34,372	80,556
Net book value	7,892	10,092	275,218	23,012	116,610	56,014	488,838

25. INTANGIBLE ASSETS (in $ Thousand) (cont'd)

GROUP

	Software Development	Advance and progress payment	Goodwill	Fishing licences	Brand name	Customer relationships	Total
Cost							
At 1 April 2009	39,282	2,592	247,147	27,320	125,041	77,074	518,456
Additions	621	3,137	–	–	–	–	3,758
Reclassification	5,474	(1,321)	–	–	–	–	4,153
Translation adjustments	567	–	–	–	(3,364)	(1,659)	(4,456)
At 31 March 2010	45,944	4,408	247,147	27,320	121,677	75,415	521,911
Accumulated Amortisation							
At 1 April 2009	35,341	–	–	320	36	2,943	38,640
Amortisation	2,930	–	–	1,915	198	16,790	21,833
Translation adjustments	567	–	–	–	(19)	(1,062)	(514)
At 31 March 2010	38,838	–	–	2,235	215	18,671	59,959
Net book value	7,106	4,408	247,147	25,085	121,462	56,744	461,952

Brands, customer relationships and licences

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

The customer relationships relate to the economic benefits that are expected to derive from business dealings with the existing customers in the Singapore, United Kingdom and Japan operations. These are acquired as part of the acquisition of the subsidiaries. The relationships include catering and supply contracts with customers as well as other non-contractual customer relationships which past transactions provide evidences that the Group is able to benefit from the future economic inflows from such relationships.

Licenses refer to the only abattoir and hog auction licence granted by the AVA in Singapore and transferable fishing licence in Australia.

Amortisation expense

The amortisation of brands, licences and customer relationships is included in the “Depreciation and amortisation charges” line item in the consolidated income statement.

Impairment testing of goodwill and brands

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

- Food Solutions
- New Covent Garden products
- Johnsons products
- TFK Group

25. INTANGIBLE ASSETS (in $ Thousand) (cont'd)

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

	Food solutions		New Covent Garden Products		Johnsons Products		TFK Group	
	31 March		31 March		31 March		31 March	
	2011	2010	2011	2010	2011	2010	2011	2010
Goodwill	**247,147**	247,147	**–**	–	**–**	–	**28,071**	–
New Covent Garden brand	**–**	–	**100,300**	100,300	**–**	–	**–**	–
Johnsons brand	**–**	–	**–**	–	**18,300**	18,300	**–**	–

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

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

	Food solutions		New Covent Garden Products		Johnsons Products		TFK Group	
	31 March		31 March		31 March		31 March	
	2011	2010	2011	2010	2011	2010	2011	2010
	%	%	%	%	%	%	%	%
Growth rate	**1**	1	**1**	1	**1**	1	**1**	-
Discount rate	**9**	9	**9**	9	**10**	10	**7**	-

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

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

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

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

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

25. INTANGIBLE ASSETS (in $ Thousand) (cont'd)

	Software	Others	Total
COMPANY			
At cost			
Balance at 1 April 2010	8,671	–	8,671
Reclassification (Note 19)	(226)	–	(226)
Addition	1,898	268	2,166
Balance at 31 March 2011	**10,343**	**268**	**10,611**
Accumulated amortisation			
Balance at 1 April 2010	2,650	–	2,650
Amortisation	947	6	953
Balance at 31 March 2011	**3,597**	**6**	**3,603**
Net book value	**6,746**	**262**	**7,008**
At cost			
Balance at 1 April 2009	3,442	–	3,442
Reclassification (Note 19)	4,063	–	4,063
Addition	1,166	–	1,166
Disposal	–	–	–
Balance at 31 March 2010	8,671	–	8,671
Accumulated amortisation			
Balance at 1 April 2009	2,296	–	2,296
Amortisation	354	–	354
Balance at 31 March 2010	2,650	–	2,650
Net book value	6,021	–	6,021

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

26. OTHER NON-CURRENT ASSETS

Other non-current assets relate mainly to guarantee and lease deposits.

27. TRADE DEBTORS (in $ Thousand)

The table below is an analysis of trade debtors:

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Not past due and not impaired	**187,908**	133,393	**409**	1,236
Past due but not impaired *	**101,658**	91,071	**5,177**	6,132
	289,566	224,464	**5,586**	7,368
Impaired trade debts – collectively assessed	**438**	199	**–**	–
Less: Accumulated impairment losses	**(542)**	(199)	**–**	–
	(104)	–	**–**	–
Other impaired trade debts – individually assessed	**1,986**	4,167	**1**	1,666
Less: Accumulated impairment losses	**(1,986)**	(4,167)	**(1)**	(1,666)
	–	–	**–**	–
Less: Allowance for trade discount	**(4,954)**	(5,026)	**–**	–
Total trade debtors, net	**284,508**	219,438	**5,586**	7,368

* Aging of trade debtors that are past due but not impaired

Less than 30 days	**77,958**	66,920	**1,295**	203
30 days to 60 days	**9,642**	10,766	**487**	776
61 days to 90 days	**5,089**	3,120	**324**	525
More than 90 days	**8,969**	10,265	**3,071**	4,628
	101,658	91,071	**5,177**	6,132

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

	GROUP		COMPANY	
	2011	2010	2011	2010
Euro	**1,591**	2,314	**–**	–
United States Dollar	**4,932**	5,095	**3,497**	3,460

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

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

27. TRADE DEBTORS (in $ Thousand) (cont'd)

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

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Balance at 1 April	**4,366**	2,865	**1,666**	–
Acquisition of a subsidiary	**41**	–	**–**	–
Exchange differences	**(29)**	(577)	**–**	–
Charge/(write-back) to profit and loss account	**(1,850)**	2,078	**(1,665)**	1,666
Balance at 31 March	**2,528**	4,366	**1**	1,666
Bad debts written-off directly to profit and loss account	**861**	935	**(1,665)**	–

28. OTHER DEBTORS (in $ Thousand)

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Staff loans	**1,084**	313	**95**	299
Sundry receivables	**17,615**	16,337	**847**	1,552
	18,699	16,650	**942**	1,851

These loans were granted in accordance with schemes approved by the shareholders of the Company. The interest rate on the staff loans is 1.475% to 3% (2010: 3%).

29. RELATED COMPANIES (in $ Thousand)

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Amounts owing by subsidiary companies	**–**	–	**38,574**	22,354
Deposits placed by subsidiary companies	**–**	–	**(85,808)**	(92,179)
	–	–	**(47,234)**	(69,825)
Disclosed as:				
Current assets	**–**	–	**38,574**	22,354
Current liabilities	**–**	–	**(85,808)**	(92,179)
	–	–	**(47,234)**	(69,825)

The amounts owing by subsidiary companies are unsecured, interest-free and are repayable on demand. The deposits placed by subsidiary companies bear no interest rate for the current financial year (2010: 0.12% to 0.44% per annum).

30. INVENTORIES (in $ Thousand)

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Balance Sheet:				
Food supplies and dry stores	**49,112**	36,560	**–**	–
Technical spares	**8,877**	3,293	**–**	–
Other consumables	**1,394**	3,308	**267**	360
Total inventories at lower of cost and net realisable value	**59,383**	43,161	**267**	360
Income Statement:				
Inventories recognised as an expense	**398,898**	349,248	**–**	–
Inclusive of the following (credit)/charge:				
– Inventories written down	**918**	2,970	**–**	–
– Reversal of write-down of inventories	**(79)**	–	**–**	–

31. CASH AND CASH EQUIVALENTS (in $ Thousand)

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

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Fixed deposits	**206,288**	132,588	**170,354**	119,053
Cash and bank balances	**97,588**	63,761	**10,789**	12,087
Bank overdraft	**(7,759)**	(599)	**–**	–
	296,117	195,750	**181,143**	131,140

(b) Analysis of capital expenditure cash flows:

	GROUP	
	2010-11	2009-10
Addition of property, plant and equipment	**62,879**	62,940
Addition of intangible assets	**5,196**	3,758
Adjustment for property, plant and equipment acquired under credit terms	**–**	(2,576)
Cash invested in property, plant and equipment and intangible assets	**68,075**	64,122

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.010% to 3% (2010: 0.015% to 1.75%) per annum. Short-term deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate for short-term deposits is 0.082% to 0.115% (2010: 0.34%) per annum.

The bank overdraft is part of the secured banking facilities of the Group and it is secured on the property, plant and equipment and other assets of certain subsidiaries with a total carrying value at 31 March 2011 of $220,555,000 (2010: $165,137,000).

31. CASH AND CASH EQUIVALENTS (in $ Thousand) (cont'd)

(c) Cash and short-term deposits denominated in foreign currencies at 31 March are as follows:

	GROUP		COMPANY	
	2011	2010	2011	2010
Australian Dollar	**5,082**	986	**–**	–
Euro	**1,501**	1,218	**–**	–
Great Britain Pound	**556**	797	**–**	–
United States Dollar	**2,343**	24,481	**7,381**	18,340
Renminbi	**–**	47	**67**	47

32. TRADE AND OTHER PAYABLES (in $ Thousand)

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Trade Creditors	**160,111**	107,152	**21,591**	13,139
Other payables:				
Tender deposits	**2,150**	2,422	**1,342**	1,057
Accrued expenses	**98,106**	107,718	**1,980**	1,902
Purchase of property, plant and equipment	**–**	1,718	**292**	187
Others – Staff Costs	**22,291**	220	**12,052**	9,525
Others	**3,345**	–	**–**	–
	125,892	112,078	**15,666**	12,671
Trade and other payables	**286,003**	219,230	**37,257**	25,810

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

	GROUP		COMPANY	
	2011	2010	2011	2010
Australian Dollar	**703**	492	**–**	–
Euro	**1,834**	2,015	**–**	–
United States Dollar	**1,162**	1,127	**–**	–

33. RELATED PARTY TRANSACTIONS (in $ Thousand)

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

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

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

	GROUP		COMPANY	
	2010-11	2009-10	2010-11	2009-10
Services rendered by:				
Subsidiary companies	**–**	–	**–**	173
Related companies	**–**	104	**–**	–
	–	104	**–**	173
Sales to:				
Subsidiary companies	**–**	–	**38,574**	64,230
Related companies	**–**	59,780	**–**	1,130
Associated companies	**5,259**	1,436	**5,259**	1,436
	5,259	61,216	**43,833**	66,796

Directors' and key executives' remuneration of the Company:

	COMPANY	
	2010-11	2009-10
Key Executives		
Salary, bonuses and other costs	**2,519**	2,425
CPF and other defined contributions	**51**	74
Share-based compensation expense	**478**	189
	3,048	2,688
Directors		
Directors' fees (Note 6)	**1,030**	1,051

33. RELATED PARTY TRANSACTIONS (in $ Thousand) (cont'd)

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

Name of participant	Aggregate options granted since commencement of scheme to end of financial year	Aggregate options exercised since commencement of scheme to end of financial year	Aggregate options outstanding at end of financial year
Tan Chuan Lye	624,500	(350,000)	274,500

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

Name of participant	Shares granted during financial year	Aggregate shares granted since commencement of plan to end of financial year	Aggregate shares vested/ adjusted since commencement of plan to end of financial year	Aggregate shares not released at end of financial year
Clement Woon Hin Yong	180,000	524,000	(123,400)	400,600
Lim Chuang	55,000	132,000	(31,300)	100,700
Tan Chuan Lye	110,000	204,500	(55,400)	149,100
Robert Burnett	68,000	95,000	–	95,000
Chi Ping Huey	33,000	33,000	–	33,000

34. CAPITAL AND OTHER COMMITMENTS (in $ Thousand)

(a) The Group and the Company have commitments for capital expenditure. Such commitments aggregated to $53.0 million (2010: $32.5 million) for the Group and $9.0 million (2010: $6.3 million) for the Company. In aggregate, these commitments are not at prices in excess of current market prices.

(b) The Group has entered into operating lease agreements for ground support equipment and leasehold land and buildings. The Group leases several pieces of leasehold land under lease agreements. The lease periods ranged from 13 to 999 years. The remaining lease periods ranged from one to 975 years. The leases of the leasehold properties contain provision for rental adjustments. The future minimum lease payments under non-cancellable operating leases are as follows:

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Within one year	**14,408**	12,607	**1,515**	1,515
After one year but not more than five years	**33,410**	26,802	**6,062**	6,062
Later than five years	**54,289**	46,786	**10,927**	12,442
	102,107	86,195	**18,504**	20,019

34. CAPITAL AND OTHER COMMITMENTS (in $ Thousand) (cont'd)

(c) In the year 2002, the Group entered into a sale and leaseback arrangement with two investors whereby two subsidiary companies sold and leaseback certain fixed ground support equipment. The net book value of these equipment as at 31 March 2011 is $22.8 million (2010: $36.2 million). The gain arising from this sale and leaseback is deferred and amortised over the lease period of 18 years commencing on October 2002. As at 31 March 2011, the balance of the deferred gain is $17,312,000 (2010: $19,134,000) (Note 18).

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in $ Thousand)

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

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

(a) Foreign Currency Risk

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

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

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Effect of strengthening of SGD				
Profit before taxation	**5,493**	(1,882)	**5,934**	(1,414)
Equity	**4,559**	(1,562)	**4,925**	(1,174)
Effect of weakening of SGD				
Profit before taxation	**(5,493)**	1,882	**(5,934)**	1,414
Equity	**(4,559)**	1,562	**(4,925)**	1,174

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in $ Thousand) (cont'd)

(b) Interest Rate Risk

The Group's earnings are affected by changes in interest rates due to the impact that such changes have on its interest income from cash, short-term deposits and associated companies, and its interest expense on bank overdraft and term loans.

The Group's interest-bearing assets and interest-bearing liabilities are predominantly denominated in SGD, GBP and JPY. Fixed deposits earned interest rates ranging from 0.085% to 0.115% (2010: 0.015% to 1.75%). Information relating to other interest-bearing assets and liabilities are disclosed in the notes on associated companies, cash and bank balances and term loans.

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

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

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

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Effect of an increase in 50 basis points in market interest rates				
Profit before taxation	**780**	(77)	**–**	4
Equity	**647**	(64)	**–**	3
Effect of a decrease in 50 basis points in market interest rates				
Profit before taxation	**(780)**	77	**–**	(4)
Equity	**(647)**	64	**–**	(3)

(c) Counter-Party Risk

The Group's maximum exposure to credit risk in the event that counter-parties fail to perform their obligations as at 31 March 2011 in relation to each class of recognised financial assets was the carrying amount of those assets as indicated in the balance sheet.

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

Concentration of credit risk exists when changes in economic, industry or geographical factors similarly affect the group of counter-parties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in $ Thousand) (cont'd)

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

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

GROUP

	Outstanding balance		Percentage of total Financial assets	
Counter-party profiles	2011	2010	2011	2010
By Industry				
Airlines	**201,649**	117,539	**32.5%**	26.6%
Financial institutions	**299,879**	196,350	**48.3%**	44.5%
Others	**113,910**	101,899	**18.4%**	23.1%
	615,438	415,788	**99.2%**	94.2%
By Region				
Singapore	**405,563**	342,565	**65.3%**	77.6%
Europe	**73,790**	58,484	**11.9%**	13.2%
Others	**136,085**	14,739	**21.9%**	3.3%
	615,438	415,788	**99.2%**	94.2%
By Moody's Credit Ratings				
Investment grade (A to AAA)	**316,402**	156,436	**51.0%**	35.4%
Investment grade (Baa)	**3,170**	-	**0.5%**	-
Non-rated	**295,866**	259,352	**47.7%**	58.7%
	615,438	415,788	**99.2%**	94.2%

COMPANY

	Outstanding balance		Percentage of total Financial assets	
Counter-party profiles	2011	2010	2011	2010
By Industry				
Airlines	**13,154**	4,768	**7.0%**	2.8%
Financial institutions	**181,143**	131,140	**89.0%**	75.7%
Others	**1,361**	24,954	**1.0%**	14.4%
	195,658	160,862	**97.0%**	92.8%
By Region				
Singapore	**176,759**	153,293	**88.0%**	88.5%
Others	**18,899**	7,569	**9.0%**	4.4%
	195,658	160,862	**97.0%**	92.8%
By Moody's Credit Ratings				
Investment grade (A to AAA)	**186,830**	131,140	**93.0%**	75.7%
Non-rated	**8,828**	29,722	**4.0%**	17.2%
	195,658	160,862	**97.0%**	92.8%

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in $ Thousand) (cont'd)

(d) Liquidity Risk

As at 31 March 2011, the Group had at its disposal, cash and cash equivalents amounting to $296.1 million (2010: $195.8 million). In addition, the Group has available short-term credit facilities of approximately $175.4 million (2010: $171.8 million) from open-ended revolving credit facilities granted by commercial banks. The Group also has an alternative facility to issue notes up to $500 million (2010: $500 million), with maturity dates between one month to ten years, under the Medium Term Note Programme.

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

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

GROUP	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
2011							
Other long-term liability	–	58	57	24	10	8,412	8,561
Term loans	151,533	3,737	3,769	1,912	1,492	2,368	164,811
Finance lease commitments	5,041	3,251	2,178	1,157	881	1,665	14,173
Trade and other payables	286,003	–	–	–	–	–	286,003
Bank overdraft	7,759	–	–	–	–	–	7,759
	450,336	7,046	6,004	3,093	2,383	12,445	481,307
2010							
Other long-term liability	–	–	–	–	–	4,000	4,000
Term loans	13,197	3,084	559	314	313	2,197	19,664
Finance lease commitments	1,143	931	890	772	750	2,283	6,769
Trade and other payables	219,230	–	–	–	–	–	219,230
Bank overdraft	599	–	–	–	–	–	599
	234,169	4,015	1,449	1,086	1,063	8,480	250,262

COMPANY	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years	Total
2011							
Related companies	85,808	–	–	–	–	–	85,808
Trade and other payables	37,257	–	–	–	–	–	37,257
	123,065	–	–	–	–	–	123,065
2010							
Other long-term liability	–	–	–	–	–	4,000	4,000
Related companies	92,179	–	–	–	–	–	92,179
Trade and other payables	25,810	–	–	–	–	–	25,810
	117,989	–	–	–	–	4,000	121,989

36. FINANCIAL INSTRUMENTS (in $ Thousand)

(a) Classification of Financial Instruments

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

GROUP	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortised costs	Total
2011				
Assets				
Long term investment	–	8,355	–	8,355
Trade debtors	284,508	–	–	284,508
Other debtors	18,699	–	–	18,699
Amounts owing by associated companies	5,259	–	–	5,259
Fixed deposits	206,288	–	–	206,288
Cash and bank balances	97,588	–	–	97,588
	612,342	8,355	–	620,697
Total non-financial assets				1,687,419
Total assets				2,308,116
Liabilities				
Other long-term liability	–	–	8,561	8,561
Term loans	–	–	164,171	164,171
Finance lease commitments	–	–	12,479	12,479
Trade and other payables	–	–	286,003	286,003
Bank overdrafts	–	–	7,759	7,759
	–	–	478,973	478,973
Total non-financial liabilities				212,592
Total liabilities				691,565

36. FINANCIAL INSTRUMENTS (in $ Thousand) (cont'd)

(a) Classification of Financial Instruments (cont'd)

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

36. FINANCIAL INSTRUMENTS (in $ Thousand) (cont'd)

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

COMPANY	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortised costs	Total
2011				
Assets				
Long term investment	–	7,886	–	7,886
Trade debtors	5,586	–	–	5,586
Other debtors	942	–	–	942
Loan to subsidiaries	124,369	–	–	124,369
Amount owing by associated companies	5,259	–	–	5,259
Related companies	38,574	–	–	38,574
Fixed deposits	170,354	–	–	170,354
Cash and bank balances	10,789	–	–	10,789
	355,873	7,886	–	363,759
Total non-financial assets				1,198,782
Total assets				1,562,541
Liabilities				
Term loans	118,673	–	–	118,673
Related companies	–	–	85,808	85,808
Trade creditors	–	–	21,591	21,591
Other liabilities	–	–	15,666	15,666
	118,673	–	123,065	241,738
Total non-financial liabilities				52,937
Total liabilities				294,675

36. FINANCIAL INSTRUMENTS (in $ Thousand) (cont'd)

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

COMPANY	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortised costs	Total
2010				
Assets				
Long term investment	–	7,886	–	7,886
Loan to an associated company	700	–	–	700
Loan to a subsidiary company	1,227	–	–	1,227
Related companies	22,354	–	–	22,354
Trade debtors	7,625	–	–	7,625
Other debtors	1,851	–	–	1,851
Amounts owing by associated companies	517	–	–	517
Fixed deposits	119,053	–	–	119,053
Cash and bank balances	12,087	–	–	12,087
	165,414	7,886	–	173,300
Total non-financial assets				1,219,371
Total assets				1,392,671
Liabilities				
Other long-term liability	–	–	4,000	4,000
Related companies	–	–	92,179	92,179
Trade creditors	–	–	22,921	22,921
Other liabilities	–	–	3,146	3,146
	–	–	122,246	122,246
Total non-financial liabilities				54,409
Total liabilities				176,655

(b) Fair Values

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

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

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

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

The carrying value of the unquoted equity instrument held as a long-term investment is stated at a cost of $8,355,000 because the fair value cannot be measured reliably. These equity instruments represent ordinary shares in a company that is not quoted on any market and does not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of this investment in the foreseeable future. The fair value of this investment is expected to be above its carrying values.

36. FINANCIAL INSTRUMENTS (in $ Thousand) (cont'd)

(b) Fair Values (cont'd)

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

Trade and other debtors (Note 27 and 28), Amounts owing by/(to) associated and related companies (Note 24 and 29), Loan to an associated company (Note 24), Cash and cash equivalents (Note 31), Trade creditors and other payables (Note 32), Term loans, floating rate (Note 15), Finance leases – current (Note 16) and Other long-term liabilities.

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

Fixed rate term loan (Note 15) and Finance leases – non-current (Note 16).

The carrying amounts of these financial liabilities are reasonable approximation of fair values as their interest rates approximate the interest rates for such liabilities at balance sheet date.

37. CAPITAL MANAGEMENT (in $ Thousand)

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

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

For the financial years ended 31 March 2011 and 31 March 2010, no changes were made in the objectives, policies or processes relating to the management of the Group's capital structure.

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

	GROUP 31 March		COMPANY 31 March	
	2011	2010	2011	2010
Term loans (Note 15)	**164,171**	18,637	**–**	–
Finance leases (Note 16)	**12,479**	4,892	**–**	–
Bank overdraft (Note 31)	**7,759**	599	**–**	–
Total debt	**184,409**	24,128	**–**	–
Equity attributable to equity holders of the Company	**1,521,256**	1,481,898	**1,267,866**	1,216,016
Total debt equity ratio	**0.12**	0.02	**–**	–

38. SEGMENT REPORTING (in $ Thousand)

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

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

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

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

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

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

BY BUSINESS

	Food Solutions	Gateway Services	Corporate	Eliminations	Total
Financial year ended 31 March 2011					
Revenue					
External revenue	1,168,026	551,010	10,095	–	1,729,131
Operating profit	130,872	51,678	1,936	–	184,486
Interest income	290	–	231	–	521
Interest on borrowings	(1,317)	(7)	(1,432)	–	(2,756)
Gross dividend from long-term investment	–	–	957	–	957
Share of profits of associated/ joint venture companies	3,780	57,408	–	–	61,188
Gain on disposal of property, plant and equipment	74	59	82	–	215
Amortisation of deferred income, net of expenses	–	–	870	–	870
Profit before taxation	133,699	109,138	2,644	–	245,481
Taxation	(24,065)	(24,570)	(5,021)	–	(53,656)
Profit / (loss) after taxation	109,634	84,568	(2,377)	–	191,825

38. SEGMENT REPORTING (in $ Thousand) (cont'd)

BY BUSINESS (cont'd)

	Food Solutions	Gateway Services	Corporate	Eliminations	Total
As at 31 March 2011					
Segment assets	888,180	419,581	145,257	–	1,453,018
Associated/joint venture companies	67,951	260,127	201	–	328,279
Deferred tax assets	35,549	2,432	–	–	37,981
Intangibles (include goodwill)	476,377	5,452	7,009	–	488,838
Total assets	1,468,057	687,592	152,467	–	2,308,116
Current liabilities	234,861	65,054	149,839	–	449,754
Long-term liabilities	81,551	3,489	17,312	–	102,352
Tax liabilities	86,033	17,801	35,625	–	139,459
Total liabilities	402,445	86,344	202,776	–	691,565
Capital expenditure	30,908	30,877	6,290	–	68,075
Depreciation and amortisation charges	58,050	35,403	2,643	–	96,096
Financial Year Ended 31 March 2010					
Revenue					
External revenue	1,031,753	495,266	11,887	–	1,538,906
Operating profit	125,851	57,795	718	–	184,364
Interest income	252	87	478	(189)	628
Interest on borrowings	(1,491)	(4)	(4,007)	189	(5,313)
Share of profits of associated companies	5,104	36,829	1	–	41,934
Share of loss of joint venture company	(3)	–	–	–	(3)
Gain on disposal of property, plant and equipment	179	334	25	–	538
Amortisation of deferred income	–	–	929	–	929
Loss on sale of short-term non-equity investment	(5)	–	–	–	(5)
Profit before taxation	129,887	95,041	(1,856)	–	223,072
Taxation	(21,674)	(19,385)	108	–	(40,951)
Profit after taxation	108,213	75,656	(1,748)	–	182,121

38. SEGMENT REPORTING (in $ Thousand) (cont'd)

BY BUSINESS (cont'd)

	Food Solutions	Gateway Services	Corporate	Eliminations	Total
As at 31 March 2010					
Intangible (include goodwill)	451,776	4,155	6,021	–	461,952
Segment assets	618,113	387,722	100,883	–	1,106,718
Associated companies	69,956	264,633	192	–	334,781
Deferred tax assets	2,296	2,711	680	–	5,687
Total assets	1,142,141	659,221	107,776	–	1,909,138
Current liabilities	152,818	53,534	27,056	–	233,408
Long-term liabilities	6,009	3,941	23,134	–	33,084
Tax liabilities	86,965	20,218	35,266	–	142,449
Total liabilities	245,792	77,693	85,456	–	408,941
Capital expenditure	43,055	16,220	7,423	–	66,698
Depreciation and amortisation charges	53,210	35,631	1,955	–	90,796

BY GEOGRAPHICAL LOCATION

	Singapore	UK	Others	Total
Financial Year Ended 31 March 2011				
Revenue	1,206,162	371,283	151,686	1,729,131
As at 31 March 2011				
Segment assets	984,399	156,417	312,202	1,453,018
Associated/joint venture companies	201	–	328,078	328,279
Deferred tax assets	440	722	36,819	37,981
Intangibles (include goodwill)	296,029	145,019	47,790	488,838
Total assets	1,281,069	302,158	724,889	2,308,116
Capital expenditure	53,798	10,484	3,793	68,075
Financial Year Ended 31 March 2010				
Revenue	1,118,082	366,100	54,724	1,538,906
As at 31 March 2010				
Intangible (include goodwill)	299,782	161,426	744	461,952
Segment assets	942,499	144,722	19,497	1,106,718
Associated companies	189	–	334,592	334,781
Deferred tax assets	1,618	705	3,364	5,687
Total assets	1,244,088	306,853	358,197	1,909,138
Capital expenditure	43,508	22,297	893	66,698

Information about a major customer

Revenue from one major customer amount to $583 million (2010: $557 million), arising from sales by all segments.

39. SUBSEQUENT EVENTS

On 27 April 2011, SATS Ltd., through its wholly-owned subsidiary, SATS Investments Pte. Ltd., completed the acquisition of a 40% equity stake in Adel Abuljadayel Flight Catering Company Limited (AAFC) for US$18,483,000. AAFC is an inflight caterer operating out of Jeddah and Riyadh in Saudi Arabia.

Subsequent to the year end, TFK Corporation and its subsidiaries reached an agreement with its employees to change the terms of the defined benefit plan. The revised terms reduced the benefits payable to the employees and the reduction arising from this change of approximately S$17.3 million will be recorded in the financial statements for the year ending 31 March 2012.

Additional Information

1. INTERESTED PERSON TRANSACTIONS (in $ Thousand)

The interested person transactions entered into during the financial year ended 31 March 2011 are as follows:

Name of interested person	Aggregate value of all interested person transactions entered into during the financial year below (excluding transactions of value less than S$100,000 and transactions conducted under the shareholders'mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all interested person transactions entered into during the financial year below under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions of value less than S$100,000)
Singapore Airlines Limited	–	30,068
Singapore Airlines Cargo Pte Ltd	–	800
SilkAir (Singapore) Private Limited	–	590
Singapore Telecommunications Limited	–	962
NCS Pte Ltd	–	385
Sembcorp Gas Pte Ltd	–	575
ST Synthesis Pte Ltd	–	100,100
ST Electronics (Info Comm System) Pte Ltd	–	168
Total	–	133,648

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

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

2. MATERIAL CONTRACTS

Except as disclosed above and in the financial statements for the financial year ended 31 March 2011, there were no material contracts entered into by the Company and its subsidiaries involving the interests of its President and Chief Executive Officer, Directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

Five-year Financial Summary of the Group

(in Singapore Dollars)

	2011-10	2009-10	2008-09	2007-08	2006-07
Profit and loss account ($ million)					
Total revenue	**1,729.1**	1,538.9	1,062.1	958.0	945.7
Expenditure	**(1,544.6)**	(1,354.5)	(891.2)	(783.7)	(792.5)
Operating profit	**184.5**	184.4	170.9	174.3	153.2
Other income	**61.0**	38.6	12.6	57.1	66.6
Profit before tax and exceptional items	**245.5**	223.0	183.5	231.4	219.8
Exceptional items	**–**	–	–	17.3	–
Profit before tax	**245.5**	223.0	183.5	248.7	219.8
Profit after tax	**191.8**	182.1	148.5	195.2	179.0
Profit attributable to equity holders of the Company	**191.4**	181.2	146.8	194.9	178.2
Balance sheet ($ million)					
Share capital	**324.7**	288.0	255.2	250.1	215.6
Revenue reserve	**1,271.1**	1,224.4	1,161.8	1,166.0	1,111.3
Share-based compensation reserve	**18.8**	22.6	23.8	16.8	13.0
Foreign currency translation reserve	**(100.0)**	(59.6)	(48.5)	(54.2)	(31.2)
Statutory reserve	**6.6**	6.4	6.1	5.9	5.6
Fair value reserve	**–**	–	(0.3)	(0.7)	(0.1)
Equity holders' funds	**1,521.2**	1,481.8	1,398.1	1,383.9	1,314.2
Deferred taxation	**95.7**	98.6	104.2	47.9	53.5
Deferred income	**17.3**	19.1	21.0	22.8	24.6
Minority interests	**95.3**	18.3	18.3	4.0	3.9
Fixed assets	**731.9**	594.4	608.4	564.8	600.4
Investment properties	**15.9**	6.5	7.0	–	21.3
Other non-current assets	**47.1**	17.8	17.2	8.2	–
Loan to an associated company	**–**	0.1	–	–	–
Associated companies	**314.2**	334.8	334.3	334.5	342.7
Long-term investments	**22.4**	7.9	8.2	7.9	7.9
Intangible assets	**488.9**	461.9	479.8	7.5	9.9
Current assets	**687.7**	485.7	600.4	926.6	822.0
Total assets	**2,308.1**	1,909.1	2,055.2	1,849.5	1,804.2
Long-term liabilities	**85.0**	14.0	20.9	207.2	202.5
Current liabilities	**493.6**	277.3	492.8	183.7	205.5
Total liabilities	**578.6**	291.3	513.7	390.9	408.0
Net liquid assets	**140.1**	182.7	64.0	744.6	651.3

Five-year Financial Summary of the Group

(in Singapore Dollars)

		2011-10	2009-10	2008-09	2007-08	2006-07
Cash Flow Statement ($ million)						
Cash flow from operations		**250.2**	304.0	238.0	200.0	257.2
Internally generated cash flow	[Note 1]	**290.0**	331.9	262.5	258.2	275.8
Capital expenditure		**68.1**	64.1	32.7	20.6	13.7
Profitability Ratios (%)						
Return on equity holders' funds		**12.7**	12.6	10.6	14.4	14.2
Return on total assets		**9.1**	9.2	7.6	10.7	10.2
Return on turnover		**11.1**	11.8	14.0	20.4	18.9
Productivity and Employee Data						
Value added ($ million)		**916.9**	802.8	639.3	682.5	675.1
Value added per employee ($)		**69,200**	67,283	69,524	85,979	90,477
Value added per $ employment costs (times)		**1.60**	1.66	1.66	1.85	1.76
Revenue per employee ($)		**130,500**	128,974	115,495	120,691	126,747
Staff cost per employee ($)		**43,212**	40,533	41,814	46,410	51,390
Average employee strength		**13,250**	11,932	9,196	7,938	7,461
Per Share Data (cents)						
Earnings before tax		**22.2**	20.6	17.0	23.2	20.9
Earnings after tax						
- Basic		**17.4**	16.7	13.6	18.2	17.0
- Diluted		**17.3**	16.7	13.6	17.9	16.9
Net asset value		**137.3**	136.9	129.5	128.6	123.8
Dividends						
Gross Dividends (cents per share)	[Note 2]	**17.0**	13.0	10.0	14.0	15.0 *
Dividend cover (times)		**1.0**	1.3	1.4	1.3	1.4

Notes:

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

Five-Year Operational Summary of the Group

	2010-11	2009-10	2008-09	2007-08	2006-07
Airfreight throughput (million tonnes)	1.49	1.41	1.46	1.57	1.55
Passengers served (million)	35.38	32.99	30.91	31.65	29.27
Inflight meals prepared (million)	*25.06	23.47	25.19	25.72	24.74
Flights handled (thousand)	103.73	96.28	88.16	85.95	84.52

* Not inclusive of TFK meals produced

Quarterly Results of the Group

(in Singapore Dollars)

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Total Revenue						
2010-11	($ million)	**382.1**	**401.2**	**440.9**	**504.9**	**1,729.1**
2009-10	($ million)	351.7	362.2	434.4	390.6	1,538.9
Expenditure						
2010-11	($ million)	**340.9**	**360.2**	**388.7**	**454.7**	**1,544.6**
2009-10	($ million)	308.0	319.9	376.3	350.3	1,354.5
Operating Profit						
2010-11	($ million)	**41.2**	**41.0**	**52.2**	**50.2**	**184.5**
2009-10	($ million)	43.7	42.4	58.0	40.3	184.4
Profit Before Tax						
2010-11	($ million)	**55.2**	**57.8**	**67.3**	**65.2**	**245.5**
2009-10	($ million)	51.8	50.9	67.5	52.9	223.0
Profit Attributable to Equity Holders of the Company						
2010-11	($ million)	**44.3**	**45.2**	**51.2**	**50.7**	**191.4**
2009-10	($ million)	40.4	40.9	53.4	46.5	181.2
Earnings (After Tax) Per Share - Basic						
2010-11	(cents)	**4.0**	**4.1**	**4.6**	**4.6**	**17.4**
2009-10	(cents)	3.7	3.8	4.9	4.3	16.7

Quarterly Operational Summary of the Group

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Flights Handled						
2010-11	(thousands)	**25.23**	**25.70**	**26.12**	**26.69**	**103.73**
2009-10	(thousands)	23.52	23.72	24.68	24.37	96.28
Cargo and Mail Processed						
2010-11	(thousand tonnes)	**367.55**	**377.69**	**389.40**	**360.03**	**1,494.66**
2009-10	(thousand tonnes)	325.81	350.17	377.33	353.57	1,406.88
Passenger Served						
2010-11	(millions)	**8.65**	**8.87**	**9.07**	**8.79**	**35.38**
2009-10	(millions)	7.60	8.00	8.88	8.51	32.99
Meals Produced						
2010-11	(millions)	**6.02**	**6.33**	**6.44**	**6.27**	**25.06**
2009-10	(millions)	5.44	5.87	6.18	5.98	23.47