

SHAPE OF THINGS TO COME



S A T S L T D . A N N U A L R E P O R T 2 0 1 0 - 2 0 1 1

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

LOGO RATIONALE

With its strong competencies in gateway services and food solutions, SATS is well poised to grow its core businesses in Singapore and globally, in both aviation and non-aviation sectors.

Our new brand identity signifies our global aspiration and commitment to continually delight our customers with value propositions. Through this identity, we aim to build a unified, consistent representation across our core businesses as we continue to grow globally. We aspire to develop a unique and strong service culture that is synonymous with the SATS brand over time and this will be propagated across our global network.

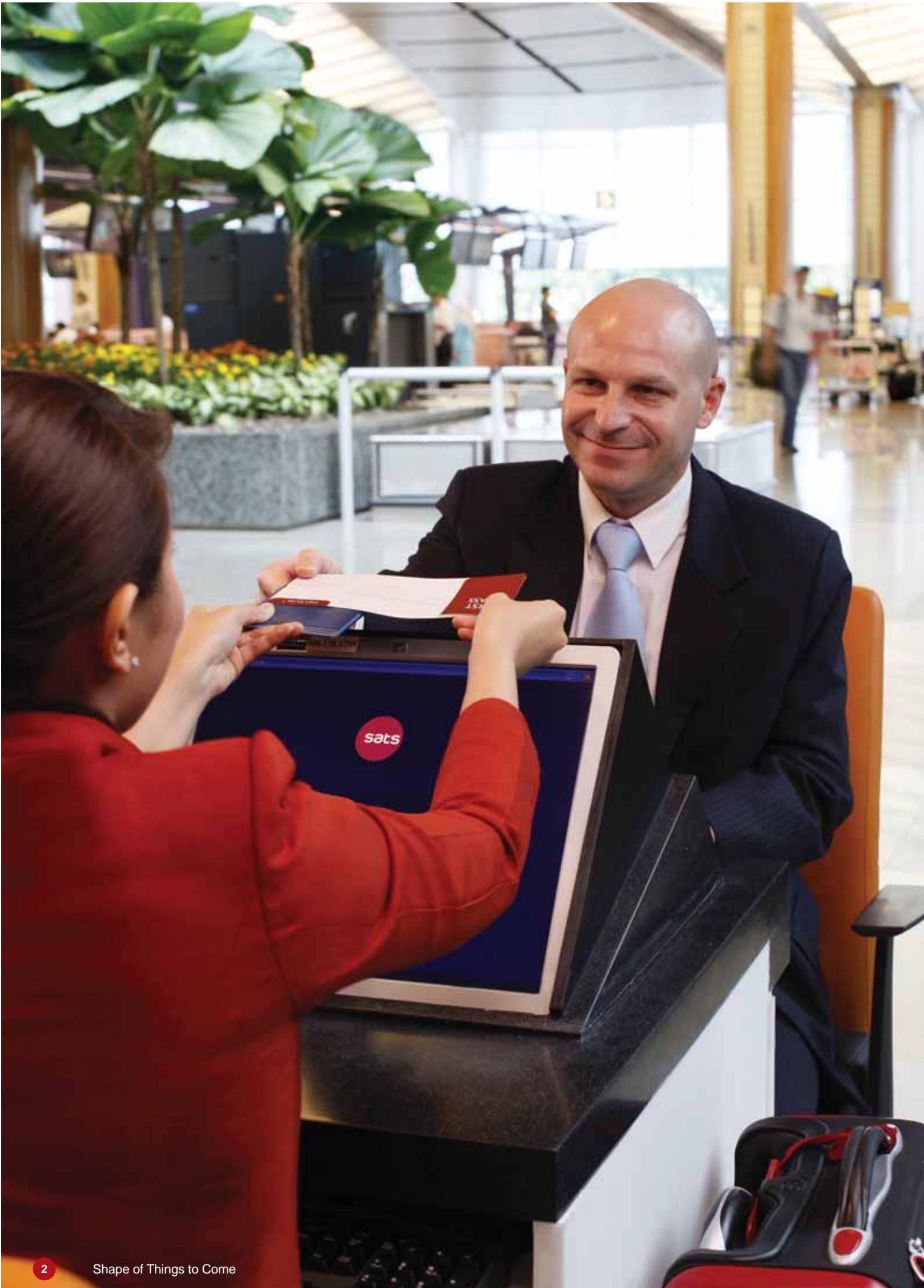
This is the **shape of things to come**.

The circle is symbolic of our strength as a global service provider, one that offers seamless and reliable service. It also articulates our ability to delight customers and exceed their expectations, which gives rise to a logo that bears a seal of approval.

What sets us apart is our enduring commitment to deliver the best. We take pride in our work and aspire to build more than just partnerships with our customers – we set out to build lasting relationships that delight. This is reflected in our logotype, where the facing letters “s” and “a” denote the constant dialogue we have with our customers, anticipating and providing consistent, premium and innovative solutions for their needs. Our new brand is identified by the SATS crimson, which brings out the warmth and passion that we extend to our customers.

These elements work cohesively to form an icon that is simple yet meaningful, creating a brand identity that is synonymous with quality and excellence.





Key Figures

Revenue

\$1,729.1m +12.4%

Free Cashflow

\$132.2m -30.5%

Operating Profit

\$184.5m +0.1%

Economic Value Added

\$68.3m +1.6%

Share of Profits of Associates and JVs

\$61.2m +46.1%

Dividend Per Share

17¢ +30.8%

Profit Attributable to Equity Holders

\$191.4m +5.6%

Dividend Payout Ratio

98.4% +19.9ppt

Underlying Net Profit

\$197.4m +20.3%

Earnings Per Share

17.4¢ +4.2%

Total Assets

\$2,308.1m +20.9%

Return On Equity

12.7% +0.1ppt

DELIVERING THROUGH UNDERSTANDING

To provide a delightful service experience is to gain a deeper understanding of what our customers want. Through close collaboration, we deliver customised solutions that exceed expectations time after time.



DELIGHTING THROUGH PERFORMANCE

Our thoughtful attention to detail and commitment to serve with our hearts continue to delight our customers and their guests at every touch point in gateway services and food solutions. This service hallmark is taking us beyond Asia, towards our aspiration of being one of the largest services companies in the world.



DELIVERING THROUGH PASSION

Being passionate about what we do gives us immense satisfaction, be it serving our customers or developing innovative solutions that cater to their unique needs. We strive to make each encounter a delightful one, letting our customers know we are always here for them.





DELIGHTING THROUGH EXCELLENCE

Through driving excellence and building a strong service culture, we aspire to develop an iconic brand in which our customers will place their trust and will always select as their first choice.

DELIVERING THROUGH STRATEGIES

We are guided by our key strategic thrusts, namely customer intimacy, operational excellence, innovation and growth. Because we enjoy what we do, we are driven to develop game-changing innovations and generate strong, value propositions for our customers.

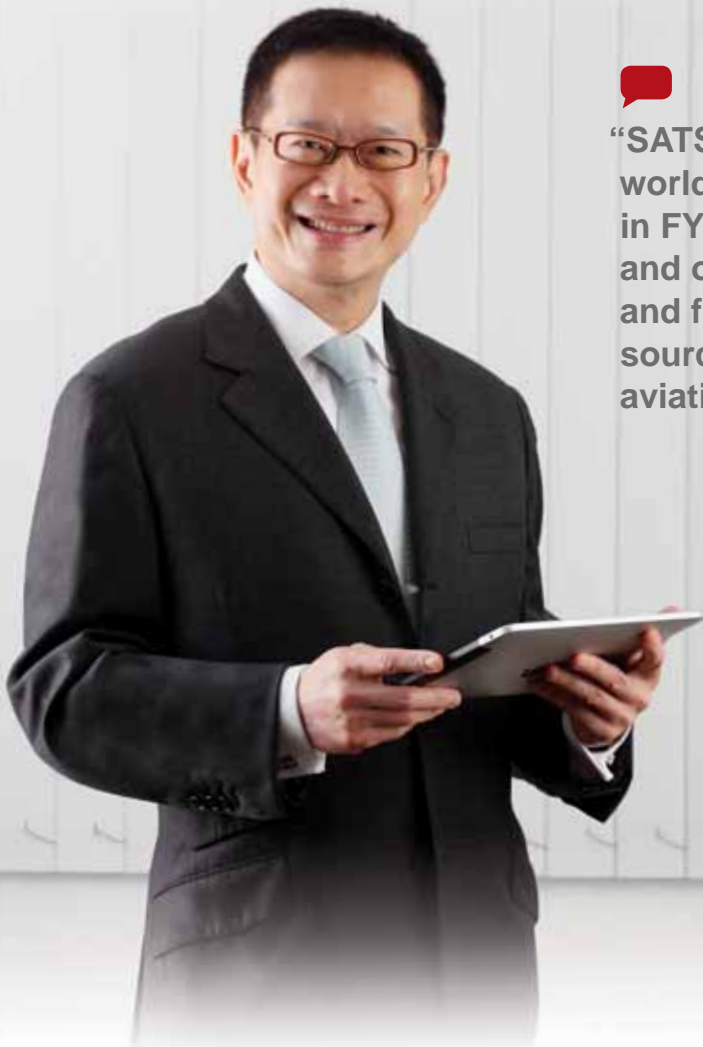


DELIGHTING THROUGH RESULTS

Driving sustainable growth and profitability remain our key focus. We constantly strive to improve performance and seek strategic opportunities for organic and inorganic growth to deliver sustainable returns to our shareholders.



Chairman's Statement



“SATS’ aviation business benefited from the worldwide rebound of the aviation industry in FY2010-11. We extended our footprint and offerings across both gateway services and food solutions, and capitalised on new sources of growth within and beyond the aviation space.”

Dear Shareholders,

FY2010-11 marked another good year for SATS, as we continued our growth momentum from last year. The recovering aviation industry and global economy helped to sustain growth, with the key drivers coming from staying true to our beliefs in customer service, innovation and operational excellence.

We introduced innovation in both our products and services, most notably with the opening of Coolport@Changi, Asia’s first on-airport perishables handling centre as well as the launch of Singapore’s first city check-in service with baggage acceptance at Marina Bay Sands.

We extended our capabilities with the commencement of technical ramp handling services at Singapore Changi Airport and supported the

initiation of the China Jilin (Singapore) Modern Agricultural Food Zone (Jilin Food Zone) with an investment in an integrated pig farm that would allow us to access China’s processed food market and secure additional food sources for our food solutions business.

We also extended our geographical presence, enabling us to serve our existing customers in new locations as well as reach out to new customers. In Japan, we acquired a 50.7% equity stake in TFK Corporation (TFK), Tokyo’s leading airline caterer which has a presence at both Narita and Haneda airports. In India, we incorporated a joint venture (JV) company, Air India SATS Airport Services (AISATS), to house our existing interests in Bangalore and Hyderabad as well as future interests when we enter other Indian airports.

In August 2010, the Company changed its name to SATS Ltd. to better reflect the full spectrum of its businesses. We are in the process of rebranding SATS to develop a stronger proposition for all our customer segments.

RESULTS REVIEW AND DIVIDENDS

SATS' aviation business benefited from the worldwide rebound of the aviation industry in FY2010-11. We extended our footprint and offerings across both gateway services and food solutions, and capitalised on new sources of growth within and beyond the aviation sector.

In FY2010-11, our operating revenue increased 12.4% to \$1.73 billion as all business divisions reported higher revenue and TFK made its maiden revenue contribution in the fourth quarter. Our aviation revenue grew 18.1% to \$1.03 billion while non-aviation revenue rose 4.8% to \$694.4 million.

Operating profit was \$184.5 million due to the impact of exceptional items. Excluding the one-off \$6 million in M&A costs in FY2010-11 and \$17.1 million in jobs credit received in FY2009-10, our underlying operating profit grew 13.9% to \$190.5 million.

Contribution from our associated and JV companies grew 46.1% to \$61.2 million as a result of better performance reported by our ground handling associates and the inclusion of AISATS' contribution for the first time. Consequently, our profit before tax rose 10.1% to \$245.5 million and profit attributable to equity holders increased 5.6% to \$191.4 million. Excluding exceptional items, our underlying net profit increased 20.3% to \$197.4 million.

For the full year, we generated free cash flow of \$132.2 million and our cash balance as at 31 March 2011 stood at \$296.1 million. As a result of our strong financial performance and cash reserves, your Board has recommended a final dividend of 6 cents per share and a special dividend of 6 cents per share. Including the interim dividend of 5 cents per share paid on 2 December 2010, the proposed

total dividends will be 17 cents per share, 4 cents higher than the total dividends paid in FY2009-10. This represents a dividend payout ratio of 98.4% of our profit attributable to equity holders. Upon shareholders' approval at the forthcoming Annual General Meeting of the Company, the final and special dividends will be paid on 17 August 2011.

BUSINESS REVIEW

Gateway Services

SATS maintained its position as the leading ground handler at Singapore Changi Airport in FY2010-11, serving 75% of the scheduled flights there. We expanded our comprehensive suite of ground handling services to include technical ramp handling services from May 2010 onwards and built on our competencies to offer this service to both narrow and wide-body aircraft. We strengthened existing customer relationships by renewing ground and cargo handling contracts with nine airlines including All Nippon Airways, British Airways, Korean Air, Malaysia Airlines and United Airlines. We also established new customer relationships by securing contracts with four carriers, namely Air Macau, China Cargo Airlines, Hainan Airlines and Hong Kong Airlines. The continued expansion of facilities and services for the fast growing low cost carrier segment is promising and delivering results.

SATS HK, our subsidiary in Hong Kong, similarly secured and renewed contracts with customers such as Delta Air Lines, Juneyao Airlines, Malaysia Airlines, Singapore Airlines and South East Asian Airlines.

We take pride in our portfolio of long-standing customers and in extending the suite of services that we are able to offer them. We are also very pleased to have secured several new customers during the year. These contracts are an affirmation of SATS' continued competitiveness and they underscore our ongoing commitment to better serve our customers through operational excellence and innovation.

We strive to deliver strategic value to a wider group of stakeholders beyond our customers. For example, the specialised cold chain logistics services at Coolport@Changi enhance the capabilities of Singapore's logistics industry to meet Asia's increasingly sophisticated demand. We are heartened by the strong positive response from the industry, by achieving a 70% utilisation rate less than a year after Coolport's opening.

September 2010 also saw the launch of Singapore's first city check-in service, in partnership with Marina Bay Sands. We are proud to be able to offer a new service to our airline customers' passengers, by allowing them to check-in at a convenient location in the city centre well ahead of their outbound flights.

Food Solutions

We continued to perform well in aviation food solutions, serving 86% of the scheduled flights at Singapore Changi Airport. We also secured and renewed contracts with Air India, Cathay Pacific Airways, Finnair, Hong Kong Airlines and Jet Airways during FY2010-11.

On the overseas aviation food solutions front, the acquisition of a 50.7% stake in TFK (with voting rights of 53.8%) for \$122 million was a significant step towards strengthening our core business globally. It enables us to acquire a leadership position in the airline catering market in Tokyo, and at the same time participate in an exciting phase of long-term expansion in Japan's primary air hubs of Narita and Haneda. While we are deeply saddened by the tragic disasters which struck Japan in March this year, we believe that the resilience of the Japanese will see the country through this difficult period and TFK is doing its part to support airline customers in restoring normalcy. We are confident of the long-term opportunities in the Japanese aviation market and are committed to contributing towards its growth and expansion.

On the non-aviation food solutions side, we renewed our contract with the Singapore Armed Forces in May 2010 to deliver logistical support for

its operations in Australia till 2015, with the option to extend the agreement for a further five years.

We supported the inaugural Youth Olympic Games in Singapore by catering meals at the Games Village for some 7,000 athletes, officials and volunteers in August 2010. We also provided staff meals during the Singapore Grand Prix in September 2010.

The integrated pig farm project in the Jilin Food Zone in Jilin province, China, broke ground in September 2010. We are excited to contribute to this JV by way of sharing our expertise in food safety and in the production, marketing and distribution of food products. Through this JV, SATS is also taking a strategic step towards securing a safe, reliable and sustainable food supply for Singapore over the long term.

In the UK, our subsidiary, Daniels Group, maintained its innovation and growth momentum through winning new contracts for soups, desserts, ready meals, fruits and juices from major UK retailers. As a result, Daniels saw its revenue in pound sterling grow 11.6% to £178.7 million in FY2010-11.

In June 2010, Daniels celebrated the official opening of its new food production plant in Lakeside at Grimsby's Europarc Business Centre. The increased soup and ready meal capacity afforded by this new plant has enabled Daniels to support the increased level of business from its key customers.

AFFIRMING PARTNERSHIP

As a service provider, SATS is renowned for exceeding customers' expectations. We are gratified to have had our efforts recognised through the following awards, among others:

- 'Best Air Cargo Terminal in Asia' for the 13th time, as voted by the air cargo community at the Asian Freight & Supply Chain Awards organised by Cargonews Asia;
- Agri-Food and Veterinary Authority's (AVA) 'Gold Award' for attaining an "A" grade under its Food Factory Grading Scheme for 15 consecutive years and 'Food Safety Partnership Award';

- 17 Star, 19 Gold and 15 Silver Awards at SPRING Singapore's Excellent Service Awards 2010; and
- 'Airport Service Individual and Team Awards', 'Flight Delay Handling Team Award' and 'Service Process Redesign Award' at the Singapore Airlines CEO Transforming Customer Services Awards 2010.

AN EYE ON THE FUTURE

The past year saw a recovery in our business activities with the rebound of the aviation industry and the wider economy. While aviation demand has improved, the industry remains volatile especially in the wake of rising fuel prices. Nonetheless, we will continue to strengthen our core competencies and deepen our interests across other avenues to seek growth.

We are always on the lookout for innovative ways to generate further value for our customers, and the coming year will be no different. As we did in the case of TFK, we will evaluate any compelling acquisition opportunities which make sense for our business, wherever they may present themselves. On that note, I am pleased to inform you that we recently acquired a 40% equity stake in a Saudi Arabian niche inflight caterer, Adel Abuljadayel Flight Catering Company. This acquisition marks our first foray into the Middle East aviation market and allows us to potentially develop new service opportunities with our key customers, and secure new customers at more locations.

Another area of growth for us lies in leveraging our core competencies in gateway services and food solutions to grow in sectors outside our traditional areas of focus. We continue to expand our relationships in the hospitality and tourism-related industries, where we have been successful in securing new customers; and the year ahead will see us continue to reach out to new sectors.

Even as the Group grows, it is important that we look internally and continue to drive operational and cost efficiencies. With exceeding customers' expectations and ensuring our continued

competitiveness at the core of everything we do, we see people development as key. Our leaders must be fully equipped to handle the extended range of capabilities we now possess. Every one of our staff must identify with our brand, our common culture, and most importantly, see SATS as a company in which they enjoy working and have a long-term future.

Additionally, with the Group's remarkable growth in recent years, it is important that our brand accurately reflects the full range of our businesses and capabilities. For this reason, we underwent an exercise earlier this year to refresh our brand and align our values to who we are today – a strategic partner and first choice provider of end-to-end solutions globally.

IN GRATITUDE

On behalf of the Board, I would like to extend my sincere thanks to every member of our staff, our union, and management. As a services company, our people are the foundation upon which our every success lies. I am grateful to them for their continued passion, loyalty and commitment.

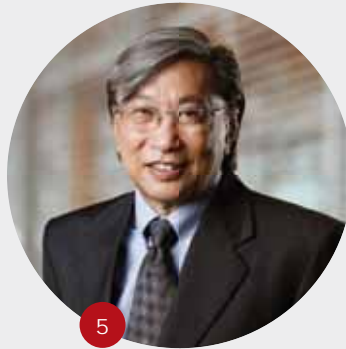
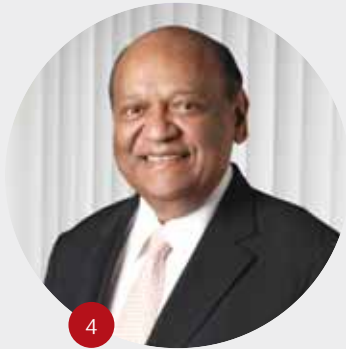
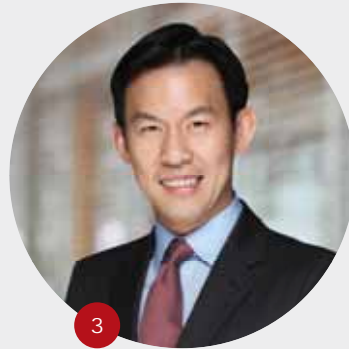
I also wish to thank my fellow Board members for their wise counsel and support throughout the year. It is with reluctance that I bid farewell to three members, Swee Wah, Rajiv and Kheng Joo, who will be stepping down from the Board at the forthcoming Annual General Meeting. Together with the rest of the Board members, I thank them for their invaluable service and contributions to SATS over the past years.

Finally, to our customers, business partners and shareholders, my sincere thanks for your continued confidence and support.

Edmund Cheng Wai Wing
Chairman

23 May 2011

Board of Directors



1 Mr Edmund Cheng Wai Wing
CHAIRMAN

Mr Cheng is the Deputy Chairman of Wing Tai Holdings Limited and Executive Director of Wing Tai Malaysia Berhad (formerly known as DNP Holdings Berhad). Apart from his experience as a property developer, Mr Cheng is also actively involved in both the public and private sectors. He is currently Chairman of Mapletree Investments Pte Ltd and S. Daniels Plc. Mr Cheng is also Chairman of the National Arts Council, where he is keenly involved in efforts at the national level to promote and develop an arts landscape that will enhance vibrancy and creativity in our economy and society. He also serves as Chairman of the International Advisory Panel of DesignSingapore Council. He is a member on the Board of Trustees of Nanyang Technological University and a member of the International Council for Asia Society.

Mr Cheng previously served as Chairman of the Singapore Tourism Board (1993–2001), The Old Parliament House Limited (2002–2006), The Esplanade Co Ltd (2003–2005), and as Founding Chairman of DesignSingapore Council (2003–2008). He also sat on the Boards of the Urban Redevelopment Authority (1991–1994), the Construction Industry Development Board (1992–1994) and Singapore Airlines Limited (1996–2004). A past President of the Real Estate Developers' Association of Singapore (REDAS), Mr Cheng remains a member of its Presidential Council.

Mr Cheng was awarded The Public Service Star (BAR) in 2010 and The Public Service Star (BBM) in 1999 by the Singapore Government for his significant contributions to the nation, including his appointments to the boards of government statutory bodies and public institutions. He also received the Outstanding Contribution to Tourism Award from the President of Singapore in 2002. In 2009, he was conferred "Officier de l'Ordre des Arts et des Lettres" by the Government of the Republic of France.

Mr Cheng graduated with a Bachelor of Science degree in Civil Engineering from Northwestern University and a Master of Architecture from Carnegie Mellon University, USA.

Past principal directorships or appointments in the preceding three years: SNP Corporation Ltd (nka Toppan Leefung Pte. Ltd.); and DesignSingapore Council.

2 Mr David Zalmon Baffsky
DIRECTOR

Mr Baffsky is the Chairman and a Director of Ariadne Australia Limited. He is also the Honorary Chairman of Accor Asia Pacific which is part of the Paris-based global hotel group, Accor. Prior to this, he was Executive Chairman of Accor Asia Pacific, a position he held from 1993 to 2008. He was also the founder of Tourism Asset Holdings Limited, the largest hotel owning company in the Pacific and was Chairman of Citistate Corporation Limited, an Australian public listed company in property development. He was also a Director of Club Méditerranée (Australia) Pty Ltd from 1985 to August 2000.

Mr Baffsky previously served on the Singapore Tourism Board and other major government and industry bodies in the Asia Pacific region. He continues to be a member of a number of government and industry bodies in diverse areas, including being actively involved in the Art Gallery of New South Wales and a member of the Australian Government's Advisory Group on National Security. He is actively involved in indigenous affairs, being a Director of the Australian Government's Indigenous Land Corporation. More recently, he was appointed to the Board of the Sydney Olympic Park Authority and has joined the Board of Investa Funds Management Limited.

Mr Baffsky was a Founding Director and is now a Life Member of the Australian Tourism Task Force. He was made an Officer in the General Division of the Order of Australia (AO) for his service to tourism and to the community in 2001. In 2003, he was awarded the Centenary Medal for 'Service to Australian Society through Business Indigenous Affairs and the Arts' and was named 'Asia Pacific Hotelier of the Year' by Jones Lang LaSalle.

Mr Baffsky graduated from the University of Sydney's law school in 1966.

Past Principal directorships in the preceding three years: Tourism Asset Holdings Limited; KSW Properties Pty Limited; and Reef Corporate Services Limited.

3 Mr David Heng Chen Seng

DIRECTOR

Mr Heng is a Managing Director for Investment at Temasek Holdings (Private) Limited (Temasek), a position he has held since November 2006. Mr Heng has more than 17 years of experience in corporate finance and investment banking. Prior to joining Temasek in November 2003, he was with Deutsche Bank AG as its Vice President of Investment Banking from 1998 to 2003. Mr Heng holds directorships in several companies including Cavanagh Investments Pte. Ltd., Duxton Investments Pte. Ltd. and Perikatan Asia Sdn. Bhd.

He graduated from the University of Canterbury, New Zealand with a Bachelor of Engineering degree. He holds a Master of Business Administration degree from the University of Hull, UK.

Past principal directorships in the preceding three years: Bugis Investments (Mauritius) Pte Ltd; Sorak Financial Holdings Pte. Ltd.; Olyn Investments Limited; and Chartwell Investments Pte. Ltd.

4 Mr Nihal Vijaya Devadas Kaviratne CBE

DIRECTOR

Mr Kaviratne is the Chairman of Akzo Nobel India Limited, formerly ICI India Limited, since 1 October 2010.

Mr Kaviratne held various senior level management positions in sales, marketing, brand and strategic planning and development, including that of Chairman/Chief Executive Officer across Asia, Europe and Latin America in his 40 years of service with the Unilever Group. He retired from Unilever in March 2005. He currently serves as an independent, non-executive Director in various listed companies in India and Singapore including Starhub Limited and DBS Group Holdings Ltd.

He was chosen by Business Week in 2002 for the Stars of Asia Award as one of the '25 leaders at forefront of change'. Cited in the Queen's 2004 New Year Honours List in the United Kingdom, he has been conferred the award of Commander of the British Empire (CBE) for services to UK business interests and sustainable development in Indonesia.

Mr Kaviratne has a keen interest in programmes for community development, health and education. He is a Governing Board member of the non-profit organisation, The Bombay Mothers and Children Welfare Society, Chairman of the Indian Cancer Society and the Founder of the St Jude India Childcare Centres in Mumbai. He was the Founder President of the International Wine & Food Society, Bombay branch and is a Chevalier du Tastevin.

Mr Kaviratne holds a Bachelor of Arts (Honours) with a major in Economics from Bombay University and attended the Advanced Management Program at Harvard Business School and the Advanced Executive Program at the Kellogg School of Management, Northwestern University, USA.

Past principal directorships in the preceding three years: Agro Tech Foods Limited, India; Fullerton India Credit Co., Ltd, India; and Titan Industries Limited, India.

5 Mr Khaw Kheng Joo

DIRECTOR

Mr Khaw is a business consultant and was, until 31 August 2009, the Chief Executive Officer and Director of Mediaring Ltd and currently a Director of Random Walk Pte. Ltd. and Multi-Fineline Electronix, Inc (USA). He started his working career with Hewlett Packard Company (HP) and spent a total of 26 years with the company in various technical and managerial positions. His last assignment there was General Manager of the PDA Division. He left HP in 1999 to become the President of Omni Electronics (S) Pte. Ltd. Before joining Mediaring Ltd, he was Senior Vice President of Celestica Inc., which acquired Omni Industries Limited.

Mr Khaw was a former board member of the Singapore Economic Development Board and served on the advisory council of Singapore Polytechnic's Business School till the end of 2009.

Mr Khaw holds a Bachelor of Science degree in Electronic and Computer Engineering from Oregon State University, USA and a Master degree in Business Administration from Santa Clara University, USA.

Past principal directorships in the preceding three years: Senoko Power Limited; and Mediaring Ltd.

6 Dr Rajiv Behari Lall
DIRECTOR

Dr Rajiv Lall is the Managing Director and Chief Executive Officer of Infrastructure Development Finance Company Ltd (IDFC). He was named to his position in January 2005. Dr Lall has over two decades of experience with leading global investment banks, multilateral agencies and academia. His areas of expertise include project finance, private equity/venture capital, international capital markets, trade and macroeconomic policy issues with a focus on India and China.

Prior to joining IDFC, Dr Lall was variously, a Partner with Warburg Pincus in New York, Head of Asian Economic Research with Morgan Stanley Asia Limited, Economist with the World Bank, Washington DC and the Asian Development Bank, Manila, Philippines and a member faculty of Florida Atlantic University.

Dr Lall has a Bachelor of Arts in Politics, Philosophy and Economics from Oxford University and a Ph.D. in Economics from Columbia University.

Dr Lall has a number of publications to his credit and is fluent in French.

7 Mr Mak Swee Wah
DIRECTOR

Mr Mak is the Executive Vice President, Commercial of Singapore Airlines Limited (SIA). He has been with SIA since August 1983. He is also the Chairman and a Director of SilkAir (Singapore) Private Limited (SilkAir).

Mr Mak previously served on the board of Singapore Airlines Cargo Pte Ltd. In his career with SIA, he has been involved in various managerial capacities covering Market Planning and Projects and Country Management. He also assumed senior executive positions such as General Manager of SilkAir, Senior Vice President for South West Pacific, where he was based in Sydney as well as Senior Vice President for Planning before he was promoted to Executive Vice President, Operations and Services in January 2008 and appointed as Executive Vice President in February 2011.

An SIA scholar, Mr Mak graduated from the London School of Economics in 1982 with a Bachelor of Science (First Class Honours) degree in Accounting and Finance. He holds a Master of Science degree in Operational Research from the same university.

Past principal directorships in the preceding three years: Singapore Airlines Cargo Pte Ltd; and Singapore Flying College Pte Ltd.

8 Mr Ng Kee Choe
DIRECTOR

Mr Ng is presently the Chairman of Singapore Power Limited, SP Ausnet[#] and NTUC Income Insurance Co-Operative Ltd. He is also a Director of Singapore Exchange Limited, CapitaLand Limited and Fullerton Financial Holdings Pte. Ltd. as well as President Commissioner of PT Bank Danamon Indonesia Tbk. Mr Ng is a member of the Temasek Advisory Panel of Temasek Holdings (Private) Limited and the International Advisory Council of China Development Bank as well as Chairman of Tanah Merah Country Club.

Mr Ng was formerly the Vice Chairman of DBS Group Holdings Ltd (DBS). He retired from his executive position in July 2003, after 33 years of service with DBS.

For his contributions to the public service, Mr Ng was conferred the Public Service Star Award in 2001. Mr Ng graduated with a Bachelor of Science (Honours) degree from the University of Singapore.

[#] A stapled group comprising SP Australia Networks (Transmission) Ltd, SP Australia Networks (Distribution) Ltd and SP Australia Networks (Finance) Trust, acting through its responsible entity, SP Australia Networks (RE) Ltd. It is dual listed on the Australian Stock Exchange and the Singapore Exchange Securities Trading Limited.

Board of Directors

9 Mr Keith Tay Ah Kee DIRECTOR

Mr Tay is the Chairman of Stirling Coleman Capital Limited.

He was the Chairman and Managing Partner of KPMG Peat Marwick Singapore from 1984 to 1993. He also served as the President of the Institute of Certified Public Accountants of Singapore (ICPAS) from 1982 to 1992.

Mr Tay is on the Governing Council of the Singapore Institute of Directors and on the Board of the Singapore International Chamber of Commerce of which he was Chairman from 1995 to 1997. He holds directorships in various listed companies including Singapore Post Limited, Singapore Reinsurance Corporation Limited and FJ Benjamin Holdings Ltd.

Mr Tay was conferred the first International Award for Outstanding Contribution to the Profession by the Institute of Chartered Accountants in England & Wales in 1988 and the Public Service Star Award (BBM) in 1990 by the President of the Republic of Singapore. In 1993, ICPAS also conferred upon Mr Tay the Gold Medal for distinguished service to the profession and made him an Honorary Fellow.

Past principal directorships in the preceding three years: Singapore Power Limited; Pokka Corporation (Singapore) Limited; and Aviva Limited.

10 Mr Yeo Chee Tong DIRECTOR

Mr Yeo is the President and Chief Executive Officer of Toppan Leefung Pte. Ltd. (Toppan Leefung), previously known as SNP Corporation Ltd (which was formerly listed on the Singapore Exchange Securities Trading Limited). He sits on the boards of Toppan Leefung and that of various other companies within the Toppan Leefung Group.

He was formerly with Singapore Computer Systems Limited (nka SCS Computer Systems Pte. Ltd.) and Singapore Technologies Telemedia Pte Ltd before joining Toppan Leefung as its Vice President (Development) and subsequently as its President and Chief Executive Officer in 2000.

Mr Yeo holds a Bachelor of Electrical & Electronic Engineering (Honours) degree as well as Master in Science (Engineering) and Master in Business Administration from the National University of Singapore. He had also completed the Harvard Business School's Advanced Management Program in 1999.

11 Mr Leo Yip Seng Cheong DIRECTOR

Mr Yip is the Chairman of the Singapore Economic Development Board (EDB) since 1 July 2009. He also chairs the Board of EDB Investments Pte Ltd.

Prior to joining EDB, he was the Permanent Secretary of the Ministry of Manpower (MOM) from July 2005 to September 2009. He served as the Deputy Secretary of the MOM from August 2002 and was concurrently the Chief Executive of the Singapore Workforce Development Agency from September 2003 to June 2005. He was the Principal Private Secretary to then Senior Minister Lee Kuan Yew from January 2000 to July 2002.

Mr Yip held a series of policy, planning and command appointments in the Singapore Police Force from 1985 to 2000, and his last position was as Director (Operations) at police headquarters.

Mr Yip was awarded the Singapore Police Force (Overseas) Scholarship in 1982. He holds an Economics degree from the University of Cambridge, a Master of Business Administration from the University of Warwick and a Master in Public Administration from the JFK School of Government, Harvard University.

Past principal appointment in the preceding three years: A member of the Board of Trustees of the Singapore University of Technology and Design.

Board of Directors

Proposed New Director



Mr Alexander Charles Hungate

Mr Hungate assumes the role of Chief Executive Officer of The Hongkong and Shanghai Banking Corporation Limited (HSBC) in Singapore since 1 September 2010. As the most senior executive for the HSBC Group in Singapore, he is responsible for all of its activities, including subsidiary businesses such as private banking, insurance, futures, asset management and trustee services.

Prior to this appointment and since he joined HSBC in September 2007, Mr Hungate was the Global Head of Personal Financial Services and Marketing. In this global role, he was responsible for HSBC's personal financial services business around the world including cards and wealth management. He was also responsible for all marketing across the Group including management of the HSBC brand and customer experience. He was a member of HSBC's Group Management Board and Risk Management Committee and a Director of HSBC Bank Turkey A.S. and HSBC Bank Egypt S.A.E.

Before joining HSBC, Mr Hungate was Managing Director of Reuters in Asia Pacific where he was responsible for leading the business across the region, including planning and executing the Group's growth strategy in Asia. Between 2002 and 2005, he was worldwide Chief Marketing Officer for Reuters. During his 14 years in the Group, he was based in the UK, Hong Kong and USA, holding positions including Co-Chief Executive Officer of Reuters America and Non-Executive Chairman of Factiva, the web-based business news and information service. Prior to his career at Reuters he spent two years with Booz Allen & Hamilton as a strategy consultant.

Mr Hungate has a Master of Arts in Engineering, Economics and Management from Oxford University and graduated as a Baker Scholar from the Master of Business Administration program at Harvard Business School.

CEO's Statement



“Our focus to grow our gateway services and food solutions businesses delivered results, as both businesses were benefiting from the growth in the tourism and hospitality industries at home and abroad.”

Dear Shareholders,

We started FY2010-11 on a good note following the successful integration of Singapore Food Industries (SFI) into SATS. The aviation industry was then recovering but subsequent events proved this to be one of the most challenging years in our history. In spite of this, we managed to benefit from the recovery and win several awards for disruption handling. Our focus to grow our gateway services and food solutions businesses delivered results, as both businesses were benefiting from the growth in the tourism and hospitality industries at home and abroad.

In August 2010, we changed our name from Singapore Airport Terminal Services Limited to SATS Ltd. to better reflect our strategic directions and characteristics. Consequently, a project was also started to review our branding with the objective of building a consistent representation across our businesses and geographies. I am happy to inform you that we will be launching our new brand identity in June 2011.

GATEWAY SERVICES

The 2010 eruption of the Eyjafjallajökull volcano in Iceland would be etched in the annals of aviation history, having created one of the largest disruptions in civilian air travel since World War II. While this occurred in Europe, passengers were trapped in Asia and elsewhere. Our ONE! Service was pushed to the limit to show compassion, bring peace of mind and comfort to stranded passengers, and facilitate the recovery of travel plans. In addition, our staff worked tirelessly to re-process cargo backlogs so that transshipment cargo were able to reach their final destinations quickly despite schedule and capacity restraints brought about by the volcanic eruption. Once again, the commitment of our people and the strength of our processes have helped our airline customers build and strengthen their branding, and safeguard the high reputation of the Singapore Hub.

Our competence in disruption handling was put to the test again during the year. The eruption of

Mount Merapi in Central Java, the grounding of A380 flights as a consequence of the Rolls Royce engine incident on Qantas flight QF32, and the extreme winter in the northern hemisphere had caused travel disruptions at Singapore Changi Airport. Singapore Changi Airport and several airlines, in particular Singapore Airlines, as well as SATS received many commendations from travellers after these episodes of disruption. These commendations and recognition of our efforts reminded us of our responsibility to care for passengers and our core strength in aviation services. While they are an affirmation of our gateway strategy, they also increase our resolve to strengthen our global network in aviation ground services and catering despite the frequent challenges that we face.

On 1 May 2010, SATS started providing technical ramp handling services at Singapore Changi Airport after many months of preparations and hard work. At last, we are now on par with the competition to offer the full suite of ground handling services. While technical ramp handling was not new to our staff as we previously provided these services sometime ago, we relied on the capabilities within our aviation network to renew our own capability here in Singapore. Our approach was a simple one; step by step with a sure footing, we grew our capability while ensuring that safety and service levels were not compromised. During the year, we secured majority share in the business jet market and clinched contracts with several scheduled carriers. Our proactive plan to integrate technical ramp handling services into our ground operations and increase productivity via efficient deployment of resources has helped our airline customers save costs.

Innovation, as one of our thrusts for change, drove product and service enhancements to enable organic growth. In passenger services, we launched the new SATS Premier Check-in Services at Terminal 2 of Singapore Changi Airport, a premier greet-and-assist service from aircraft to destination. In apron services, we increased both our capabilities and services for aircraft interior cleaning and renamed the department as "Aircraft Aesthetics" to better reflect the additional capabilities and wider scope of services offered.

In the area of cargo terminal operations, we launched the unique Coolport@Changi, in addition to the many service enhancements, to complement an already excellent logistics infrastructure at Singapore Changi Airport, thereby attracting more perishables traffic through the airport. This facility improves the capability of SATS' airline customers to offer a more reliable and exacting service in handling perishables cargo and also supports Singapore's efforts to position itself as a bio-medical hub. During the year, we also started a new third-party logistics warehousing operations in the Airport Logistics Park of Singapore. This unit will help strengthen SATS' relationship with logistics companies through both upstream and downstream supply chain collaborations. We are confident that over time, it will improve our cargo revenue stream as we start to offer more value-added services.

In FY2010-11, our wholly-owned subsidiaries, SATS HK and Asia-Pacific Star (APS), achieved profitability for the first time. Continual improvement in services and optimisation of capacity helped SATS HK turn around during the year. Our appreciation goes to our airline customers who have put their trust in us to look after their passengers at the Hong Kong International Airport. APS, on the other hand, was set up to offer a differentiated service to low-cost carriers (LCCs) in Singapore. It provides both ground handling and inflight catering services to the LCCs. From a humble beginning, we now have a majority share of the LCC market in Singapore. SATS has unique competencies in developing a broad range of meal types that can be adjusted to the varying catering needs of LCCs. No two LCCs operate in the same way and APS' ability to meet their needs is an important reason for its success. Although its revenue contribution is small in relative terms, APS has forged a formula that could potentially be exported into the region.

We were expecting a third ground handler to start its operations at Singapore Changi Airport but that did not materialise in FY2010-11. Nevertheless, we continued to work hard by focussing on service and capability differentiation. Our staff and associates stood up to the challenge and delivered as planned.

FOOD SOLUTIONS

Inflight catering had faced the same challenges as gateway services in the aviation sector. Continuous improvement programmes were undertaken by management to help mitigate food cost inflation, which was one of the major challenges in FY2010-11. During the year, we worked on "healthy choice" recipes for local cuisines, with the aim to reduce fat, cholesterol and calories in our much-loved local dishes like laksa and nasi lemak. We hope that these may eventually be featured in inflight meals. Food innovations such as these are part of our focus throughout the year.

In the area of non-aviation food solutions, we were awarded a contract to provide meals for young athletes at the Games Village during the Youth Olympic Games which took place in Singapore in August 2010. This was a momentous opportunity to showcase our capability for mass catering. In addition to taste, we had to meet the various ethnic meal type requirements, feed about 7,000 youths, games officials and volunteers, and adhere to stringent standards and requirements for health and food safety. Although the contract was initially for three meals a day, the actual requirement of the young athletes was almost a round-the-clock buffet spread. We scored well on service, food taste and availability despite initial hiccups arising from the complexity of operating in a makeshift kitchen. The integrated competencies of SFI, SATS Catering and Country Foods enabled us to deliver the required performance and meet the service level agreements in the contract.

The food distribution business of SFI was turned around during the year. Special attention was paid to inventory management, product and branding as well as collections from customers. I am pleased to note that we have reached the performance level where we can confidently grow this business again.

At Country Foods, we opened a restaurant, Tables by the Bay, at Keppel Club as the front for our events catering division, Le Lifestyle. We have received good reviews for the restaurant which allows us to demonstrate to prospective clients our offerings and train our service staff for events. Hospital catering, on the other hand, remains our key challenge. We expected hospitals to welcome outsourcing of this non-core activity as

they face capacity, staffing and meal production challenges, and the adoption of a central kitchen concept would seem logical. However, we have found their readiness to take this step relatively low as most hospitals still keep to their own in-house production.

The organic growth attained by our Singapore food solutions business was primarily driven by the recovery in the aviation sector as well as the growth in the tourism and hospitality industries, energised by the opening of the two integrated resorts, the annual Singapore Grand Prix and the many tourism events in Singapore.

Over in the UK, our subsidiary Daniels Group celebrated the official opening of a new plant for soup and chilled ready meals (CRM) production in Lakeside at Grimsby's Europarc Business Centre in June 2010. The combined plant is a departure from the past concept of dedicated plants for each of the five food categories that we participate in. It also gives us the flexibility to expand production for both the soup and CRM categories at lower fixed cost levels.

During the year, we launched many new products including a new range of desserts, new soup types, and a premium range of soups under the New Covent Garden brand. The drinks category was dampened by escalating prices in juicing oranges that affected our financial results. The actions taken to pass on some of the raw material price increases to customers were partially successful. While our UK business continued to grow, the weak pound sterling against the Singapore dollar resulted in marginal revenue growth in FY2010-11. However, on a constant currency basis, Daniels Group's revenue rose 11.6% year-on-year.

OVERSEAS JOINT VENTURES

SATS' global aviation network consists of associates, joint ventures (JV) and subsidiaries. The regulated environment around airports generally poses challenges for us to strike the right deals. Nevertheless, we achieved several successes in growing our network during the year. In India, we received approval to create a JV with Air India for ground handling services. This 50-50 JV now houses our Bangalore and Hyderabad ground services operations that have started since

2008. All formal procedures were completed by the end of FY2010-11 and the Group has accounted for its share of this JV's profits.

We also expanded our network to cover both Narita and Haneda airports in Tokyo following the acquisition of a majority stake in TFK Corporation (TFK), the catering arm of Japan Airlines. With both airports planning for an expansion of flight slots by 2014, the future for growth is bright. However, the triple disasters on 11 March 2011 may delay these plans slightly. Nevertheless, we expect Japan to recover from this crisis and TFK, being a long-term investment, will benefit from this recovery.

In April 2011, we entered the Middle East market through our JV, Adel Abuljadayel Flight Catering Company (AAFC), which has a presence in both Jeddah and Riyadh airports. AAFC traditionally has been catering to private jets and ad-hoc flights and has established a good track record. The forward plan is to enable AAFC to secure more contracts with scheduled airlines and we believe that with the increasing traffic into Jeddah and Riyadh, this JV has much potential for further development.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

SATS has a long standing commitment towards sustainable development. We have implemented many projects to conserve energy, and reduce, reuse and recycle material resources.

In FY2010-11, we consolidated our CSR activities with the objective of eventually setting up a SATS Foundation that would also support charitable work through volunteerism and financial aid. SATS Foundation's focus is on three specific areas. The first is to promote volunteerism and a caring mindset amongst our employees. As service is the foundation of our business, we hope that through volunteerism, we can continually strengthen this foundation. The second focus aims to enable and empower disadvantaged groups by providing support to them. The third area is to promote "green" practices within SATS by reducing and mitigating adverse impact on the environment.

During the year, our staff participated in the Assisi Hospice Charity Fun Day 2010 and the Down Syndrome Association's Charity Walk and Carnival, and mentored children from the Singapore Indian

Development Association in the First Lego League Robotics Competition. We also worked with the National Volunteer and Philanthropy Centre to organise an outing for the elderly from the Society of the Aged Sick and supported the Sree Narayana Mission in its Welfare Service Flag Day. A group of our employees celebrated the Lunar New Year with the elderly from the Society for the Aged Sick and painted a mural at the Geylang East Home for the Aged in February 2011.

Increasingly, we plan to integrate these meaningful activities into our business philosophy and culture, engage and develop our staff, and fulfill our responsibility to the communities where we operate in.

APPRECIATION

Much had been accomplished in FY2010-11 as we continued to work towards increasing shareholder value, improving our processes and strengthening our company culture. This challenging year could not have been overcome without the unstinting support of my management colleagues and all our staff. We were bound by our collective aspiration towards service excellence and to represent our customers in the way that they have come to expect of us.

The change of leadership in our unions during the year has renewed their efforts and commitment to cooperatively and collaboratively work on change projects to improve our workplace. I would like to thank S. Gunasekaran, General Secretary of SATSWU, Paul Ng Kim Seng, President of SATSWU, Martin Chan, General Secretary of AESU, and S. Supramaniam, President of AESU, for their advice and support to effect continuous improvements for the benefit of all SATS stakeholders. On behalf of management, a special vote of thanks goes to our Chairman, Mr Edmund Cheng, and the Board of Directors for their guidance and support. We also wish to express our appreciation to the many shareholders who have supported and remained with us throughout the year.

Clement Woon Hin Yong
President & Chief Executive Officer

23 May 2011

Executive Management

STANDING FROM LEFT

Philip Lim Chern Tjunn

Chang Seow Kuay

Tony Goh Aik Kwang

Andrew Lim Cheng Yueh

Leong Kok Hong

Poon Choon Liang

SITTING FROM LEFT

Denis Suresh Kumar Marie

Lim Chuang

Chi Ping Huey



STANDING FROM LEFT

Robert Burnett

Clement Woon Hin Yong

Tan Chuan Lye

Peter Tay Kay Phuan

Yacoob Bin Ahmed Piperdi

Ronald Yeo Yoon Choo



Executive Management

Clement Woon Hin Yong

Mr Woon is President and Chief Executive Officer of SATS, a leading provider of gateway services and food solutions in Singapore. He joined SATS on 1 November 2007.

Prior to this, he was the President of Geosystems Division of Leica Geosystems AG, a multinational corporation based in Switzerland. Mr Woon joined Leica in 1992 and was transferred to Switzerland in 1997. He held senior positions as President of the Surveying & Engineering and Geosystems divisions of Leica Geosystems. He was instrumental in growing Leica's business and presence in the Asia Pacific, Europe, Americas and Middle East regions.

Mr Woon sits on various Boards of SATS' subsidiaries and associated companies. He is Chairman of Singapore Food Industries Pte. Ltd., SFI Manufacturing Private Limited, Primary Industries (Qld) Pty Ltd, Urangan Fisheries Pty Ltd and Asia Airfreight Terminal Co Ltd. He is also Vice Chairman of Beijing Aviation Ground Services Co Ltd and Vice President Commissioner of PT Jasa Angkasa Semesta Tbk.

He holds a Bachelor of Engineering degree and a Master of Science degree in Industrial Engineering from the National University of Singapore. He also holds a Master of Business Administration degree from the Nanyang Technological University.

Lim Chuang

Mr Lim is Chief Financial Officer of SATS. He joined SATS in November 2008 and prior to that, he was the Chief Financial Officer of NCS Pte Ltd, a subsidiary of Singapore Telecommunications Limited (SingTel). He had held other senior positions in SingTel, including as its Finance Director for the Consumer Division and Deputy Chief Financial Officer for SingTel Optus Pty Ltd.

Mr Lim sits on some of the Boards of SATS' subsidiaries. He graduated from the University of Singapore with a Bachelor of Accountancy (First Class Honours) degree and a Master of Business Administration degree from the National University

of Singapore. He is also a Fellow of the Chartered Association of Certified Accountants (UK) and a member of the Institute of Certified Public Accountants of Singapore.

Tan Chuan Lye

Mr Tan is Executive Vice President, Food Solutions of SATS. He joined SATS in May 1976 and was appointed to his present position in October 2009. He previously held managerial positions in SIA Ground Services and SATS Airport Services Pte Ltd, and was also in charge of managing Changi Airport Terminal 2 for SIA and SATS operations.

Mr Tan is Chairman of Country Foods Pte. Ltd. and Vice Chairman of Beijing Airport Inflight Kitchen Ltd and Aviserv Limited. He also sits on the Boards of a number of SATS' subsidiaries and associated companies. He graduated from the University of Singapore with a Bachelor of Social Science (Honours) degree, majoring in Economics.

Robert Burnett

Mr Burnett is Chief Executive Officer, UK. He oversees and is responsible for the performance of Daniels Chilled Foods Limited, International Cuisine Limited and Farmhouse Fare Limited. He has been the Chief Executive Officer of Daniels Chilled Foods Limited since July 2002. Prior to that, he held various senior general management appointments with Albert Fisher Plc.

Mr Burnett sits on the Boards of SATS' subsidiaries in the UK. He holds a Higher National Diploma in Business Studies from the Aberdeen College of Commerce (UK).

Chang Seow Kuay

Mr Chang is Senior Vice President, Food Solutions (Overseas Operations) of SATS. He joined SATS in June 1990 and was appointed to his present position in April 2011. Prior to this, he was Chief Executive Officer of Country Foods Pte. Ltd. He also held various positions including Senior Vice President, Special Projects, Vice President, Business Planning & Development and other managerial positions

in catering production and marketing. He was seconded to Beijing Airport Inflight Kitchen Ltd in 1995 to start up the catering operations.

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

Chi Ping Huey

Ms Chi, General Counsel of SATS, is responsible for providing leadership in the legal affairs of the Company. Since joining SATS, she has launched group wide legal training and risk management initiatives. With the Company's re-organisation in end 2010, she now heads the Administration and Governance division.

Prior to joining SATS, Ms Chi was the General Counsel and Company Secretary of Singapore Power Limited. She also held various senior positions including Head, Legal in Singapore Technologies Aerospace.

Ms Chi is a member of the Singapore Law Academy. An OCBC scholar, she holds a Bachelor of Law (Honours) degree from the National University of Singapore. She was admitted as an advocate and solicitor to the Supreme Court in 1985.

Tony Goh Aik Kwang

Mr Goh is Senior Vice President, Strategic Marketing of SATS, responsible for key accounts management & network marketing, corporate branding, market research and development.

He joined SATS in 1978 and assumed his current position in July 2008. He has held various executive and managerial positions in SATS, covering ground handling and catering contracts, inflight catering, materials and production planning, IT systems planning, and customer servicing. He also spent some time in SIA Ground Services.

Mr Goh sits on the Boards of some of SATS' subsidiaries. He graduated from the University

of Singapore with a Bachelor of Business Administration (Honours) degree.

Leong Kok Hong

Mr Leong is Senior Vice President, Strategic Partnership of SATS. He joined SATS in July 1976 and was appointed to his present position in June 2010. Prior to this, he was Senior Vice President, Apron Services. He also served as Senior Vice President North Asia and Chief Representative China, responsible for business development and joint ventures for the North Asia region. He previously held several managerial capacities covering catering, cargo, IT systems and corporate planning.

Mr Leong sits on various Boards of SATS' subsidiaries and associated companies. He is also the Chairman of SATS HK Limited and Vice Chairman of Tan Son Nhat Cargo Services Ltd. He graduated from the University of Singapore with a Bachelor of Science (Honours) degree in Physics.

Andrew Lim Cheng Yueh

Mr Lim is Senior Vice President, Greater China of SATS, a position he has assumed since August 2009. Prior to this, he was Senior Vice President, Apron & Passenger Services. He previously held managerial positions in SATS covering cargo, security services, passenger services, human resources and training as well as in SIA Cargo.

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

Philip Lim Chern Tjunn

Mr Lim joined SATS in April 2010 as Senior Vice President, Apron Services. Prior to this, he served in the Singapore Armed Forces for 25 years. He held various command and staff appointments including Chief of Staff (General Staff) and Chief Armour Officer/Commander 25 Division.

Executive Management

Mr Lim sits on the Boards of a number of SATS' subsidiaries and an associated company. He graduated from the University of Manchester Institute of Science and Technology with a Bachelor of Science (First Class Honours) degree. He also holds a Master of Technology (Knowledge Engineering) from the National University of Singapore, Master of Science (Management of Technology) from the Massachusetts Institute of Technology, and Master of Military Arts and Science from the US Army Command and General Staff College in Leavenworth.

Denis Suresh Kumar Marie

Mr Marie is Senior Vice President, Passenger Services of SATS, a position he has assumed since August 2009. With 18 years of experience in security and law enforcement, he had held senior positions in training and security management. He left with the rank of Deputy Assistant Commissioner and in 2001 was appointed as General Manager of SATS Security Services Private Limited.

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

Yacoob Bin Ahmed Piperdi

Mr Piperdi is Senior Vice President, Cargo Services of SATS since January 2007. He joined SATS in April 1981 and assumed various positions including Vice President, Cargo, Vice President, Inflight Catering Centre 2 and other managerial positions in apron, baggage and passenger services, marketing as well as SIA Ground Services.

Mr Piperdi is the Chairman of Aerolog Express Pte Ltd. He also sits on the Boards of a number of SATS' subsidiaries and associated companies. He graduated from the National University of Singapore with a Bachelor of Arts (Honours) degree, majoring in English.

Poon Choon Liang

Mr Poon is Chief Operating Officer of Singapore Food Industries Pte. Ltd. (SFI). He joined SFI in a marketing role in 1998 and was appointed to his current position in December 2009. He was formerly a senior military officer with the Singapore Armed Forces, specialising in supply and transportation.

Mr Poon sits on various Boards of SFI's subsidiaries. He holds a Bachelor of Commerce (Economics) degree from the Nanyang University (Singapore) and a Bachelor of Social Science (Economics) Honours degree from the National University of Singapore.

Peter Tay Kay Phuan

Mr Tay is Senior Vice President, Catering Services of SATS. He joined SATS in November 1981 and was appointed to his present position in August 2010. Prior to this, he served as Vice President, Catering Operations, overseeing production at SATS Inflight Catering Centre 2 and Vice President, Cargo Services where he was responsible for designing and developing SATS Airfreight Terminals, and managing their operations.

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

Ronald Yeo Yoon Choo

Mr Yeo is Senior Vice President, Gateway Services (Overseas Operations) of SATS. He is responsible for the performance of SATS' overseas operating units. He joined SATS in 1978 and assumed his current position in November 2010. Prior to this, he held senior positions in SATS, covering regional operations, business planning and development, marketing, cargo, passenger and baggage services, and in SIA Ground Services.

Mr Yeo sits on the Boards of a number of SATS' associated companies. He graduated from the University of Singapore with a Bachelor of Engineering (Honours) degree.

Financial Calendar

FINANCIAL YEAR ENDED

31 MARCH 2011

29 July 2010

Announcement of 1Q2010-11 results
Results conference call with live webcast

18 August 2010

Payment of final dividend

2 November 2010

Announcement of 2Q2010-11 results
Results conference call with live webcast

2 December 2010

Payment of interim dividend

1 February 2011

Announcement of 3Q2010-11 results
Results conference call with live webcast

16 May 2011

Announcement of 4Q2010-11 results
Results briefing for analysts and media
with live webcast

22 June 2011

Despatch of Summary Report to
shareholders

5 July 2011

Despatch of Annual Report to shareholders

27 July 2011

Annual General Meeting

5 August 2011

Book closure date

17 August 2011

Proposed payment of final and special
dividends

FINANCIAL YEAR ENDING

31 MARCH 2012

26 July 2011

Proposed announcement of 1Q2011-12
results

10 November 2011

Proposed announcement of 2Q2011-12
results

January/February 2012

Proposed announcement of 3Q2011-12
results

May 2012

Proposed announcement of 4Q2011-12
results



Investor Relations

SATS Investor Relations (IR) aims to communicate pertinent information to shareholders and the investment community in a clear, forthcoming, detailed and prompt manner, and on a regular basis, taking into consideration their views and addressing their concerns. We also ensure that material, price-sensitive information is made publicly available on a timely and non-selective basis.

Information is disseminated via:

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

We also maintain a database of shareholders, analysts and investors that allows us to electronically disseminate media releases and financial results announcements to them on a timely basis.

Every quarter, with the exception of the fourth quarter, we hold an earnings conference call with live audio webcast to brief the media and the investment community on our financial performance and update them on key corporate developments. For the final quarter, we have a face-to-face briefing for the media and analysts with live audio webcast. The on-demand earnings webcasts are made available on our website on the same day of the earnings briefings for shareholders and the investment community's access.

SATS IR, together with the CEO and CFO, have been actively engaging our shareholders and the investment community through frequent and constructive communications. We hold regular dialogues with them through one-on-one meetings and conference calls, and strive to improve the transparency of our disclosure to help them better understand our business environment, business model, growth strategies and strategic developments.

To grow and achieve a wider geographical spread in our shareholder base, we track changes in our share register on a regular basis. Our participation in non-deal roadshow and broker-organised investor conferences held in Singapore,

Hong Kong, the UK and the US increase the visibility of SATS amongst our shareholders and a broad spectrum of investors, giving them direct access to our management.

Held every July, our Annual General Meeting (AGM) provides an opportunity for us to communicate directly with our retail shareholders. Our board of directors and key members of management are present to address their queries during the AGM. In our bid to continue reaching out to retail shareholders, we participated in a SIAS seminar held in November last year.

During the year, we continued to make progress in extending broker research coverage on SATS by actively engaging the sell-side analysts. The number of sell-side analysts covering SATS has since increased from 12 to 14 currently. We will continue to maintain dialogues with other leading brokerages to increase coverage on SATS further.

INVESTOR RELATIONS CALENDAR

FY2010-11

First Quarter (1 April – 30 June 2010)

- FY2009-10 results briefing for the media and analysts
- Post-results investor lunch hosted by Nomura
- Credit Lyonnais Corporate Access Forum, Singapore

Second Quarter (1 July – 30 September 2010)

- 1Q2010-11 results conference call with live audio webcast
- AGM
- Non-deal roadshow with HSBC, Hong Kong
- Daiwa ASEAN Day Conference, New York

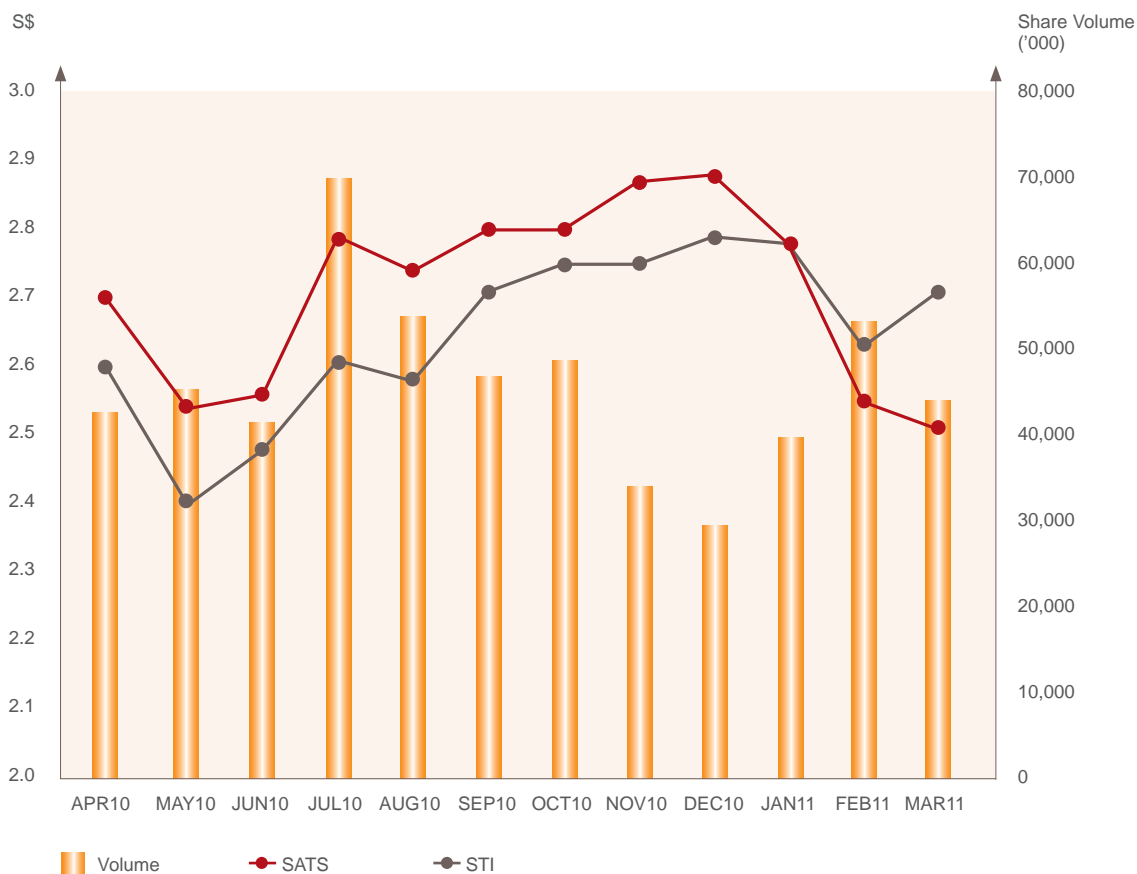
Third Quarter (1 October – 31 December 2010)

- 2Q2010-11 results conference call with live audio webcast
- Post-results investor lunch hosted by UOB Kay Hian
- Morgan Stanley 9th Annual Asia Pacific Summit, Singapore
- Nomura Shinka, London
- SIAS Seminar

Fourth Quarter (1 January – 31 March 2011)

- 3Q2010-11 results conference call with live audio webcast
- Post-results investor lunch hosted by Credit Suisse
- SGX-UBS Global Markets Conference Series, New York & Boston

SHARE PRICE AND TURNOVER



Share Price (\$) and Volume (million stock units)

	FY10-11	FY09-10
Highest closing price during the year	2.96	2.74
Lowest closing price during the year	2.42	1.21
Closing price on 31 March	2.51	2.65
Total volume for the year	547.99	745.58
Average daily volume	2.17	2.96

Market Value Ratios (based on 31 March closing price)

Price/Earnings	14.45	15.83
Price/Book value #	1.82	1.94
Price/Cash earnings *	9.62	10.48

Book value is defined as net asset value.

* Cash earnings is defined as profit attributable to equity holders of the Company plus depreciation and amortisation.

SATS

at a Glance

SATS BUSINESSES

With over 60 years of operating experience and an emerging global presence, SATS is Singapore's leading provider of gateway services and food solutions.

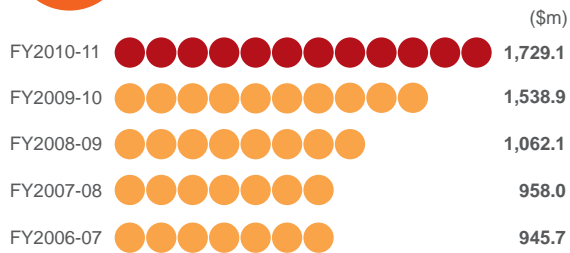
Our comprehensive scope of gateway services encompasses airfreight handling, passenger services, ramp handling, baggage handling, aviation security, and aircraft interior and exterior cleaning, while our food solutions business comprises airline catering, food distribution and logistics, industrial catering as well as ambient, chilled and frozen food manufacturing, and airline linen laundry.

Today, we handle about 80% of the scheduled flights and serve close to 60 scheduled airlines at Singapore Changi Airport. With the recent addition of Japan and Saudi Arabia, SATS is now present in 35 airports in 10 countries. We also have a presence in the UK and Australia through our expanding food solutions business.

Group Revenue

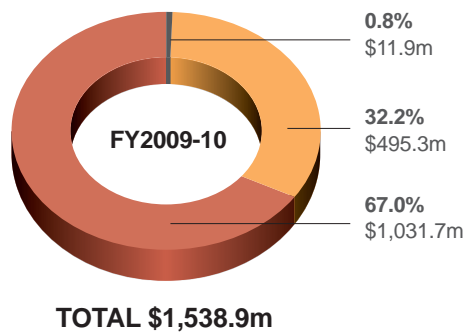
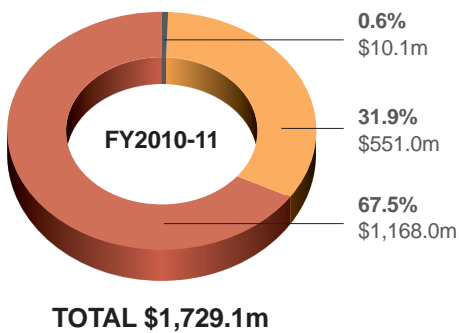
\$1,729.1m

+12.4%



GROUP REVENUE

By Business

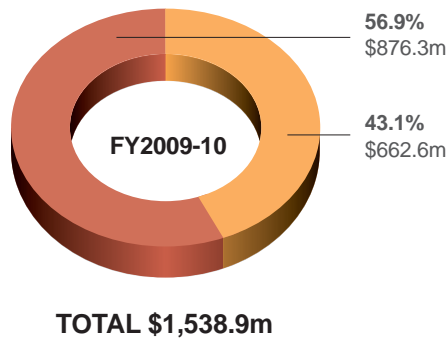
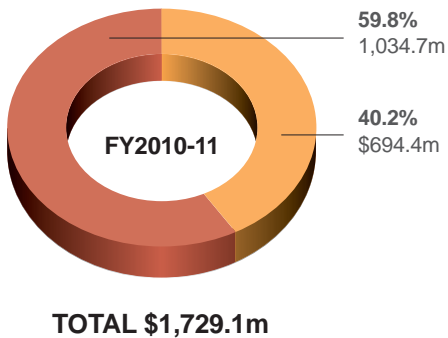


Business	Percentage Change	%
Gateway services		11.3
Food solutions		13.2
Corporate		(15.1)
Total		12.4

Notes:

- Gateway services: Revenues from ground and cargo handling, aviation security, aircraft interior cleaning and cargo delivery and management.
- Food solutions: Revenues from inflight catering, food logistics, industrial catering, chilled and frozen food manufacturing, and airline linen and laundry.
- Corporate: Revenues from the corporate arm.

By Industry

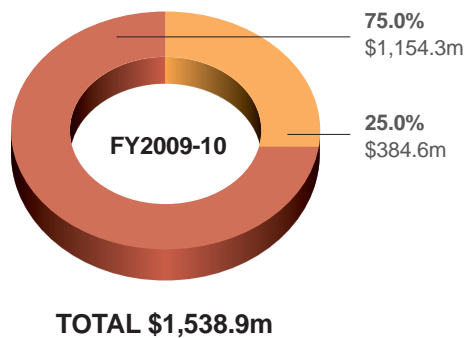
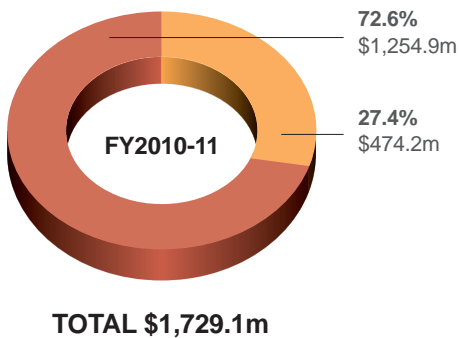


Industry	Percentage Change	%
Aviation		18.1
Non-aviation		4.8
Total		12.4

Notes:

- Aviation: Revenues from aviation-related businesses in gateway services and food solutions.
- Non-aviation: Revenues from Singapore Food Industries Group of companies (Singapore, UK & Australia), Country Foods and Country Foods Macau.

By Geographical Location



Location	Percentage Change	%
Singapore		8.7
Overseas		23.3
Total		12.4

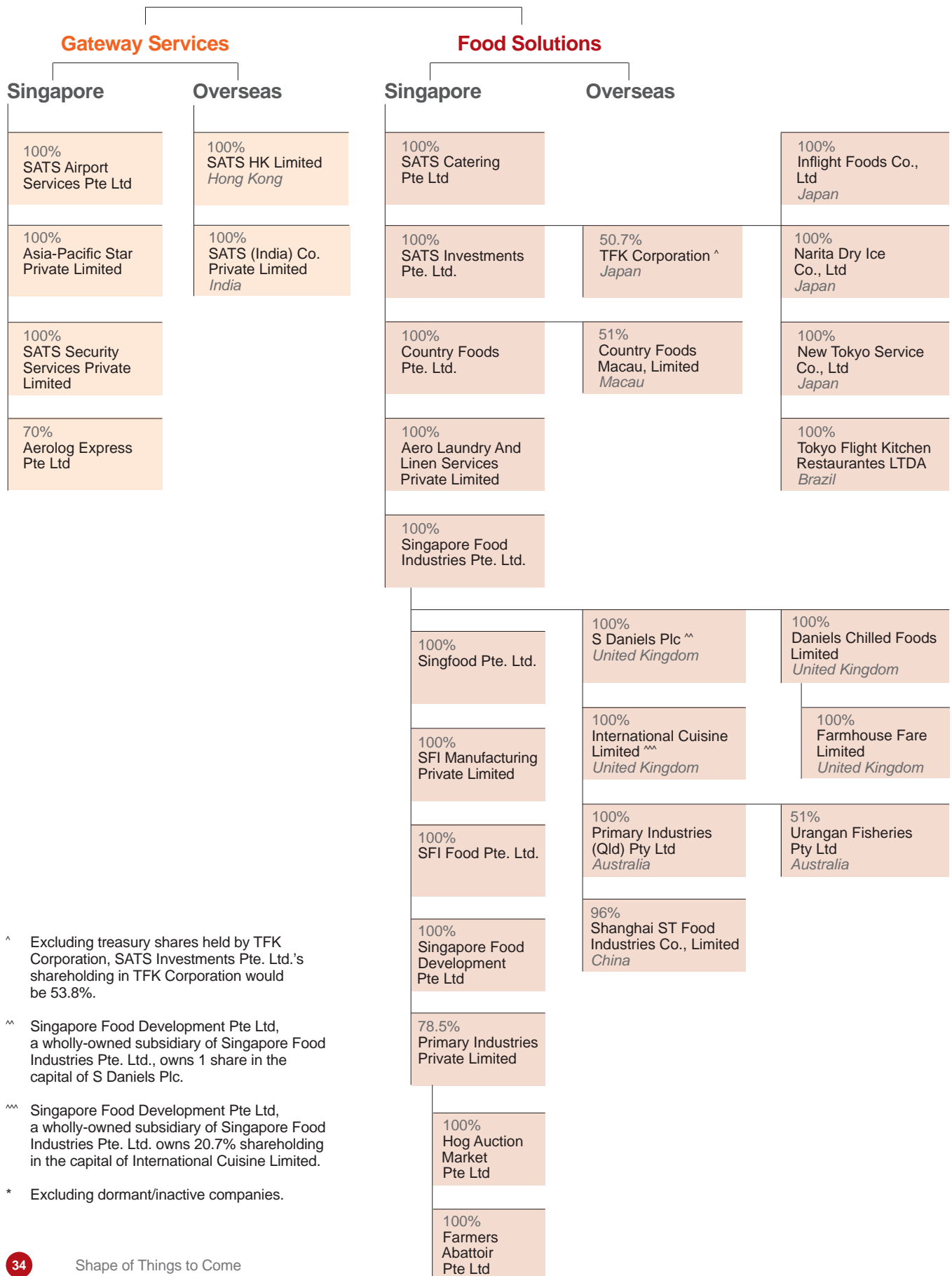
Notes:

- Singapore: Revenues from gateway services and food solutions businesses within Singapore.
- Overseas: Revenues from Singapore Food Industries (UK & Australia), Country Foods Macau and SATS HK.

Group Structure & Investments *

As at 23 May 2011

SATS Ltd. SUBSIDIARIES



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

^^ Singapore Food Development Pte Ltd, a wholly-owned subsidiary of Singapore Food Industries Pte. Ltd., owns 1 share in the capital of S Daniels Plc.

^^ Singapore Food Development Pte Ltd, a wholly-owned subsidiary of Singapore Food Industries Pte. Ltd. owns 20.7% shareholding in the capital of International Cuisine Limited.

* Excluding dormant/inactive companies.

SATS Ltd. INVESTMENTS

Gateway Services

50% Air India SATS Airport Services Private Limited <i>India</i>		
49.8% PT Jasa Angkasa Semesta, Tbk <i>Indonesia</i>		
49% Asia Airfreight Terminal Co Ltd <i>Hong Kong</i>	100% Asia Airfreight Services Limited <i>Hong Kong</i>	100% Asia Airfreight Services (Shenzhen) Limited <i>China</i>
40% Beijing Aviation Ground Services Co., Ltd <i>China</i>	46% Tianjin Aviation Cargo Services Co Ltd <i>China</i>	
30% Tan Son Nhat Cargo Services Ltd <i>Vietnam</i>	40% Tianjin Aviation Ground Services Co Ltd <i>China</i>	
25% Evergreen Air Cargo Services Corporation <i>Taiwan</i>	37% Beijing Airport Trucking Services Co Ltd <i>China</i>	
20% Evergreen Airline Services Corporation <i>Taiwan</i>	35% Beijing Airport Cargo Consolidation Services Co., Ltd <i>China</i>	

Food Solutions

49.8% TASCO Foods Co., Ltd ##### <i>Japan</i>	
49% Servair-SATS Holding Company Pte Ltd <i>Singapore</i>	34% Macau Catering Services Company Ltd <i>Macau</i>
49% Taj SATS Air Catering Limited <i>India</i>	
49% Aviserv Limited # <i>Pakistan</i>	
40% Beijing Airport Inflight Kitchen Ltd <i>China</i>	60% Tianjin Airport Kitchen Ltd <i>China</i>
40% Adel Abuljadayel Flight Catering Company Limited ## <i>Saudi Arabia</i>	50% Shenyang Airport Inflight Kitchen Co Ltd <i>China</i>
35% Maldives Inflight Catering Private Limited <i>Maldives</i>	
30% Taj Madras Flight Kitchen Private Limited <i>India</i>	
30% Jilin CSD Food Co., Ltd ### <i>China</i>	
27.7% International Airport Cleaning Co., Ltd ##### <i>Japan</i>	
20% MacroAsia Catering Service, Inc <i>Philippines</i>	
15% Evergreen Sky Catering Corporation <i>Taiwan</i>	

Incorporated in Ireland, place of business in Pakistan.

Held through SATS' wholly-owned subsidiary, SATS Investments Pte. Ltd.

Held through SATS' wholly-owned subsidiary, Singapore Food Industries Pte. Ltd.

Held through SATS' subsidiary, TFK Corporation.

Corporate Information

As at 23 May 2011

BOARD OF DIRECTORS

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

BOARD COMMITTEES

Audit Committee

Keith Tay Ah Kee
Chairman
David Zalmon Baffsky
Nihal Vijaya Devadas Kaviratne CBE
Yeo Chee Tong

Board Executive Committee

Edmund Cheng Wai Wing
Chairman
David Heng Chen Seng
Mak Swee Wah
Ng Kee Choe

Board Risk Committee

Mak Swee Wah
Chairman
David Heng Chen Seng
Khaw Kheng Joo

Nominating Committee

Khaw Kheng Joo
Chairman
Rajiv Behari Lall
Keith Tay Ah Kee

Remuneration and Human Resource Committee

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

COMPANY SECRETARY

Leow Chiap Seng

SHARE REGISTRAR

M & C Services Private Limited
138 Robinson Road #17-00
The Corporate Office
Singapore 068906

AUDITORS

Ernst & Young LLP
Public Accountants and
Certified Public Accountants
One Raffles Quay
North Tower #18-01
Singapore 048583

Audit Partner
Nagaraj Sivaram
(appointed with effect from
FY2010-11)

COMPANY REGISTRATION NO.

197201770G

REGISTERED OFFICE

20 Airport Boulevard
SATS Inflight Catering Centre 1
Singapore 819659

EXECUTIVE MANAGEMENT

Clement Woon Hin Yong
President & Chief Executive Officer
Lim Chuang
Chief Financial Officer
Tan Chuan Lye
Executive Vice President
Food Solutions
Robert Burnett
Chief Executive Officer
UK
Chang Seow Kuay
Senior Vice President
Food Solutions (Overseas Operations)
Chi Ping Huey
General Counsel
Tony Goh Aik Kwang
Senior Vice President
Strategic Marketing
Leong Kok Hong
Senior Vice President
Strategic Partnership
Andrew Lim Cheng Yueh
Senior Vice President
Greater China
Philip Lim Chern Tjunn
Senior Vice President
Apron Services
Denis Suresh Kumar Marie
Senior Vice President
Passenger Services
Yacoob Bin Ahmed Piperdi
Senior Vice President
Cargo Services
Poon Choon Liang
Chief Operating Officer
Singapore Food Industries Pte. Ltd.
Peter Tay Kay Phuan
Senior Vice President
Catering Services
Ronald Yeo Yoon Choo
Senior Vice President
Gateway Services (Overseas Operations)

Operations Review

GATEWAY SERVICES



SINGAPORE

SATS has had a stronger showing in FY2010-11, serving 52 scheduled airlines – seven more than a year ago – and 75% of the scheduled flights out of Singapore Changi Airport.

For the year in review, we handled more than 103,700 flights, a 7.7% increase year-on-year. Passengers handled rose 7.2% to 35.4 million, while cargo throughput grew 6.2% to 1.5 million tonnes.

New Contracts and Renewals

SATS boosted its client list in FY2010-11 by securing and renewing contracts with several airline customers including British Airways, China Cargo Airlines, Hong Kong Airlines, Korean Air and Malaysia Airlines.

Asia-Pacific Star, our wholly-owned subsidiary serving the low-cost carrier segment, also clinched new contracts with customers like Airphil Express, Mandala Airlines and South East Asian Airlines, while renewing its contract with Lion Air.

New Initiatives and Offerings

In late April 2010, we were awarded a technical ramp handling licence at Singapore Changi Airport which allowed us to expand our suite of ground handling services to include aircraft receiving and dispatching, aircraft pushback and towing, aircraft exterior cleaning as well as the provision of ground power and cooling units. The addition of technical ramp handling services has enabled us to provide our airline customers with a one-stop seamless ground handling solution, and to further extend our services to the business jet market.

Coolport@Changi (Coolport), Asia's newest on-airport perishables handling centre, was officially opened in November 2010. It represents SATS' initiative in providing innovative solutions as a leading gateway services provider and serves to strengthen Singapore's standing as an important air cargo and logistics hub. With its multi-tiered temperature zones, suite of value-added services, and the various industry accreditations achieved, Coolport is able to handle a wide range of perishables, from fresh

produce to pharmaceutical and biomedical products. Designed with an annual handling capacity of 250,000 tonnes, Coolport is already operating at 70% capacity.

In our efforts to offer complete solutions to customers, SATS Logistics Solutions, a division of SATS Cargo, was established to provide logistics support and hub solutions. Developing complete gateway and distribution centre solutions with a focus on improving service levels of the Singapore Hub, SATS Logistics Solutions has forged partnerships with key logistics service providers to provide a seamless and holistic suite of services with unique and customised solutions for each client.

During the year in review, a free mobile application – SATS Mobile App – was launched by SATS Cargo for air cargo agents and airlines. This application is compatible with the iPhone and iPad and will be extended to other smartphone platforms in the future. The first of its kind in Asia, this application provides customers with quick and easy access to their shipment status anytime, anywhere. Customers are able to monitor and track the movements of their cargo as well as view delivery service times and charges for their shipments.

SATS continually looks to leverage its core passenger handling capabilities, both within the aviation and non-aviation sectors. During the year in review, we partnered Marina Bay Sands to launch Singapore's first city check-in and baggage acceptance service. By providing passengers the convenience of checking-in at Marina Bay Sands, we offer them greater flexibility in maximising their time in Singapore before catching their flights. The service is currently available to passengers of participating airlines including China Eastern Airlines, EVA Airways, Qantas Airways, SilkAir and Singapore Airlines.

Upgrades and Improvements

At SATS, we believe that driving operational excellence, customer intimacy and innovation is a continuous process which leads to service and capability differentiation.



Throughout the year in review, we introduced several initiatives aimed at enhancing the passenger experience at Singapore Changi Airport. For instance, we installed wireless check-in work stations to handle more passengers and reduce waiting time during peak periods. Mobile LCD display units were put in place to offer passengers greater visibility of flight information, while arrival ambassadors were specially selected and trained to assist passengers with special needs.

In our ongoing efforts to improve our services, we revamped SATS Premier Club Lounge in Terminal 2. The renovated lounge, which is more spacious and larger, features an exclusive new section reserved for first class passengers. We also started offering limousine and premium coach services to provide passengers with a more comprehensive suite of concierge services.

In the area of cargo services, we implemented the E-survey Report to replace the manual reporting process for surveying cargo with irregularities that might have occurred during handling or while being transported in the air. With this initiative, details of the cargo shipment surveyed are captured electronically with a hand-held device for easy reference and the survey report can be sent via email to our customers.

In line with our commitment to ensure a safe and secure Singapore Hub, cargo security at SATS Airfreight Terminals remains a top priority. In support of the Regulated Cargo Agents Regime, cargo screening at our terminals has been enhanced via an improved cargo management system – SATS COSYS Intelligent Solutions (COSYS-IS), which enables automated capture of the details of cargo being screened.

“During China Southern Airlines’ preparation for the Skytrax 4-Star accreditation in 2011, SATS provided its expertise and support right from the beginning until the actual audit. The exemplary effort from the SATS team contributed greatly to our successful accreditation. SATS has truly been an invaluable service partner for China Southern Airlines, consistently displaying its commitment towards customer satisfaction. Thank you, SATS.”

Ms Christine Law, Station Manager, China Southern Airlines

AWARDS AND ACCOLADES

- SATS has received the ‘Best Air Cargo Terminal – Asia’ Award for the 13th time at the Asian Freight & Supply Chain Awards. Voted by professionals in the logistics and cargo industry, this prestigious title is a testament to the continued efforts of SATS to achieve service excellence.
- SATS clinched eight awards in the SMILE Awards and a Team Award at the Changi Services Awards 2010 organised by the Changi Airport Group to recognise service staff for their positive attitudes and excellent service delivery.
- China Southern Airlines ranked its Singapore station, which is supported by SATS, as having the best ground handling performance within its network in 2010. In addition, we were awarded a certificate of appreciation for our efforts in supporting the airline during its Skytrax 4-Star accreditation.
- SATS was honoured with an appreciation award from the Ministry of Home Affairs for the successful implementation of a Threat Oriented Passenger Screening Integrated System at the Budget Terminal.
- Two of our security staff were bestowed the Police Coast Guard Commander’s Award for their vigilance in detecting unauthorised vessels.
- 51 SATS staff were recognised as service champions at the SPRING Singapore’s Excellent Service Awards. We garnered 17 Star, 19 Gold and 15 Silver Awards in total.
- At the Singapore Airlines CEO Transforming Customer Services Awards 2010, held to recognise outstanding service performances, we clinched the Airport Service Individual Award, Airport Service Team Award, Flight Delay Handling Team Award and Service Process Redesign Award.
- Xiamen Airlines named SATS the ‘Best Ground Handling Agent’ in 2010. This was in recognition of the perfect scores we achieved in on-time flight performance, documentation checks and security matters. We were also awarded a certificate of appreciation for our efforts in providing seamless cargo services.



OVERSEAS

North Asia

Beijing Aviation Ground Services Co., Ltd (BGS)

BGS, a 60:40 ground handling joint venture between Capital Airports Holding Company and SATS, provides a comprehensive suite of services such as passenger, cargo, apron and technical ramp handling at Beijing Capital International Airport (BCIA).

As a leading ground handler in BCIA, BGS serves over 50% of the airlines including China Southern Airlines, Delta Air Lines, Emirates, Etihad Airways and Singapore Airlines. For the year in review, it secured and renewed contracts with customers including British Airways, FedEx, Hong Kong Airlines, Japan Airlines and Yangtze River Express.

BGS saw cargo throughput grow 12.1% year-on-year to over 585,000 tonnes, flights handled increase 2.9% to more than 88,000 flights, and passengers handled rise slightly to 3.6 million passengers.

In January 2011, BGS moved to the new international cargo terminal at BCIA. Occupying the entire cargo terminal, it now has a handling capacity of up to 400,000 tonnes of cargo annually.

SATS HK Limited (SATS HK)

A wholly-owned subsidiary of SATS, SATS HK provides passenger and ramp handling services at the Hong Kong International Airport (HKIA). It serves about 30 airline customers including Air Canada, FedEx, Jet Airways, Malaysia Airlines and Singapore Airlines Cargo.

“We were very pleased with the level of professionalism and dedication shown by the SATS HK team in handling the first Malaysia Airlines flight at Hong Kong International Airport. Working closely with our team, the SATS HK staff worked tirelessly to ensure a smooth transition and managed the flight with extreme precision.”

Mr Alan Chung, Station Manager, Malaysia Airlines Hong Kong

During the year in review, SATS HK secured several new customers such as Etihad Airways Cargo, Juneyao Airlines, Singapore Airlines and Turkish Airlines Cargo, increasing its market share in passenger and ramp handling to 17% and 22% respectively by the number of airline customers served. It also renewed contracts with existing customers such as the Airline Operators Committee and Delta Air Lines.

Asia Airfreight Terminal Co Ltd (AAT)

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

AAT currently serves over 50 airlines. During the year in review, it secured 12 new customers including Etihad Crystal Cargo, Jet Airways, National Air Cargo and TNT Express Worldwide, and renewed contracts with United Airlines and Turkish Airlines. These wins added to AAT’s ongoing relationships with major international carriers such as All Nippon Airways, Asiana Airlines, Qantas Airways, Singapore Airlines Cargo and United Airlines, which saw its share of airline customers at the airport increase to 37%.

AAT reported a 32.4% surge in cargo throughput to more than 734,000 tonnes in FY2010-11.

Evergreen Air Cargo Services Corporation (EGAC)

SATS holds a 25% equity stake in EGAC which offers a comprehensive range of cargo handling services at Taiwan Taoyuan International Airport (Taoyuan Airport). EGAC runs a fully automated airfreight terminal at the airport, one of the two on-airport cargo facilities in Taiwan.

In FY2010-11, EGAC maintained a market share of 30% at Taoyuan Airport by cargo volume handled. It recorded 20.3% growth in cargo throughput to 446,000 tonnes. Key customers that EGAC serves include All Nippon Airways, EVA Airways, KLM Royal Dutch Airlines, Singapore Airlines Cargo and Thai Airways.





Evergreen Airline Services Corporation (EGAS)

EGAS is a ground handler offering a comprehensive suite of services including ramp, baggage and airfreight handling as well as aircraft interior and exterior cleaning and maintenance services for airport equipment and vehicles. SATS owns a 20% equity stake in EGAS.

EGAS serves a total of 16 airlines. It commenced operations at Taipei Songshan Airport (Songshan Airport) in October 2010, adding to its existing presence at Taoyuan Airport. Its market share at Songshan Airport is close to 40% by the number of airlines served while at Taoyuan Airport, its market share is more than 25%.

In FY2010-11, EGAS handled close to 29,000 flights, a 30.5% increase from a year ago. It secured and renewed contracts with Air Busan, China Cargo



Airlines, China Eastern Airlines, Nippon Cargo Airlines and Singapore Airlines Cargo.

West Asia

Air India SATS Airport Services Private Limited (AISATS)

AISATS is a 50:50 joint venture between SATS and Air India, offering ground and cargo handling services at metropolitan airports in India including Bangalore, Delhi and Hyderabad.

AISATS has been steadily establishing itself as a leading ground handler in these airports and its key customers include Air India, Emirates, Malaysia Airlines, Singapore Airlines and Thai Airways. It now serves more than half of the airlines operating in Bangalore and Hyderabad, while handling around 20% of the carriers in Delhi.



For the year in review, AISATS handled close to 4 million passengers, over 39,000 flights and more than 94,000 tonnes of cargo. It boosted its client list by clinching new contracts with Air Asia, Etihad Airways, FedEx, Philippine Airlines and SilkAir.

AISATS was named the Official Ground Handler for Aero India 2011, a major aerospace, defence and civil aviation exhibition held in Bengaluru in February 2011.

Southeast Asia and Australasia

PT Jasa Angkasa Semesta Tbk (PT JAS)

Established in 1986, PT JAS is a joint venture between SATS and PT Cardig Air Services. A ground and cargo handler in Indonesia, PT JAS operates in 11 key stations across the archipelago,

servicing over 40 airline customers including Cathay Pacific Airways, Emirates, KLM Royal Dutch Airlines, Qatar Airways and Singapore Airlines.

For the year in review, PT JAS served over 15 million passengers and 52,000 flights. It handled more than 240,000 tonnes of cargo, up 16.9% from the previous year. PT JAS also secured and renewed contracts with customers such as AirAsia, All Nippon Airways, Kuwait Airways, Mihin Lanka and Strategic Airlines.

In its bid to continually differentiate itself and offer customers a comprehensive range of value-added services, PT JAS introduced its third Premier Lounge at Sepinggan International Airport in Balikpapan and the first Priority Check-in Lounge at Soekarno-Hatta International Airport in Jakarta.

“The Asia-Pacific Star team has been actively listening and working closely with Jetstar Asia Airways and Valuair to pursue continuous improvement for both the product and operational integrity of our hub operations. We look forward to strengthening this partnership with Asia-Pacific Star.”

Mr Benson Tan, Head of Ground Operations, Jetstar Asia Airways & Valuair

PT JAS' Premier Lounge offers passengers a range of lounge and business centre amenities in a relaxing environment. Modelled after SATS' lounges at Singapore Changi Airport, its Priority Check-in Lounge offers premium passengers a hassle-free travel experience with the exclusivity and convenience of checking in at a private lounge with direct access to a dedicated immigration area.

PT JAS also introduced the Airport Special Assistance scheme in January 2011, a premium concierge service targeted at corporate travellers.

Tan Son Nhat Cargo Services Ltd (TCS)

TCS provides cargo terminal services at Tan Son Nhat International Airport (Tan Son Nhat), the largest airport in Vietnam. Based in Ho Chi Minh City, TCS is a joint venture between Vietnam Airlines, Southern Airport Services Company and SATS, which holds a 30% equity stake.

Today, TCS serves around 40 airline customers. It retains most of its market share - 93% by the number of airline customers and 98.7% by cargo volume - despite the entry of a new player at Tan Son Nhat.

For the year in review, TCS handled over 233,000 tonnes of cargo, an increase of 17.9% year-on-year. It also secured and renewed contracts with airlines including China Airlines, Korean Air, Japan Airlines, Malaysia Airlines and S7 Airlines.

During the year, TCS initiated major infrastructural improvements aimed at improving customer service and handling efficiency. They included the opening of a new customs clearance centre in December 2010 and the upgrading of its existing facilities at Airfreight Terminal 1. The construction of a second airfreight terminal, equipped with a sophisticated material handling system, is currently in progress.

AWARDS AND ACCOLADES

- In recognition of its efforts in going green, AAT clinched the Silver Award in the 2010 Hong Kong Awards for Environmental Excellence in the transport and logistics category.
- BGS received top awards from BCIA for its outstanding services and for promoting safety and stability in its operations. It also walked away with the Best Service Award for lounge service within Malaysia Airlines' network of stations.
- AISATS' Bangalore station was named the Best Station in the Dragonair network, while Emirates honoured the station for achieving the Best On-Time Performance in its network.
- PT JAS was named Best Employer of the Year for 2010 by Frost & Sullivan, a global research and consultancy firm.

Operations Review

FOOD
SOLUTIONS



SINGAPORE

Following the successful acquisition of Singapore Food Industries (SFI), SATS has substantially strengthened its food solutions arm and benefited from cost synergies arising from the integration of SFI.

New contracts and renewals

SATS continues to be the leading caterer at Singapore Changi Airport, serving 45 airlines and around 86% of the total scheduled flights.

In FY2010-11, we produced over 25 million meals, a jump of 6.8% from the previous year. We secured and renewed contracts for inflight catering and laundry services with airline customers such as Air India, Air Macau, Cathay Pacific Airways, Hong Kong Airlines and Jet Airways.

The evolving tourism and hospitality landscape in Singapore has presented our non-aviation food solutions business with more opportunities. In the area of events catering, we were awarded the contract for the inaugural Singapore 2010 Youth Olympic Games, where we implemented a meal ordering system and catered over 285,000 meals for athletes, games officials and volunteers.

We also clinched the contract for the Singapore F1 Grand Prix, where we supplied staff meals at the F1 Village and the pit area throughout the event.

In the area of hospital catering, we added the Institute of Mental Health to our customer list and renewed our contract with St Luke's Hospital.

In May 2010, we also renewed our contract with the Singapore Armed Forces to provide logistics support for its operations in Australia till 2015, with the option to extend for a further five years. This encompasses the provision of a full range of logistics and support services including catering, supplies support and transportation, maintenance of vehicles and equipment, and shipment support for its training requirements.

Process improvements and facility upgrades

To drive work improvements, we reviewed our processes and initiated 16 Lean Management projects during the year in review. These projects helped streamline our operations and resulted in reduction of food wastage, better utilisation of resources and improved efficiency. Consequently, we achieved total cost savings of close to \$2 million per annum.

Some of these Lean Management projects undertaken include:

- Improving productivity by 15% at the tray assembly operations at SATS Inflight Catering Centre 1 (SICC 1) by converting the assembly line into individual work cells in which staff would complete the entire tray assembly within each work cell. This enabled the continuity of production in the event of manpower shortage or when the assembly line belt was out of service. To ensure the success of the project, operational excellence techniques like Time-Motion Study and Workload Balancing were applied. Configurations and dimensions of the furniture were also redesigned, taking ergonomic and efficiency factors into consideration.

“The professionalism and dedication of the team at SATS Catering is a major reason why SilkAir can continue to deliver the quality service our customers have come to expect. It is a relationship we truly value and appreciate. Thank you, SATS Catering.”

Mr Marvin Tan, Chief Executive, SilkAir

“Le Lifestyle played an important part in making our event a success. We received much praise from our guests, including the Ambassador of Switzerland, who were impressed with the impeccable service from Chef Kenny Yeo and his team members. The Swiss theme was not only a delight to everyone who sampled the tantalising gourmet buffet spread, even the table layout and presentation were truly impressive. It was a real pleasure working with Le Lifestyle.”

Ms Lydia Wong, Manager, Marketing Division, KHL Marketing Asia-Pacific

- Improving the steam production efficiency at SICC 1. By replacing old steam traps and installing a condenser to recycle flash steam to pre-heat water tanks, we reduced our gas consumption by 30%, resulting in savings of over \$180,000 per year.
- Implementing measures such as more quality checks at key production stages in our inflight kitchen to reduce wastage and improve the quality of bakery items. To optimise manpower deployment, we also made improvements to the production schedule and cross-trained staff to facilitate flexible deployment across various work areas.

We also invested in facility enhancements by:

- Upgrading the Vacuum Waste Disposal System at SATS Inflight Catering Centre 2. By integrating the new system seamlessly into our existing ware-wash machine lines and automating the collection of waste at a central location, we reduced manpower usage, resulting in cost avoidance of about \$500,000 per year. The improved waste handling process also offers greater assurance in food safety and hygiene as waste is handled more efficiently through the system, compared to manual handling.
- Constructing an Interim Retort Tray Manufacturing Plant, which is expected to be operational by December 2011. This facility will extend our meal preparation capabilities to include shelf-stable tray meals, delivering significant competitive advantage to our low-cost catering business.

New initiatives and offerings

2010 saw SATS take a strategic step towards delivering a safe, sustainable, and reliable food supply for Singapore and other markets with an investment in an integrated pig farm (IPF) project within the Jilin Food Zone in Jilin Province, China. SATS owns a 30% stake in the joint venture (JV) between Jilin China-Singapore Food Zone Development Construction Investment and DaChan Food (Asia).

In September 2010, we broke ground for the IPF, which will see an eventual production of 1 million pigs annually. We are excited to contribute to the JV by way of sharing our expertise in food safety, as well as in the production, marketing and distribution of food products.

Our premium event catering unit, Le Lifestyle, also marked a new milestone with the opening of Tables by the Bay, a restaurant offering French-style modern cuisine at Keppel Club. Apart from being another touch point for consumers to experience our culinary expertise, the restaurant is an excellent venue for hosting corporate and private events where we provide customised gourmet menus which cater to customers' preferences.



AWARDS AND ACCOLADES

- SATS was awarded the Gold Award for maintaining an “A” grade under its Food Factory Grading Scheme for 15 consecutive years from the Agri-Food and Veterinary Authority (AVA) of Singapore.
- At the Food & Hotel Asia 2010 exhibition, the SATS team competed against strong opponents from various countries and walked away with the Silver Award for the gourmet team category, while one of our cooks walked away with a Silver Medal in an individual category.
- We were awarded a token of appreciation at the National Environment Agency Recycling Week 2010, in recognition of our efforts in segregating organic waste from inorganic waste.
- Country Foods won the Supplier of the Year 2010 Award for Pizza Hut Singapore by Yum! Restaurants International. This prestigious annual award recognises premier suppliers from various international markets.
- SFI was named Food Safety Partner for the second time, for its commendable food safety assurance and consumer education efforts. Granted by AVA, SFI is one of only 10 companies to receive this award. AVA also conferred on SFI six Certificates of Commendation to mark its excellence in food hygiene, sanitation, and processing for two consecutive years, alongside multiple Food Safety Excellence Awards.



OVERSEAS

North Asia

Beijing Airport Inflight Kitchen Ltd (BAIK)

Founded in 1993, BAIK is a 60:40 joint venture between Capital Airports Holding Company and SATS. BAIK serves 40% or over 50 of the carriers operating out of Beijing Capital International Airport, including international and domestic airlines such as China Southern Airlines, Scandinavian Airlines, Sichuan Airlines, Singapore Airlines and Turkish Airlines.

The year in review saw BAIK secure new contracts with Air Canada, Armenian Airlines, Polet Cargo Airlines and Transaero Airlines, while renewing its catering contract with Malaysia Airlines. BAIK produced over 6.5 million meals, up 9.3% year-on-year.

TFK Corporation (TFK)

SATS completed its acquisition of a 50.7% equity stake in TFK (with voting rights of 53.8%) in December 2010. The leading airline caterer in Tokyo, TFK has a strong presence at both Narita and Haneda airports. Besides airline catering, TFK operates an airport hotel, provides lounge management services, and operates restaurants at airports and golf resorts.

TFK has a total production capacity of 46,000 meals per day and currently serves around 30 international airlines including Air France, Japan Airlines, Korean Air, Lufthansa and Qantas Airways.

The 11 March 2011 disasters in Japan resulted in minor damage to TFK's facilities and saw 11 of its airline customers suspend and re-route flights. There were also disruptions to raw material supplies from North Japan. TFK swiftly switched to

“The Daniels Group’s cross-functional relationships with Asda have helped them better understand our objectives, which in turn has meant that they are increasingly able to meet and exceed the challenges of Asda’s aspirations for growth.”

**Mr Andrew Kenny, Category Manager, Meal Solutions,
Asda Stores (part of the Wal-Mart Group)**

alternate sources and leveraged on SATS’ network to source for overseas supplies. To allay fears over radioactive contamination in food, TFK was the first airline caterer to check radiation levels in food using Geiger counters. It helped support airline customers in restoring normalcy, and 10 of the 11 airlines have since resumed uplift of meals from TFK.

Country Foods Macau, Limited (CF Macau)

CF Macau was incorporated in December 2007 to bolster SATS’ presence in the vibrant Macau market. Country Foods, our wholly-owned subsidiary, owns a 51% stake in CF Macau.

CF Macau manufactures and supplies processed and semi-processed food materials such as vegetables, soups, sauces, meats and ready-to-eat meals for the Macau and Hong Kong markets. Its customers include Cathay Pacific Catering Services, Hong Kong’s Ocean Park, Hong Kong International Theme Parks and LSG Lufthansa Service Hong Kong. During the year in review, CF Macau secured a contract to cater employee meals for Mandarin Oriental Macau.

Macau Catering Services Company Ltd (MCS)

MCS was incorporated in Macau in 1995 as a joint venture between Servair-SATS Holding and local companies Sociedade de Turismo e Diversoes de Macau, Wu’s Group and H. Nolasco & Cia Lda. Servair-SATS, a 49:51 joint venture between SATS and Servair Group, holds a 34% stake in MCS.

With a daily production capacity of 4,100 meals, MCS is the official caterer at Macau International Airport, serving 11 airline customers including Air Macau, EVA Airways, Jet Asia, Philippine Airlines and VIVA Macau.

In FY2010-11, MCS produced over 1.1 million meals, a slight increase of 1% from the previous year. It also won a contract to supply meals to Companhia de Seguranca de Macau Lda. (SEMAC), a firm that provides security services at Macau International Airport.

Evergreen Sky Catering Corporation (EGSC)

SATS holds a 15% equity stake in EGSC, its first venture into Taiwan since October 1995. Based in Taiwan Taoyuan International Airport, EGSC commands around 40% of the market share and serves a total of 17 airline customers including All Nippon Airways, EVA Airways, Malaysia Airlines, Singapore Airlines and Thai Airways.

EGSC produced over 6.9 million meals for the year in review, representing a 7.8% increase year-on-year. It also secured new contracts with Air Busan, Nippon Cargo Airlines and Shanghai Airlines Cargo.

West Asia

Taj SATS Air Catering Limited (TSAC)

TSAC provides inflight catering services to domestic and international airlines in major Indian cities including Amritsar, Bangalore, Delhi, Goa, Kolkata and Mumbai. It is a 49:51 joint venture between SATS and Indian Hotels, which operates the Taj Group of hotels.

TSAC's customer list features 57 prominent international carriers including All Nippon Airways, Cathay Pacific Airways, Emirates, Qantas Airways and Singapore Airlines.

For the year in review, TSAC produced 17.7 million meals, up 10.8% from the previous year. New customers secured include airlines such as China Eastern Airlines, Ethiopian Airlines, Philippine Airlines and Qatar Airways as well as institutional customers such as Castrol India and Hindustan Unilever.

TSAC also partnered Delaware North, Australia, to provide catering for the Commonwealth Games 2010 held in New Delhi. TSAC produced over 30,000 meals per day for the athletes, officials and volunteers at the Commonwealth Games Village.

Taj Madras Flight Kitchen Pvt Limited (TMFK)

TMFK is the leading inflight caterer in Chennai and currently serves around 10 airlines including Air India, Jet Airways, Malaysia Airlines and Singapore Airlines. SATS holds a 30% equity stake in TMFK, alongside joint venture partners Indian Hotels and Malaysia Airlines.

TMFK now holds a 22% market share by the number of airlines served in Chennai. For the year in review, it produced over 2.7 million meals, representing a 32.6% increase year-on-year, and secured SilkAir as its new customer.

Maldives Inflight Catering Private Limited (MIC)

Based in Malé International Airport (MIA), MIC provides inflight catering services to over 75% of the airlines operating at the airport. MIC is a joint venture between SATS and Maldives Airports Company, with SATS owning a 35% equity stake.

During the year in review, MIC served over 590,000 meals, up 26.4% from a year ago. With returning customers including British Airways, Korean Air, Qatar Airways and Singapore Airlines, FY2010-11 also saw MIC add Aeroflot, Edelweiss Air, Shanghai Airlines and Sichuan Airlines to its client roster.

MIC-owned Hulhule Island Hotel (HIH) signed new crew accommodation contract with China Eastern Airlines and Shanghai Airlines, and renewed contracts with carriers such as Condor Airlines, Qatar Airways and SriLankan Airlines.

Southeast Asia and Australasia

MacroAsia Catering Services, Inc. (MACS)

MACS is an 80:20 joint venture formed by MacroAsia Corporation and SATS. Established in 1996, MACS is the first fully functional inflight catering facility located at Ninoy Aquino International Airport (NAIA) in Manila, Philippines. MACS also holds the distinction of being the only ISO 9001-2008 certified, Halal compliant and HACCP certified caterer in Manila.

MACS maintained its leadership position in the inflight catering market at NAIA, with a market share close to 60% by meal volume. It produced close to 2.8 million meals, up 5.6% year-on-year.

For the year in review, MACS clinched and renewed contracts with All Nippon Airways, China Eastern Airlines, Emirates, KLM Royal Dutch Airlines and Qantas Airways.





Europe

Daniels Group

Daniels Group is a food manufacturer specialising in the supply of branded and private label chilled products in five categories, namely soup, drinks, fruit, ready meals and traditional desserts. Based in the UK, the Group consists of Daniels Chilled Foods, Farmhouse Fare and International Cuisine.

Daniels Group is the market leader in the fresh soup and juice segments, holding about 40% of the market share by sales in each category. Its key customers include leading UK retailers such as Asda, Coop, Sainsbury's, Tesco and Waitrose.

During the year in review, Daniels Group continued to extend its product offerings to existing customers while securing new contracts with Brake Bros and

Food Republic. It launched a new private label in the traditional dessert segment as well as a new sub-brand in the soup category. On the back of these efforts, its revenue grew 11.6% to £178.7 million in FY2010-11.

Various productivity and work improvement initiatives throughout the year, such as the commissioning of an effluent treatment plant, collectively resulted in cost savings of more than £1 million for the Group.



AWARDS AND ACCOLADES

- BAIK received the Excellent Dedication Award from Air New Zealand, the Award for Excellence 2009-2010 from British Airways, and the Best Catering Partner Award from Garuda Indonesia.
- Daniels Group bagged two Gold Awards for puddings in the Great Taste Awards 2010 organised by the Guild of Fine Food. It also won a Gold Award for New Covent Garden orange juice and a Silver Award for Farmhouse Fare luxury creamy rice pudding at The Grocer Food & Drink Awards 2010.
- EGSC received a Certificate of Appreciation from Malaysia Airlines for meeting its Halal and hygiene requirements, and was runner-up in Singapore Airlines' Excellence in Catering and Most Collaborative Caterer Awards.
- HIH emerged a winner in the Luxury Airport Hotel category at the World Luxury Hotel Awards. It also had a strong showing at the Hotel Asia 2010 exhibition in Maldives, with the kitchen team bagging 17 medals and 9 merit certificates in total.
- MACS was conferred the Excellent Customer Service Award at the Singapore Airlines CEO Transforming Customer Service Awards for performing well in the face of extraordinary challenges.
- TFK received the Mabuhay Award for being the Best Airline Caterer for Japan from Philippine Airlines and the Best Caterer in Japan Award from Korean Air.
- TSAC clinched the Diamond Award for the Best Caterer 2010 Award from Cathay Pacific Airways.

Significant Events

2010

16 April 2010

SATS and Air India signed an agreement to form a single 50:50 joint venture (JV) company, Air India SATS Airport Services, as the vehicle to house their existing operations in Bangalore and Hyderabad as well as potential operations in other metro airports in India.

27 April 2010

We were awarded a technical ramp handling licence by Changi Airport Group, enabling us to expand our suite of ground handling services.

5 May 2010

Our full-year net profit grew 23.5% to \$181.2 million for the financial year ended 31 March 2010.

Our wholly-owned subsidiary, Primary Industries (Queensland), secured a 5 + 5 year contract worth A\$224 million from the Singapore Armed Forces to provide a full range of logistics and support services in Shoalwater Bay, Australia.

13 May 2010

Our subsidiary, Singapore Food Industries (SFI), won a \$5.5 million catering services contract for the inaugural Singapore 2010 Youth Olympic Games.

21 May 2010

SFI signed a JV agreement with Jilin China-Singapore Food Zone Development Construction Investment and DaChan Food (Asia) to jointly set up an integrated pig farm in the Jilin Food Zone in China.

10 June 2010

SATS was named the "Best Air Cargo Terminal in Asia" for the 12th time at the Asian Freight & Supply Chain Awards 2010.

23 July 2010

We received the Gold Award from the Agri-Food and Veterinary Authority for maintaining an "A" grade under its Food Factory Grading Scheme for 15 consecutive years.

29 July 2010

In the first quarter of FY2010-11, our net profit grew 9.7% to \$44.3 million.

30 July 2010

We welcomed Mr Nihal Vijaya Devadas Kaviratne CBE as our Director.

19 August 2010

We officially changed our name to SATS Ltd. (新翔集团有限公司) to better reflect the full spectrum of our business and focus.

1 September 2010

We welcomed Mr Leo Yip Seng Cheong as our Director.

20 September 2010

We launched a new city check-in and baggage acceptance service at Marina Bay Sands, the first of its kind in Singapore.

30 September 2010

Our subsidiary, SATS HK, won a contract to provide ramp and baggage handling services for Singapore Airlines' seven daily passenger flights at the Hong Kong International Airport.

2 November 2010

In the second quarter of FY2010-11, we reported higher net profit of \$45.2 million, up 10.5% year-on-year.

26 November 2010

We officially opened Coolport@Changi, Asia's newest on-airport facility for handling perishables cargo.

29 November 2010

Our subsidiary, SATS Investments, entered into an agreement to purchase Japan Airlines International's entire stake of 50.7% in TFK Corporation (TFK), a leading airline caterer in Japan, for ¥7.8 billion (approximately \$122 million).

20 December 2010

SATS Investments completed the acquisition of TFK.

2011

1 February 2011

We reported a net profit of \$51.2 million in the third quarter of FY2010-11.

11 April 2011

SATS Cargo launched a free mobile application developed specially for air cargo agents and airlines to provide easy access to pertinent information on shipment status.

27 April 2011

SATS Investments completed the acquisition of a 40% equity stake in Adel Abuljadayel Flight Catering in Saudi Arabia for US\$18.5 million.

27 April 2011

SATS was named the "Best Air Cargo Terminal in Asia" for the 13th time at the Asian Freight & Supply Chain Awards 2011.

28 April 2011

SATS and Royal Caribbean Cruises announced the launch of Southeast Asia's first Cruise-Fly service, offering guests a seamless, convenient process from the pier to Marina Bay Sands for flight check-in and luggage deposit.

6 May 2011

We won a total of 51 awards at the annual national Excellent Service Awards (EXSA) supported by SPRING Singapore to recognise service providers for their outstanding contributions.

16 May 2011

Our full-year net profit grew 5.6% to \$191.4 million for the financial year ended 31 March 2011.

Corporate Social Responsibility

SATS has a long-standing commitment towards sustainable development. We believe in the importance of giving back to the communities we operate in as well as promoting economic, social and environmental sustainability. At the core of this belief is a business strategy that not only drives positive business outcomes, but also manifests a passion for benefiting our communities and protecting the environment that we work and live in.

A FOUNDATION OF HOPE

Since 1979, SATS has been actively involved in providing support to the community, from running a home for the elderly to organising fund raising events and monthly food distribution to needy families.

We recently established SATS Foundation to consolidate these social engagement activities and continue promoting the same spirit of providing hope and support to underprivileged individuals and families.

With an annual funding of \$500,000, SATS Foundation's focus is to support those programmes of non-profit organisations which are aligned to its key thrusts, namely:

- enabling people to change – by supporting individuals and families in need;
- empowering people to achieve – by offering training and other opportunities to help beneficiaries realise their aspirations; and
- rebuilding lives – by supporting disadvantaged individuals and families to re-integrate into society, and aid retirees in their career transition.

PASSION FROM WITHIN

Our employees have been the driving force behind our charitable endeavours throughout the years. Be it in kind support or steering projects to help the community, we are assured of their whole-hearted support, from organising activities for the elderly to mentoring underprivileged children.



To further promote volunteerism and a caring mindset amongst our people, we have, since November 2010, granted two days of paid leave per year to every staff who performs volunteer work.

For the year in review, SATS supported close to 30 projects, with the Group and staff contributing over \$220,000, in addition to their time commitment. Some of our endeavours include:

- mentoring the children from the Singapore Indian Development Association in the First Lego League Robotics Competition 2010. Our staff volunteers guided the children through this competition, with two teams clinching the Creative Quality Award and Rising Star Award. One of our staff mentors also walked away with the Outstanding Mentor Award;
- supporting the Assisi Hospice Charity Fun Day by sponsoring meals for the event and purchasing \$10,000 worth of coupons;
- organising a Chinese New Year celebration for residents at the Society for the Aged Sick by treating them to lion dance performances, games and a sumptuous lunch;
- painting murals at the Geylang East Home for the Aged to brighten up the surrounding; and



- raising funds to aid disaster relief efforts in Japan. Our staff in Singapore donated over \$20,000 to help the victims rebuild their lives while over in Japan, our subsidiary, TFK, donated retort meals to the victims.

CARING FOR THE ENVIRONMENT

At SATS, we recognise the importance of protecting the environment that we work and live in. With diminishing natural resources, the urgency to conserve and protect our environment grows. So too, do our efforts to make a positive difference. From recycling to saving energy, we make it a point to reduce our carbon footprint across the Group.

We were awarded a token of appreciation at the National Environment Agency Recycling Week 2010 for our efforts in identifying and segregating organic waste at our fruit and vegetable preparation area for recycling. Over 1,000 tonnes of organic waste was collected last year with about 99.7% purity.

During the year, we reviewed our processes and implemented more initiatives to reduce waste and shrink our carbon footprint. Our key projects include:

- installing a system to treat wastewater and recycle it for use in the lavatories and cooling towers of

the air-conditioning and refrigeration systems at SATS Inflight Catering Centre 1 (SICC 1). Over 50,000 cubic metres of water have been recycled in a year;

- improving the steam production efficiency at SICC 1 by replacing old steam traps with new ones that prevent steam leakages, and installing a flash steam vent condenser to recycle flash steam for pre-heating water tanks. This results in a 30% reduction of gas consumption per year;
- saving over 300,000 kilowatt-hours of energy per year by switching off alternate highbay lights in our airfreight terminals during the day;
- replacing flood lights in the airfreight terminals with energy saving light-emitting diodes, which conserve over 200,000 kilowatt-hours per year; and
- recycling around 330 tonnes of plastic sheets and 3,000 tonnes of wood waste each year at our airfreight terminals.

Financial Review

FY2010-11

EARNINGS

Net profit attributable to equity holders (PATMI) was \$191.4m, \$10.2 million (+5.6%) higher than that for the previous year. Excluding jobs credit of \$17.1 million received in the preceding year and the \$6.0 million in M&A expenses in the current year, the underlying PATMI would have increased 20.3% to \$197.4 million.

Included in the results were revenue and expenditure of TFK Corporation (TFK), which was consolidated from 1 January 2011, of \$72.6 million and \$74.2 million respectively.

The Group recorded revenue of \$1,729.1 million, an increase of \$190.2 million (+12.4%) over the same period last financial year, driven largely by continued economic recovery both in Singapore and the region.

Group expenditure increased \$190.1 million or 14.0% to \$1,544.6 million, mainly from increases in staff costs and cost of raw materials.

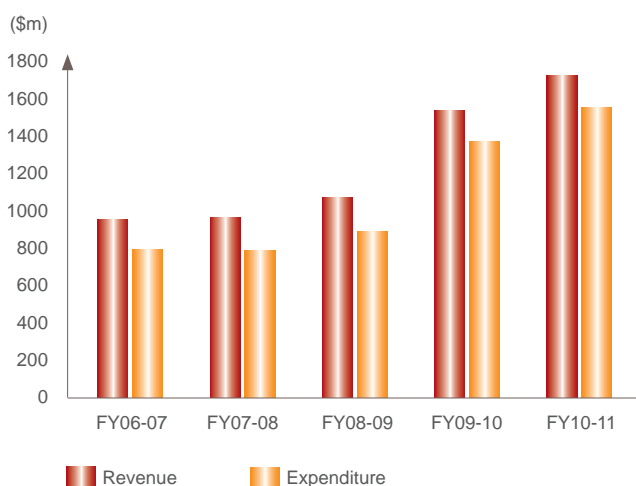
The resulting operating profit of \$184.5 million was \$0.1 million or 0.1% higher than last year. Excluding job credits of \$17.1 million received in the preceding year and the \$6.0 million in M&A expenses in the current year, the underlying operating profit would be \$190.5 million, representing an increase of 13.9%.

Profit contribution from associated companies and joint venture increased \$19.3 million (+46.1%) to \$61.2 million and it included a maiden contribution from Air India SATS Airport Services Private Limited (AISATS). Associated companies and joint venture contributed 24.9% to the Group's profit before tax, an increase of 6.1 percentage points over the preceding financial year.

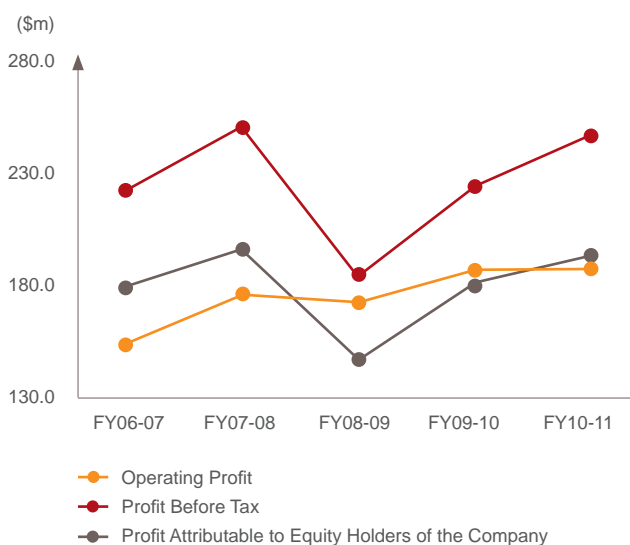
Other non-operating income improved by \$3.1 million due to the reduction of interest expense as a result of repayment of the MTN notes in September 2009.

Profit before tax for the Group increased 10.1% to \$245.5 million and net profit attributable to equity holders was 5.6% higher at \$191.4 million.

Group Revenue and Expenditure



Group Operating Profit, Profit Before Tax and Profit Attributable to Equity Holders of the Company



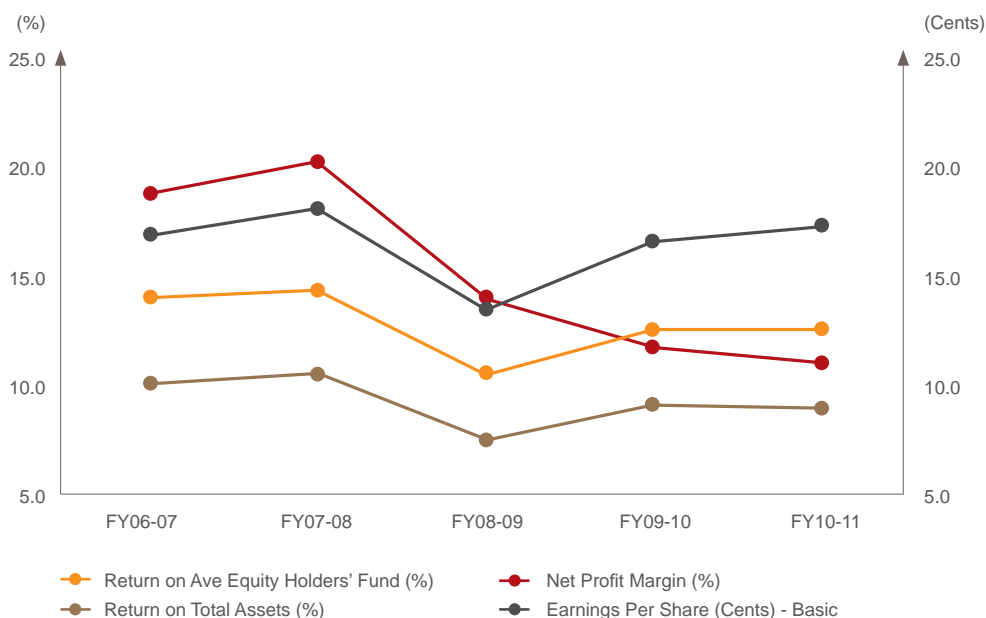
EARNINGS (cont'd)

Basic earnings per share increased 0.7 cents (+4.2%) to 17.4 cents.

Profitability ratios of the Group are as follows:

	2010-11 %	2009-10 %	Change % points
Return on turnover	11.1	11.8	- 0.7
Return on equity holders' funds	12.7	12.6	+ 0.1
Return on total assets	9.1	9.2	- 0.1

Group Profitability Ratios



REVENUE

Revenue for FY2010-11 was \$1,729.1 million, \$190.2 million (+12.4%) higher than the preceding financial year mainly due to higher business volumes and inclusion of 3-month's revenue contribution from TFK.

The segmental revenue and its composition are summarised below:

	2010-11		2009-10		% change
	\$ million	%	\$ million	%	
Gateway services	551.0	31.9	495.3	32.2	+ 11.2
Food solutions	1,168.0	67.5	1,031.7	67.0	+ 13.2
Corporate	10.1	0.6	11.9	0.8	- 15.1
Total	1,729.1	100.0	1,538.9	100.0	+ 12.4

The segmental revenue excludes the intra-group revenue.

Financial Review

FY2010-11

REVENUE (cont'd)

Group Revenue Composition



The gateway services segment provides mainly airport terminal services, such as airfreight and ground handling services, technical ramp handling, aviation security and aircraft interior cleaning services to the Group's airline customers. Ground handling includes apron, passenger and baggage handling services. Airfreight and ground handling services formed the majority of this segment's revenue at 90%, similar to prior year's trend. Revenue from aviation services increased \$55.7 million (+11.2%) largely from the increase in aviation activities. Against the last financial year, unit services, flight handled and cargo tonnage increased by 6.0%, 7.7% and 6.2% respectively. Revenue from security services also contributed a growth of \$3.9 million to gateway services due to increase in demand from both airline and non-airline clients.

The food solutions segment provides mainly inflight catering, food processing and distribution services as well as airline laundry services. Food solutions registered a revenue growth of \$136.3 million (+13.2%) amid a better economic environment as well as 3 months' maiden contribution from TFK. Excluding TFK, revenue grew by 6.2%, from \$1,031.7 million to \$1,095.4 million. In FY2009-10, 34% of food solutions revenue was derived from inflight catering. With the consolidation of TFK, the proportion rose to 39%.

Corporate segment revenue is derived from rental of premises, where revenue decreased by \$1.8 million (-15.1%) during the year.

EXPENDITURE

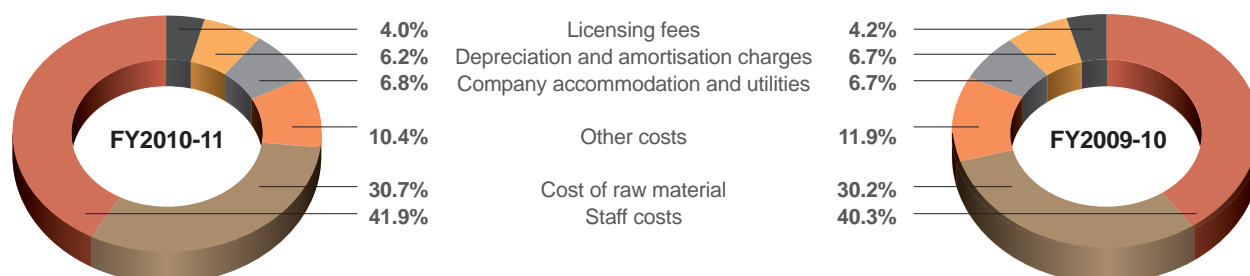
Operating expenditure grew \$190.1 million (+14.0%) primarily due to increase in staff costs and cost of raw materials as a result of higher level of activities compared to the previous year. Group expenditure included \$74.2 million from the consolidation of TFK and a one-off M&A expenses of \$6.0 million.

Group Expenditure Composition

	2010-11		2009-10		% change
	\$ million	%	\$ million	%	
Staff costs	646.6	41.9	545.4	40.3	+18.6
Cost of raw material	474.6	30.7	409.5	30.2	+15.9
Licensing fees	62.0	4.0	56.8	4.2	+ 9.2
Depreciation and amortisation charges	96.1	6.2	90.8	6.7	+ 5.8
Company accommodation and utilities	104.4	6.8	90.8	6.7	+15.0
Other costs	160.9	10.4	161.2	11.9	- 0.2
Total	1,544.6	100.0	1,354.5	100.0	+14.0

EXPENDITURE (cont'd)

Group Expenditure Composition (cont'd)



PROFIT CONTRIBUTION FROM ASSOCIATED COMPANIES/JOINT VENTURES

Share of pre-tax profits from associated companies and joint ventures was \$61.2 million, an increase of \$19.3 million or 46.1%. The main contributors to the profit improvements were the new joint venture AISATS, Asia Airfreight Terminal Co Ltd and Beijing Aviation Ground Services Co. Ltd which contributed \$6.4 million, \$10.4 million and \$3.8 million respectively to the year on year increment.

Associated companies and joint ventures contributed 24.9% of the Group's profit before tax, an increase of 6.1 percentage points over the preceding financial year.

TAXATION

Tax expense was \$53.7 million, which was \$12.8 million higher than the preceding year. The effective tax rate was 21.9%, 3.6 percentage points higher than the corresponding period last year of 18.3%. The higher rate was attributable to a one-off tax credit of \$3.2 million and jobs credit of \$17.1 million in FY2009-10 which were not taxable. The normalised effective tax rate for FY2009-10 would have been 21.4% compared with 21.9% for the current financial year.

DIVIDENDS

The Company paid an interim dividend of 5 cents per share, amounting to \$55.4 million on 2 December 2010. The Directors proposed that a final ordinary dividend of 6 cents per share and a special dividend of 6 cents per share amounting to a total of \$133.0 million, be paid.

The total dividend of \$188.4 million, payable out of profits for FY2010-11, represents a dividend payout of 98.4% of profit attributable to equity holders, an increase over the 78.5% payout ratio for FY2009-10.

Financial Review

FY2010-11

FINANCIAL POSITION

At 31 March 2011, the equity attributable to equity holders of the Company was \$1,521.3 million, an increase of \$39.4 million or 2.7% compared to \$1,481.8 million at 31 March 2010. The return on equity for the Group was 12.7% for FY2009-10, 0.1 percentage point higher than the preceding financial year.

The Group's total assets were \$2,308.1 million at 31 March 2011, which was \$399.0 million or 20.9% higher than that as at 31 March 2010.

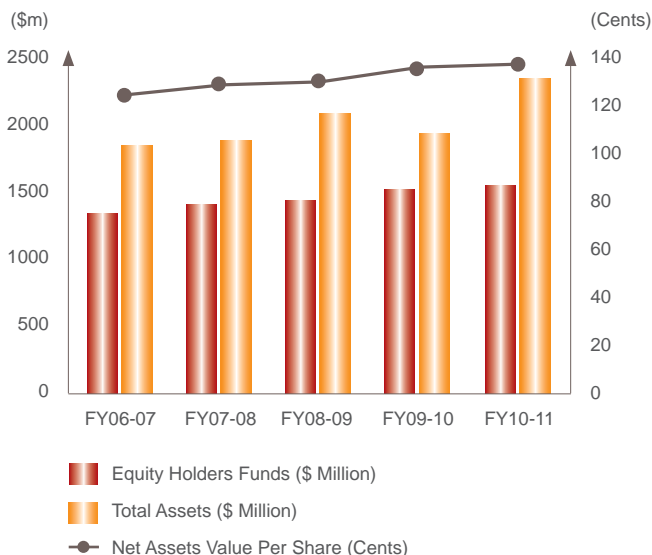
The net asset value per share was \$137.3 cents, 1.0 cent or 0.7% higher than the preceding year.

CAPITAL EXPENDITURE AND CASH FLOW

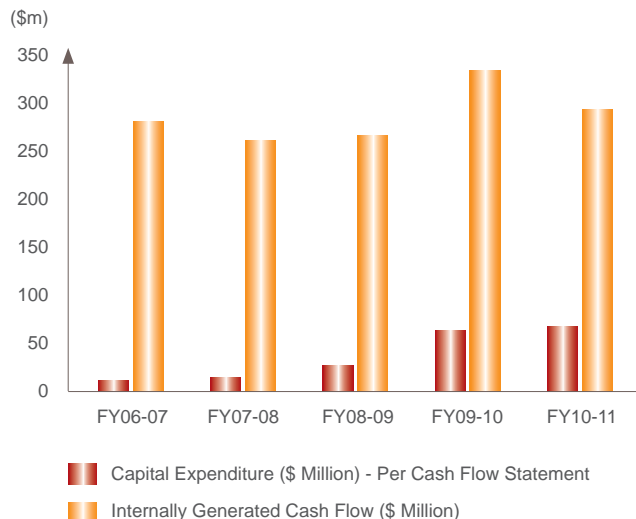
The Group's capital expenditure and internally generated cash flow were \$68.1 million and \$290.0 million respectively, an increase of \$4.0 million and a drop of \$40.0 million respectively from the preceding financial year. Internally generated cash flow is the sum of cash generated from operations, gross dividends from associated companies/joint venture and proceeds from sale of fixed assets.

The Group's cash and cash equivalents was \$296.1 million (including \$59.7m in TFK) as at 31 March 2011, an increase of \$100.3 million (+51.2%) compared to a year ago due to the repayment of the Medium Term Notes in September 2009 that resulted in the reduction of cash balances in last financial year. The increase in cash balances was partially offset by the distribution of dividends totaling \$143.5 million.

Equity Holders' Funds, Total Assets and Net Asset Value Per Share



Capital Expenditure and Internally Generated Cash Flow



VALUE ADDED

The value added of the Group was \$916.9 million, an increase of \$114.1 million compared to the preceding financial year. \$572.5 million (62.4%) went to salaries and other staff costs while shareholders received \$143.5 million (15.7%) in dividends. Interest on borrowings and corporate taxes accounted for \$2.8 million (0.3%) and \$53.7 million (5.9%) respectively. \$144.0 million (15.7%) was retained for future capital requirement, and \$0.4 million was attributable to minority interests.

STATEMENT OF VALUE ADDED AND ITS DISTRIBUTION

	2010-11 \$ million	2009-10 \$ million	2008-09 \$ million	2007-08 \$ million	2006-07 \$ million
Total Revenue	1,729.1	1,538.9	1,062.1	958.0	945.7
Less: Purchase of goods and services	875.8	779.5	441.7	355.7	343.3
	853.3	759.4	620.4	602.3	602.4
Add/(less):					
Interest income	0.5	0.6	6.9	15.7	18.2
Share of results of associate/ joint venture companies	61.2	41.9	22.2	44.7	52.1
Amortisation of deferred income	0.9	0.9	(0.5)	1.4	1.4
Income from long term investments	1.0	–	(9.7)	1.1	1.0
Exceptional items	–	–	–	17.3	–
Total value added available for distribution	916.9	802.8	639.3	682.5	675.1
Applied as follows:-					
To employees					
- Salaries and other staff costs	572.5	483.4	384.5	368.4	383.4
To government					
- Corporation taxes	53.7	40.9	35.0	53.5	40.8
To suppliers of capital :					
- Dividend	143.5	118.9	151.1	140.0	83.9
- Minority interest	0.4	0.9	1.7	0.3	0.8
- Interest on borrowings	2.8	5.3	6.7	6.2	6.2
Retained for future capital requirements					
- Depreciation & amortisation	96.1	90.8	64.6	59.2	65.7
- Retained profits	47.9	62.6	(4.3)	54.9	94.3
Total value added	916.9	802.8	639.3	682.5	675.1
Value added per \$ revenue	0.53	0.52	0.60	0.71	0.71
Value added per \$ employment costs	1.60	1.66	1.66	1.85	1.76
Value added per \$ investment in fixed assets	0.58	0.58	0.47	0.53	0.52

Financial Review

FY2010-11

STAFF STRENGTH AND PRODUCTIVITY

The Group's average staff strength for the current financial year was 13,250. This was 11.0% higher than the preceding financial year, reflecting the increase in hiring in response to increasing business activities and the inclusion of staff from TFK. The breakdown of the average staff strength is as follows:

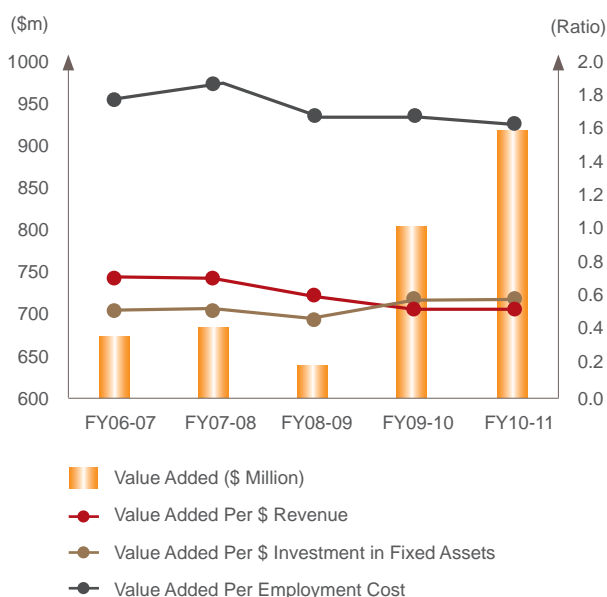
	2010-11	2009-10	% change
Gateway services	7,138	6,529	+ 9.3
Food solutions	5,807	5,137	+13.0
Corporate	305	266	+14.7
Total	13,250	11,932	+11.0

The staff productivity measured by value added per employee for the current financial year increased 2.8% to \$69,200. Productivity in term of value added expressed per dollar of employment cost was 1.60 or 3.6% lower compared to last financial year. When compared to the normalised FY2009-10 staff productivity of 1.64, year on year Value-added per employment cost declined by 2.4%.

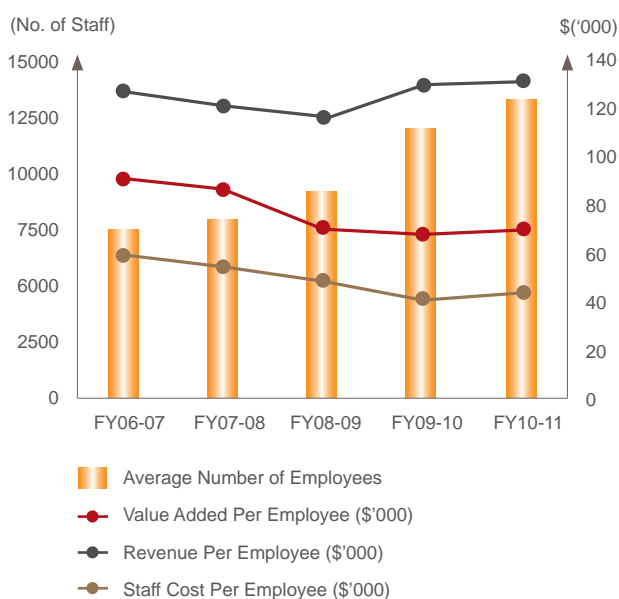
	2010-11	2009-10	% change
Value Added Per Employee	69,200	67,293	+2.8
Value Added Per \$ of Employment cost	1.60	1.66	-3.6
Value Added Per \$ of Employment cost (Adj for job credits)	1.60	1.64	-2.4
Revenue Per Employee	130,500	128,974	+1.2
Staff Cost Per Employee**	43,212	40,532	+6.6

** Staff cost excludes cost of contract labour

Group Value Added Productivity Ratios



Group Staff Strength and Productivity



ECONOMIC VALUE ADDED (EVA)

EVA for the Group was \$68.3 million, \$1.1 million or 1.6% higher than the preceding financial year mainly due to higher operating profit and share of profit from associated companies and joint venture.

SHARE CAPITAL AND SHARE OPTIONS OF THE COMPANY

The issued and paid-up capital of the Company increased from S\$288,017,756 as at 31 March 2010 to S\$324,743,321 as at 31 March 2011. The increase was due to new ordinary shares of the Company ("Shares") allotted and issued pursuant to the exercise of options granted under the SATS Employee Share Option Plan ("Plan"), which comprises the Senior Executive Share Option Scheme for senior executives and the Employee Share Option Scheme for all other employees. In addition, ordinary shares were vested and issued during the financial year under the Restricted Share Plan and Performance Share Plan.

During the last quarter of the financial year, the Company bought back 500,000 of its issued shares and held these shares as treasury shares (2010: Nil). The number of treasury shares held as at 31 March 2011 is 500,000 (2010: Nil).

Employee Share Option Plan

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

During the year, 14,659,855 share options were exercised by employees. As at 31 March 2011, there were 33,714,275 unexercised employee share options.

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

Senior management staff are entitled to two share-based incentive plans, the RSP and PSP, which were approved by the shareholders of the Company on 19 July 2005.

For grants prior to FY2010-11

Depending on the achievement of pre-determined targets over a two-year period for the RSP and a three-year period for the PSP, the final number of restricted shares and performance shares awarded could range between 0% to 150% of the initial grant of the restricted shares and between 0% to 200% of the initial grant of the performance shares.

For grants in FY2010-11

RSP award is subject to yearly financial achievement and has an equal vesting over a four-year period. The number of restricted shares awarded is based on individual performance. PSP is subject to specified performance conditions over a three-year period and the final number of performance shares awarded could range from 0% to 200% of the initial grant of the performance shares.

As at 31 March 2011, the number of outstanding shares granted under the Company's RSP and PSP were 1,938,500 and 900,000 respectively.

Financial Review

FY2010-11

BREAKDOWN BY BUSINESS ACTIVITIES

	Revenue		Operating Profit	
	2010-11 \$ million	2009-10* \$ million	2010-11 \$ million	2009-10* \$ million
Gateway services	551.0	495.3	51.8	57.8
Food solutions	1,168.0	1,031.7	130.8	125.9
Corporate	10.1	11.9	1.9	0.7
	1,729.1	1,538.9	184.5	184.4

	Profit Before Tax		Profit After Tax	
	2010-11 \$ million	2009-10* \$ million	2010-11 \$ million	2009-10* \$ million
Gateway services	109.2	95.0	84.5	75.6
Food solutions	133.6	129.9	109.6	108.2
Corporate	2.7	(1.9)	(2.3)	(1.7)
	245.5	223.0	191.8	182.1

	Total Assets		Capital Expenditure	
	2010-11 \$ million	2009-10* \$ million	2010-11 \$ million	2009-10* \$ million
Gateway services	687.6	659.1	30.9	16.2
Food solutions	1,468.1	1,142.2	30.9	43.1
Corporate	152.4	107.8	6.3	7.4
	2,308.1	1,909.1	68.1	66.7

* Certain figures for FY2009-10 have been re-computed using the formula consistent with that applied to FY2010-11.

PERFORMANCE BY MAJOR BUSINESS UNITS

Gateway services

In the gateway services segment, air cargo handling and ground handling services formed the majority of the segment revenue at 90%, similar to prior year. Revenue increased by \$55.7 million (+11.2%) due to higher aviation volumes. Against the last financial year, unit services, flight handled and cargo tonnage increased by 6.0%, 7.7% and 6.2% respectively.

Operating expenditure increased by \$61.7 million (+14.1%) primarily due to higher staff costs as a result of increased headcounts and the withdrawal of jobs credit scheme by the Government.

Operating profit decreased 10.4% to \$51.8 million, while operating margin dropped by 2.3 percentage points from 11.7% to 9.4%. This was mainly attributable to absence of job credits in FY2010-11. Taking out the effects of job credits of \$10.6m, operating profit margin would be 9.5% for FY2009-10.

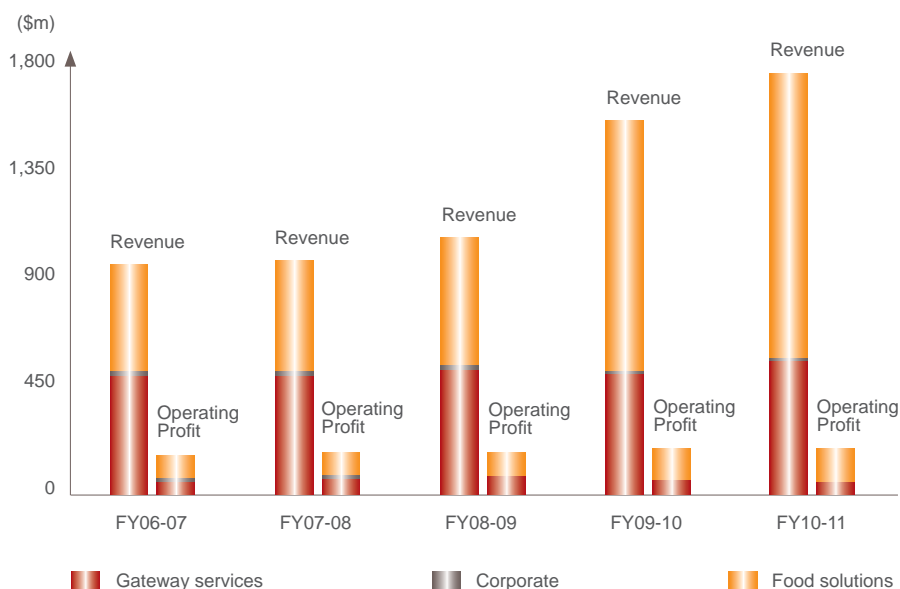
Food solutions

Food solutions registered a revenue growth of \$136.3 million (+13.2%) amid a better economic environment for this year as well as revenue contribution derived from TFK of \$72.6 million. Excluding TFK, revenue grew by 6.2%, from \$1,031.7 million to \$1,095.4 million. In FY2009-10, 34% of the revenue was derived from inflight catering. With the three-month contribution from TFK, inflight catering revenue rose to 39% of the total food solutions revenue.

Expenditure for the financial year increased 14.5% to \$1,037.2 million mainly from cost of raw materials due to higher volumes and increases in food cost.

Operating profit increased \$4.9 million (+3.9%) to \$130.8 million, while operating profit margin dropped by 1.0 percentage point, from 12.2% to 11.2%. Taking out the effects of job credits of \$5.9 million, operating profit margin would be 11.6% for FY2009-10.

Revenue and Operating Profit by Business Activities



Statistical Highlights

	2010-11	2009-10	2008-09	2007-08	2006-07
FINANCIAL STATISTICS					
Group (\$million)					
Total revenue	1,729.1	1,538.9	1,062.1	958.0	945.7
Total 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
Profit before tax	245.5	223.0	183.5	248.7	219.8
Profit after tax	191.8	182.1	148.4	195.2	179.0
Profit attributable to equity holders of the Company	191.4	181.2	146.8	194.9	178.2
Equity attributable to equity holders of the Company	1,521.2	1,481.8	1,398.1	1,383.9	1,314.2
Total assets	2,308.1	1,909.1	2,055.2	1,849.5	1,804.2
Total debt	184.5	24.1	251.5	208.0	202.8
Value added	916.9	802.8	639.3	682.5	675.1
Economic value added	68.3	67.2	26.2	53.9	60.7
Financial Ratios					
Return on average equity holders' funds (%)	12.7	12.6	10.6	14.4	14.2
Total debt equity ratio (times)	0.12	0.02	0.18	0.15	0.15
Return on total assets (%)	9.1	9.2	7.6	10.7	10.2
Per Share Data					
Earnings per share (cents) - basic	17.4	16.7	13.6	18.2	17.0
Earnings per share (cents) - diluted	17.3	16.7	13.6	17.9	16.9
Net assets value per share (\$)	1.37	1.37	1.29	1.29	1.24
Interim dividend (cents per share)	5.0	5.0	4.0	4.0	4.0
Final dividend (cents per share)	#6.0	8.0	6.0	10.0	6.0
Special dividend (cents per share)	#6.0	-	-	-	5.0
Dividend cover (times)	1.0	1.3	1.4	1.3	1.4
Dividend payout (%)	98.4	78.5	73.6	77.5	48.5
OPERATING STATISTICS					
Employee Productivity					
Average number of employees	13,250	11,932	9,196	7,938	7,461
Revenue per employee (\$)	130,500	128,974	115,495	120,961	126,747
Value added per employee (\$)	69,200	67,283	69,524	85,979	90,477
Value added per \$ of employment cost	1.60	1.66	1.66	1.85	1.76
Operating Data					
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

Notes:

- SATS' financial year is from 1 April to 31 March. Throughout this report, all financial figures are stated in Singapore Dollars, unless stated otherwise.
- Returns on equity holders' funds is the profit attributable to equity holders of the Company expressed as a percentage of the average equity holders' funds.
- Total debt equity ratio is total debts divided by equity attributable to equity holders of the Company at 31 March.
- Basic earnings per share is computed by dividing the profit attributable to equity holders of the Company by the weighted average number of fully paid shares in issue.
- Diluted earnings per share is computed by dividing the profit attributable to equity holders of the Company by the weighted average number of fully paid shares in issue after adjusting for dilution of shares under the employee share option plan.
- Net asset value per share is computed by dividing equity attributable to equity holders of the Company by the ordinary shares in issue at 31 March.
- Dividend cover is profit attributable to equity holders of the Company divided by total dividend (net of tax).
- Payout ratio is total ordinary dividend (net of tax) divided by profit attributable to equity holders of the Company.

* Not inclusive of TFK Corporation meals produced.

Subject to shareholders' approval at the forthcoming AGM.

Corporate Governance Report

SATS Ltd. (“**SATS**” or the “**Company**”) continually strives to maintain high standards of corporate governance within the Company and its subsidiaries (the “**Group**”) by promoting corporate performance and accountability to enhance long term shareholder value.

This report (“**Report**”) describes SATS’ corporate governance policies and practices with specific reference to the principles and guidelines set out in the Code of Corporate Governance 2005 (the “**2005 Code**”). This Report has been structured in accordance with the sequence of principles and guidelines as set out in the 2005 Code.

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

The Board is responsible to oversee the business, performance and affairs of the Group. Management has the role of ensuring that the day-to-day operation and administration of the Group are carried out in accordance with the policies and strategies determined by the Board, and in that respect, Management is fully accountable to the Board.

The key functions of the Board are to:

- set the overall business strategies and directions of the Group to be implemented by Management, and to provide leadership and guidance to Management;
- set the Group’s values and standards, and ensure that obligations to Shareholders and other stakeholders are met;
- monitor the performance of Management;
- oversee and conduct regular reviews of the business, financial performance and affairs of the Group;
- evaluate and approve important matters such as major investments, funding needs and expenditure;
- have overall responsibility for corporate governance, including the processes of evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- ensure communication with all stakeholders; and
- protect and enhance the reputation of the Group.

The Board is supported in its functions by the following Board Committees which have been established to assist in the discharge of the Board’s oversight function:

- Board Executive Committee;
- Audit Committee;
- Nominating Committee;
- Remuneration and Human Resource Committee; and
- Board Risk Committee.

The current members of the Board and their membership on the Board Committees of the Company are as follows:

Corporate Governance Report

Board Member *	Board Membership	Board Executive Committee	Audit Committee	Nominating Committee	Remuneration and Human Resource Committee	Board Risk Committee
Mr Edmund Cheng Wai Wing	Chairman & Independent Director	Chairman			Chairman	
Mr David Zalmon Baffsky	Independent Director		Member			
Mr David Heng Chen Seng	Non-Independent Director	Member				Member
Mr Nihal Vijaya Devadas Kaviratne CBE ¹	Independent Director		Member			
Mr Khaw Kheng Joo ²	Independent Director			Chairman		Member
Dr Rajiv Behari Lall ³	Independent Director			Member		
Mr Mak Swee Wah ⁴	Non-Independent Director	Member				Chairman
Mr Ng Kee Choe	Non-Independent Director	Member			Member	
Mr Keith Tay Ah Kee	Independent Director		Chairman	Member		
Mr Yeo Chee Tong	Independent Director		Member		Member	
Mr Leo Yip Seng Cheong ⁵	Independent Director				Member	

Notes:

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

¹ Appointed as a Director on 30 July 2010, Mr Nihal Vijaya Devadas Kaviratne CBE was appointed as a member of the Audit Committee with effect from 8 November 2010.

² Mr Khaw Kheng Joo, the Chairman of the Nominating Committee and member of the Board Risk Committee, will be retiring as a Director, Chairman of the Nominating Committee and member of the Board Risk Committee at the conclusion of the Company's 38th AGM to be held on 27 July 2011 ("38th AGM").

³ Dr Rajiv Behari Lall, a member of the Nominating Committee, will be retiring as a Director and member of the Nominating Committee at the conclusion of the 38th AGM.

⁴ Mr Mak Swee Wah, the Chairman of the Board Risk Committee and member of the Board Executive Committee, will be retiring as a Director, Chairman of the Board Risk Committee and member of the Board Executive Committee at the conclusion of the 38th AGM.

⁵ Appointed as a Director on 1 September 2010, Mr Leo Yip Seng Cheong was appointed as a member of the Remuneration and Human Resource Committee with effect from 8 November 2010.

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

Board meetings are scheduled in advance. In addition, *ad hoc* Board meetings are convened if and when there are pressing matters requiring the Board's deliberation and decision in between the scheduled meetings. During FY2010-11, in addition to the quarterly scheduled Board meetings, there were two *ad hoc* Board meetings convened. Since 2003, the Board has also conducted annual Board Strategy meeting to have more focused discussions on key strategic issues facing the Group.

Corporate Governance Report

The Company's Articles of Association ("Articles") allow Directors to participate in Board and Board Committee meetings by way of teleconference or video conference or other similar means of communication whereby all persons participating in the meeting are able to hear each other, without requiring their physical presence at the meeting. The Company has set up teleconference and video conference facilities to enable alternative means of participation in Board and Board Committee meetings. During FY2010-11, various Directors have participated in Board or Board Committee meetings by way of teleconference or video conference.

In respect of FY2010-11, a total of seven Board meetings, including a three-day Board Strategy meeting and two *ad hoc* Board meetings, were held. The Directors' attendance at Board and Board Committee meetings for FY2010-11 is set out below.

	No. of Board Meetings Attended	No. of Board Committee Meetings Attended in FY2010-11				
		Board Executive Committee	Audit Committee	Nominating Committee	Remuneration and Human Resource Committee	Board Risk Committee
No. of Meetings held	7	7	4	2	4	4
Board Members						
Mr Edmund Cheng Wai Wing	7	7			4	
Mr David Zalmon Baffsky	6		3			
Mr David Heng Chen Seng	6	7				4
Mr Nihal Vijaya Devadas Kaviratne CBE ⁶	4		0			
Mr Khaw Kheng Joo	7			2		2
Dr Rajiv Behari Lall	4			2		
Mr Mak Swee Wah	6	7				4
Mr Ng Kee Choe	7	5			4	
Mr Keith Tay Ah Kee	7		4	2		
Mr Yeo Chee Tong	6		3		4	
Mr Leo Yip Seng Cheong ⁷	4				1	

Notes:

⁶ Appointed as a Director on 30 July 2010, and appointed as a member of the Audit Committee with effect from 8 November 2010. Mr Nihal Vijaya Devadas Kaviratne CBE attended 4 out of 5 Board meetings which were held during his term of Directorship and 0 out of 1 Audit Committee meeting which were held during his term as a member of the Audit Committee in FY2010-11.

⁷ Appointed as a Director on 1 September 2010, and appointed as a member of the Remuneration and Human Resource Committee with effect from 8 November 2010. Mr Leo Yip Seng Cheong attended 4 out of 4 Board meetings which were held during his term of Directorship in FY2010-11 and 1 out of 2 Remuneration and Human Resource Committee meetings which were held during his term as a member of the Remuneration and Human Resource Committee in FY2010-11.

All members of the Board actively participate in Board discussions and help to develop proposals on business strategies and goals for the Group. Board members meet regularly with Management, and review and monitor the performance of Management in meeting the goals and objectives set for them.

The Board has adopted a set of guidelines on matters that require its approval, which include all matters of strategic importance, corporate governance practices, legal and regulatory compliance, risk management, maintenance of performance standards, corporate strategy, approval of business plans, approval of manpower establishment, operating and capital expenditure budgets, and approval and monitoring of major investments and strategic commitments.

Board Executive Committee

The Board has delegated to the Board Executive Committee the function of reviewing and approving certain matters, which include, *inter alia*, guiding Management on business, strategic and operational issues, undertaking an initial review of the three to five-year forecast/business plans and annual capital and operating expenditure budgets for the Group, granting initial or final approval (depending on the value of the transaction) of transactions of the Company or its subsidiaries relating to the acquisition or disposal of businesses, assets or undertakings, joint ventures, mergers, amalgamations or similar corporate transactions, establishing bank accounts, granting powers of attorney, affixation of the Company's seal, and nominating Board members to the Company's subsidiaries and associated companies. Minutes of the meetings of the Board Executive Committee are forwarded to all Directors for their information.

The Board Executive Committee currently comprises the following four members:

- Mr Edmund Cheng Wai Wing, Chairman
- Mr David Heng Chen Seng, Member
- Mr Mak Swee Wah, Member
- Mr Ng Kee Choe, Member

The Board Executive Committee is required under its terms of reference to meet at least once in each financial year. The Board Executive Committee met seven times in FY2010-11. Regular reports are presented to the Board Executive Committee at each meeting on the performance of the Group's subsidiaries, associated companies and joint ventures, and the operational performance of the Group. The President & Chief Executive Officer ("PCEO"), the General Counsel and the Chief Financial Officer ("CFO") are usually invited and present at the meetings of the Board Executive Committee.

Orientation and Training for Directors

Newly-appointed Directors undergo an orientation programme, which includes site visits and presentations by members of Management, to facilitate their understanding of the Group's businesses, operations and processes. In addition, all Directors are encouraged to attend relevant and useful seminars on leadership and industry-related matters, and corporate governance for their continuing education and skills improvement, conducted by external organizations, at the Company's cost.

Each of the newly-appointed Directors is also sent a formal letter setting out Directors' duties and obligations. They are also provided with other materials relating to the Board and Board Committees, including terms of reference of the various Board Committees as well as relevant guidelines and policies.

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

The present Board comprises all non-executive Directors. Of the eleven Directors, eight are considered by the Nominating Committee and the Board to be Independent Directors based on the 2005 Code's criteria for independence.

The Board, through the Nominating Committee, reviews the structure, size and composition of the Board. The Nominating Committee has developed a set of principles to guide it in carrying out its responsibilities of reviewing and determining an appropriate Board size and composition. The Nominating Committee reviews the composition of the Board to ensure that the Board comprises Directors who as a group provide core competencies, such as accounting or finance, legal, business or management (including human capital development and management) experience, industry knowledge, strategic planning experience, and customer-based experience or knowledge, required for the Board to be effective.

As part of the Board's continuing review of the Board size and composition, on the recommendation of the Nominating Committee, the Board approved the appointment of Mr Leo Yip Seng Cheong as a Director of the Company in September 2010, to supplement and strengthen the collective competency of the Board.

The Nominating Committee is currently considering the appointment of additional directors with specific areas of expertise to supplement and strengthen the collective competency of the Board as well as for Board rejuvenation, and in this regard, with the endorsement of the Board of Directors, is recommending the appointment of Mr Alexander Charles Hungate as a Director of the Company for approval by shareholders at the 38th AGM.

To facilitate open discussion and review on the effectiveness of Management, the Board members meet up from time to time for informal discussions prior to the scheduled Board meetings, without Management being present.

PRINCIPLE 3: ROLES OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER TO BE SEPARATE TO ENSURE A BALANCE OF POWER AND AUTHORITY

The roles of the Chairman and the PCEO are clearly separated to ensure appropriate check and balance, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the PCEO are not related to each other, and further, the PCEO is not a member of the Board.

The Chairman of the Board continues to lead the Board to ensure its effectiveness on all aspects of its role and sets its agenda, guides the dissemination of accurate, timely and clear information amongst Board members, promotes effective communication with Shareholders, encourages constructive relations between the Board and Management, facilitates the effective contributions of the Directors, encourages constructive relations amongst all Directors and promotes high standards of corporate governance.

PRINCIPLE 4: FORMAL AND TRANSPARENT PROCESS FOR APPOINTMENT OF NEW DIRECTORS

Nominating Committee

The Board has established a Nominating Committee with written terms of reference which include the following:

- reviewing and making recommendations to the Board on the structure, size and composition of the Board;
- making recommendations to the Board regarding the process for selection of new Directors and identification of new Directors;
- making recommendations to the Board on re-nominations and re-elections of existing Directors;
- evaluating the independence of Directors on an annual basis;
- determining if Directors who hold Directorships on other boards are able to and have been adequately carrying out their duties as Directors of the Company; and
- doing all things as may form part of the responsibilities of the Nominating Committee under the provisions of the 2005 Code.

The Nominating Committee currently comprises the following three members, all of whom (including the Chairman) are Independent Directors:

- Mr Khaw Kheng Joo, Chairman
- Dr Rajiv Behari Lall, Member
- Mr Keith Tay Ah Kee, Member

The Chairman of the Nominating Committee is not directly associated with Temasek Holdings (Private) Limited (“**Temasek**”), a substantial shareholder of the Company. Under the 2005 Code, a Director will be considered “directly associated” with a substantial shareholder when the Director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder.

The Nominating Committee is required by its terms of reference to hold meetings at least twice in each financial year. It held two meetings in FY2010-11.

Re-nomination and Re-election of Directors

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

Name of Director	Position Held on the Board	Date of First Appointment to the Board	Date of Last-Re-election as a Director
Mr Edmund Cheng Wai Wing	Chairman	22 May 2003 (As Director and Chairman)	30 July 2010
Mr David Zalmon Baffsky ⁸	Director	15 May 2008	24 July 2008
Mr David Heng Chen Seng	Director	15 October 2009	30 July 2010
Mr Nihal Vijaya Devadas Kaviratne CBE	Director	30 July 2010 (appointed at the Company's 37 th AGM)	Not Applicable
Mr Khaw Kheng Joo	Director	19 July 2005	30 July 2010
Dr Rajiv Behari Lall ⁹	Director	5 May 2008	24 July 2008
Mr Mak Swee Wah ⁹	Director	24 July 2008	Not Applicable
Mr Ng Kee Choe	Director	1 March 2000	28 July 2009
Mr Keith Tay Ah Kee	Director	26 July 2007	30 July 2010
Mr Yeo Chee Tong ¹⁰	Director	19 May 2006	28 July 2009
Mr Leo Yip Seng Cheong ¹¹	Director	1 September 2010	Not Applicable

Note:

⁸ Mr David Zalmon Baffsky, who will be retiring from office at the 38th AGM in accordance with Section 153 of the Companies Act has indicated his willingness to stand for re-appointment, and will be standing for re-appointment pursuant to Section 153(6) of the Companies Act at the 38th AGM. Mr Baffsky will, upon re-appointment, continued to serve as a member of the Audit Committee. The Nominating Committee has considered Mr Baffsky to be an Independent Director.

⁹ Dr Rajiv Behari Lall and Mr Mak Swee Wah, who will retire by rotation pursuant to Article 83, will be retiring and will not be standing for re-election at the 38th AGM. Dr Lall is a member of the Nominating Committee. Mr Mak is the Chairman of the Board Risk Committee and a member of the Board Executive Committee.

¹⁰ Mr Yeo Chee Tong, who will retire by rotation pursuant to Article 83 and has indicated his willingness to stand for re-election, will be standing for re-election at the 38th AGM. Mr Yeo will, upon re-election, continue to serve as a member of the Audit Committee as well as the Remuneration and Human Resource Committee. The Nominating Committee has considered Mr Yeo to be an Independent Director.

¹¹ Mr Leo Yip Seng Cheong, who will retire pursuant to Article 90, has indicated his willingness to stand for re-election, will be standing for re-election at the 38th AGM. Mr Yip will, upon re-election, continue to serve as a member of the Remuneration and Human Resource Committee. The Nominating Committee has considered Mr Yip to be an Independent Director.

The Articles require one-third (or the number nearest one-third rounded upwards to the next whole number) of the Directors for the time being to retire from office at each Annual General Meeting (“AGM”). Retiring Directors are selected on the basis of those who have been longest in office since their last election, and as between those persons who became Directors on the same day, they will be selected by agreement or by lot. They are eligible for re-election under the Articles. All Directors are required to retire from office at least once every three years. All new Directors appointed by the Board during the financial year shall only hold office until the next AGM and be eligible for re-election at that AGM. As required by law, a Director who reaches the age of 70 years old is required to retire and stand for re-appointment at every AGM.

The Director standing for re-election pursuant to Article 83 at the 38th AGM is Mr Yeo Chee Tong. Mr Leo Yip Seng Cheong is standing for re-election pursuant to Article 90. Mr David Zalmon Baffsky is standing for re-appointment pursuant to Section 153(6) of the Companies Act. The Nominating Committee (after having taken into consideration the principles for the determination of the Board size and composition adopted by it) recommends their retirement, re-election and re-appointment, after assessing their contribution and performance (including attendance, preparedness, participation and candour) as Directors, and the Board has endorsed the recommendation.

Corporate Governance Report

With effect from FY2010-11, newly appointed Directors would be appointed to serve an initial term of three years and such initial term of office may be renewed for a subsequent term or terms of up to a total of 6 years, expiring at the AGM of the Company closest to the 6th anniversary of their initial appointment. The tenure of each Director would be considered at that juncture, taking into account the recommendations of the Nominating Committee and subject to the Board's approval.

Annual Independence Review

The Nominating Committee is tasked to determine on an annual basis whether or not a Director is independent, bearing in mind the 2005 Code's definition of an "independent director" and guidance as to which existing relationships would deem a Director not to be independent.

In this regard, the following Directors are regarded as Non-Independent Directors of the Company:

- Mr David Heng Chen Seng, who is the Managing Director (Investments) of Temasek, the largest single substantial shareholder of the Company. By reason of his employment with Temasek, Mr Heng is regarded as a Non-Independent Director of the Company;
- Mr Mak Swee Wah, who is an executive officer of Singapore Airlines Limited, which to date remains a major customer of SATS and hence is regarded as a Non-Independent Director of the Company; and
- Mr Ng Kee Choe, who receives a monthly allowance from Temasek for serving as a member of the Temasek Advisory Panel and, as such, is regarded as a Non-Independent Director of the Company.

Save for the abovenamed Directors, all the other eight Directors on the Board are considered by the Nominating Committee and the Board to be Independent Directors.

Selection and Appointment of New Directors

The Nominating Committee regularly reviews the existing attributes and competencies of the Board in order to determine the desired expertise or experience required to strengthen or supplement the Board. Such reviews assist the Nominating Committee in identifying and nominating suitable candidates for appointment to the Board.

The Nominating Committee is in charge of making recommendations to the Board regarding the selection and identification of new Directors. Taking into consideration the desired qualifications, skill sets, competencies and experience which are required to supplement the Board's existing attributes, if need be, the Nominating Committee may seek assistance from external search consultants for the selection of potential candidates. Directors and Management may also put forward names of potential candidates, together with their curriculum vitae, for consideration. The Nominating Committee, together with the Chairman of the Board, then meet with the short-listed candidates to assess their suitability, before submitting the appropriate recommendations as to the appointment of any candidate to the Board for its approval.

Key Information Regarding the Directors

More information on each of the Directors, their respective backgrounds (such as academic and professional qualifications) and fields of expertise as well as their present and past Directorships or Chairmanships in other listed companies and other major appointments over the preceding three years can be found in the "**Board of Directors**" section of this Annual Report. Information on their shareholdings in the Company can be obtained in the "**Report by the Board of Directors**" in the "**Financials**" section of this Annual Report.

PRINCIPLE 5: FORMAL ASSESSMENT OF EFFECTIVENESS OF THE BOARD

The Board has implemented a process for assessing the effectiveness of the Board as a whole, with the objective of continuous improvement. A consulting firm specializing in Board evaluation and human resource assists the Board in the design and implementation of the process, comprising two parts – a structured qualitative assessment of the functioning of the Board and a review of selected financial performance indicators. Both sets of performance criteria, recommended by the consultants, have been adopted by the Nominating Committee and the Board. The qualitative assessment process utilizes a set of confidential questionnaire submitted by each Director individually. As for the quantitative performance criteria, the Board has adopted, in line with the 2005 Code, performance criteria comprising the Company's share price performance over a five-year period *vis-à-vis* The Straits Times Index, return on assets, return on equity, return on investment, and economic value added over the preceding five years for the collective Board evaluation. The Board conducted a formal assessment in FY2010-11 and the findings were presented to the Nominating Committee in August 2010 and the Board in November 2010.

A process for individual Director assessment and feedback is in place. Other than the collective Board evaluation exercise, the Chairman meets with each Director in a private session to discuss and evaluate the individual performance of the Director. These one-to-one sessions provide a forum for the Chairman to raise and address with each Director, in a conducive setting, issues or matters pertaining to the Board and the individual Director's performance on the Board, and for free and constructive dialogue on an individual basis. It also enables the Chairman and each Director, respectively, to give mutual feedback on individual performance of the Director as well as the Chairman, in order to identify areas for individual improvement as well as to assess how each Director may contribute more effectively to the collective performance of the Board (and, in the case of the Chairman, enhance the leadership of the Board).

PRINCIPLE 6: BOARD'S ACCESS TO INFORMATION

The Board is issued with detailed Board papers by Management giving the background, explanatory information, justification, risks and mitigation for each decision and mandate sought by Management, including, where applicable, relevant budgets, forecasts and projections, and issues being dealt with by Management. Information papers on material matters and issues being dealt with by Management, and quarterly reports on major operational matters, market updates, business development activities and potential investment opportunities, are also circulated to the Board. In addition, various Board Committees receive minutes and reports from Management relating to their specific areas of oversight, which may contain more detailed and specific information.

As part of good corporate governance, Board papers for decision or discussion at Board meetings are circulated, to the extent practicable, a reasonable period in advance of the meetings for Directors' review and consideration, and key matters requiring decision are largely reserved for resolution at Board meetings rather than by circulation to facilitate discussion. The detailed agenda of each Board meeting, prepared by Management and approved by the Chairman, contains specific matters for the decision and information of the Board.

The Board has separate access to the PCEO, CFO, General Counsel and other key Management, as well as the Company's internal and external auditors. Queries by individual Directors on circulated papers are directed to Management who will respond accordingly. Where relevant, Directors' queries and Management's responses are circulated to all Board members for their information.

The Directors also have separate and independent access to the Company Secretary*. The Company Secretary attends all Board meetings and minutes the proceedings. The role of the Company Secretary has been defined by the Board to include supervising, monitoring and advising on compliance by the Company with its Memorandum and Articles of Association, laws and regulations, and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"); communicating with relevant regulatory authorities and bodies and Shareholders on behalf of the Company; and performing such other duties of a company secretary, as required under laws and regulations or as specified in the Listing Manual or the Articles, or as required by the Chairman of the Board or the Chairman of any Board Committee or the Directors (or any of them), as the case may be. In addition, the Company Secretary assists the Chairman to ensure that there is good information flow within the Board and the Board Committees, and between Management and the Directors. The Company Secretary facilitates orientation and assists with professional development of the Directors as may be required. The appointment and removal of the Company Secretary are subject to the approval of the Board.

* Includes the Assistant Company Secretary

There is also a Board-endorsed procedure for Directors, either individually or collectively, in furtherance of their duties, to take independent professional advice, if necessary, at the Company's expense.

PRINCIPLE 7: FORMAL AND TRANSPARENT PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Remuneration and Human Resource Committee

The Board has established a Remuneration and Human Resource Committee. The Remuneration and Human Resource Committee currently comprises the following four members, all of whom are non-executive Directors and of which the majority, including the Chairman, are considered by the Nominating Committee to be Independent Directors:

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

The Remuneration and Human Resource Committee is required by its terms of reference to meet at least twice each financial year, with additional meetings to be convened as and when required.

The written terms of reference of the Remuneration and Human Resource Committee include the following:

- reviewing and recommending the remuneration framework for the Board (including Directors' fees and allowances);
- overseeing the terms of appointment, scope of duties and remuneration of the PCEO, as well as any other appointment of equivalent seniority to the PCEO within the Company, and the remuneration packages of those occupying the position of Senior Vice President and above within the Group;
- implementing and administering the Company's Employee Share Option Plan, the Restricted Share Plan and the Performance Share Plan (collectively, the "**Share Plans**") in accordance with the prevailing rules of the Share Plans, requirements of the SGX-ST and applicable laws and regulations;
- overseeing the recruitment, promotion and distribution of staff talent within the Group;
- reviewing, overseeing and advising on the structure, organization and alignment of the functions and management of the Group;
- reviewing succession planning of the Group;
- overseeing industrial relations matters; and
- doing all other things and exercising all other discretions as may form part of responsibilities of a remuneration committee under the provisions of the 2005 Code.

More details of each of the Share Plans can be found in the Annexure to this Report, and also in the "**Report by the Board of Directors**" in the "**Financials**" section of this Annual Report.

The Remuneration and Human Resource Committee's recommendations regarding Directors' remuneration have been submitted to, and endorsed by, the Board.

Where required, the Remuneration and Human Resource Committee has access to expert advice in the field of executive compensation outside the Company.

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

Every Director will receive a basic fee. In addition, he will receive a Chairman's fee if he is the Chairman of the Board, as well as the relevant Board Committee fee (depending on whether he served in the capacity as the Chairman or a member of the relevant Board Committee) for each position he held on a Board Committee, during FY2010-11. If he occupied a position for part of a financial year, the fee payable would be prorated accordingly. Each Director would also receive an attendance fee for each Board meeting and Board Committee meeting attended by him during the financial year, on account of the time and effort of each of the Directors to avail himself for Board and Board Committee meetings. The attendance fees for Board and Board Committee meetings vary according to whether these meetings were held in the state/country in which the Director is ordinarily resident and whether the Directors is attending in person or via teleconference/video conference.

Payment of competitive and equitable remuneration would better serve the Company's need to attract and retain Directors with the necessary experience and capabilities and desired attributes who can contribute to the Company's future development and growth.

The Board believes that the existing fee structure is appropriate to the level of contribution, taking into account factors such as effort and time spent and responsibilities of the Directors.

The proposed scale of Directors' fees for financial year ending 31 March 2012 is the same as that of FY2010-11.

Types of Appointment	Scale of Directors' fees (FY2011-12)
BOARD OF DIRECTORS	S\$
Basic fee	45,000
Board Chairman's fee	40,000
Board Deputy Chairman's fee	30,000
AUDIT COMMITTEE	
Committee Chairman's fee	30,000
Member's fee	20,000
BOARD EXECUTIVE COMMITTEE	
Committee Chairman's fee	30,000
Member's fee	10,000
OTHER BOARD COMMITTEES	
Committee Chairman's fee	20,000
Member's fee	10,000
BOARD MEETING ATTENDANCE FEE	
Attendance via teleconference/videoconference	1,000
Attendance in person in home city (up to 4 hours for travel within home city)	2,500
Attendance in person outside home city	5,000
BOARD COMMITTEE MEETING ATTENDANCE FEE	
Attendance via teleconference/videoconference	500
Attendance in person in home city (up to 4 hours for travel within home city)	1,200
Attendance in person outside home city	2,500

PRINCIPLE 9: DISCLOSURE ON REMUNERATION POLICY, LEVEL AND MIX OF REMUNERATION, AND PROCEDURE FOR SETTING REMUNERATION

Directors' remuneration

The Directors' remuneration for FY2010-11, based on the scale of fees approved by the Shareholders at the last AGM, amounted to S\$1,030,203. The composition of the remuneration of the Directors for FY2010/11 is as follows :

Directors	Fee %	Salary %	Benefits %	Total %
Below \$250,000				
Mr Edmund Cheng Wai Wing	100	–	–	100
Mr David Zalmon Baffsky	100	–	–	100
Mr David Heng Chen Seng	100	–	–	100
Mr Nihal Vijaya Devadas Kaviratne CBE	100	–	–	100
Mr Khaw Kheng Joo	100	–	–	100
Dr Rajiv Behari Lall	100	–	–	100
Mr Mak Swee Wah	100	–	–	100
Mr Ng Kee Choe	100	–	–	100
Mr Keith Tay Ah Kee	100	–	–	100
Mr Yeo Chee Tong	100	–	–	100
Mr Leo Yip Seng Cheong	100	–	–	100

Following the 2010 AGM, with a view to ensuring that the Company offers more timely remuneration to attract high-calibre Directors, the Company will again be seeking the approval of the Shareholders at the 38th AGM to approve the payment of Directors' fees up to a stipulated amount for FY2011-12 so that Directors' fees can be paid in arrears on a half-yearly basis during the course of the financial year.

Key executives' remuneration

The Company's key executives' remuneration system is designed to include long-term incentives to allow the Company to better align executive compensation with creating more value for the Shareholders. The key executives' remuneration system includes the components of variable bonus and share awards under the SATS Restricted Share Plan ("**SATS RSP**") and/or the SATS Performance Share Plan ("**SATS PSP**"), in addition to fixed basic salary and fixed allowances. SATS considers the PCEO and his direct reports as its key executives. With the introduction of share awards under the SATS RSP and the SATS PSP for staff of managerial grade and above in the Company, including key executives, in 2006, the Company had phased out the award of employee share options under the Senior Executive Share Option Scheme (one of the two schemes under the SATS Employee Share Option Plan ("**ESOP**") which was adopted by the Company in 2000) as part of the key executives' remuneration system with effect from FY2007-08. The final grant of share options for all employees other than senior executives under the ESOP was made in July 2008. The payment of variable bonuses and grants of share awards under the SATS RSP and the SATS PSP are in turn dependent on the Company's financial performance as well as the key executives' individual performance through their achievement of certain key performance indicators set for them.

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	Remuneration Band ¹²	Bonuses ¹³				Benefits (%)	Total (%)	Award under SATS RSP ¹⁴	Award under SATS PSP ¹⁴
		Salary (%)	Fixed (%)	Variable (%)					
Clement Woon Hin Yong, PCEO	\$750,000 to \$1,000,000	71%	7%	14%	8%	100%	60,000	120,000	
Lim Chuang, CFO	\$250,001 to \$500,000	72%	6%	13%	9%	100%	20,000	35,000	
Tan Chuan Lye, EVP Food Solutions	\$250,001 to \$500,000	71%	6%	13%	10%	100%	40,000	70,000	
Robert Burnett, CEO, UK ¹⁵	\$500,001 to \$750,000	81%	Nil	7%	12%	100%	26,000	42,000	
Chi Ping Huey, General Counsel	\$250,001 to \$500,000	73%	5%	14%	8%	100%	10,000	23,000	

Notes:

¹² Remuneration bands as indicated do not include the value of any awards granted under the SATS RSP and/or the SATS PSP.

¹³ Includes profit-sharing bonus paid or determined on an accrual basis for FY2010-11.

¹⁴ Denotes the base awards of shares granted under the SATS RSP and the SATS PSP for FY2010-11 on 2nd August 2010. The number of shares awarded to recipient under the SATS RSP will vest in the award holder over a four-year period; there will be no performance conditions for vesting. The final number of shares awarded to the recipient under the SATS PSP could range between 0% to 200% of the base award; these awards of PSP shares will vest in the award holder subject to the achievement of pre-determined targets over a three-year period.

¹⁵ UK-based senior executive whose remuneration has for the purposes of this Report been converted at the exchange rate of £1: \$2.0686.

None of the immediate family members of a Director or of the PCEO was employed by the Company or its related companies at a remuneration exceeding \$150,000 during FY2010-11.

Further details regarding each of the Share Plans are provided in the Annexure to this Report, and also in the “**Report of the Board of Directors**” and “**Notes to Financial Statements**” in the “**Financials**” section of this Annual Report.

PRINCIPLE 10: BOARD IS ACCOUNTABLE TO SHAREHOLDERS AND MANAGEMENT IS ACCOUNTABLE TO THE BOARD, TO PROVIDE INFORMATION / ASSESSMENT ON THE COMPANY’S PERFORMANCE, POSITION AND PROSPECTS

Shareholders are presented with the quarterly and full-year financial results within 45 days of the end of each of the first three quarters and 60 days of the end of the financial year (as the case may be). Through the release of its financial results, the Board aims to present the Shareholders with a balanced and understandable assessment of SATS’ performance, position and prospects. The Company has in place a process to support Management’s representations to the Board on the integrity of the Group’s financial statements and internal control systems in relation to the requirement under the Listing Manual of the SGX-ST for the Board to issue a negative assurance statement that accompanies the Company’s announcement of its quarterly and full year financial statements.

Monthly management accounts of the Group (covering, *inter alia*, consolidated unaudited profit and loss accounts, revenue breakdown by client, consolidated balance sheet and explanatory notes explaining any variance) are circulated to the Board for their information.

PRINCIPLE 11: ESTABLISHMENT OF AUDIT COMMITTEE WITH WRITTEN TERMS OF REFERENCE

Audit Committee

The Audit Committee currently comprises the following four members all of whom are Independent Directors:

- Mr Keith Tay Ah Kee, Chairman
- Mr David Zalmon Baffsky, Member
- Mr Nihal Vijaya Devadas Kaviratne CBE, Member
- Mr Yeo Chee Tong, Member

The Board is of the view that the members of the Audit Committee have the necessary and appropriate expertise and experience to discharge their duties as the Audit Committee.

The Audit Committee has explicit authority to investigate any matter within its terms of reference, full access to and co-operation of Management, and full discretion to invite any Director or executive officer to attend its meetings. It also has reasonable resources to discharge its functions.

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

- quarterly and full-year financial statements and financial announcements as required under the Listing Manual of the SGX-ST;
- the audit plan, the external auditors' management letter and the scope and results of the external audit;
- independence and objectivity of the external auditors, their appointment and reappointment and audit fee;
- adequacy of resources for the internal audit function, ensuring it has appropriate standing within the Company and has a primary line of reporting to the Chairman of the Audit Committee (with secondary administrative reporting to the PCEO). KPMG LLP ("KPMG") had been engaged to supplement the internal audit function in Q4 of FY2010-11. The Company will continue to outsource its internal audit function in FY2011-12 to KPMG;
- adequacy of the internal audit function, scope of internal audit work and audit programme;
- major findings on internal audit during the year and Management's responses thereto, difficulties encountered during the course of the audit, significant changes to the audit programme and compliance with relevant professional internal audit standards, with the Internal Audit and Management;
- effectiveness of the Company's material internal controls, with Management and the internal and/or external auditors on an annual basis;
- suspected fraud or irregularity or suspected infringement of any Singapore law, rule or regulation of which the Audit Committee is aware, which has or is likely to have a material impact on the Company's or Group's operating results or financial position, and the findings of any internal investigations and Management's response thereto; and
- interested person transactions as required under the Listing Manual of the SGX-ST and the Company's Shareholders' mandate for interested person transactions.

The Audit Committee is also tasked to perform all other functions and responsibilities of an audit committee that may be imposed by the Companies Act, the Listing Manual of the SGX-ST, the 2005 Code and other relevant laws and regulations.

The Audit Committee is required by its terms of reference to meet at least four times a year, with the internal and external auditors of the Company present. The Audit Committee met four times in FY2010-11.

The Audit Committee reviews the independence of the external auditors annually. It has also reviewed the nature and volume of non-audit services provided by its external auditors to the Group during FY2010-11, and the fees, expenses and emoluments paid or made to the external auditors and is satisfied that they have no significant impact on the independence and objectivity of the external auditors.

PRINCIPLE 12: SOUND SYSTEM OF INTERNAL CONTROLS TO SAFEGUARD SHAREHOLDERS' INVESTMENTS AND THE COMPANY'S ASSETS

The Board recognizes the importance of a sound system of internal controls to safeguard Shareholders' interests and investments and the Group's assets, and to manage risks. The Board, through the Audit Committee, oversees and reviews the adequacy and effectiveness of the Group's internal control functions as well as assesses financial risks; and, through the Board Risk Committee, generally oversees and reviews the other risks faced by the Group.

Board Risk Committee

The Board Risk Committee currently comprises the following three members, all of whom are non-executive Directors, and oversees and reviews the adequacy and effectiveness of the Group's risk management systems as well as its safety systems and programmes:

- Mr Mak Swee Wah, Chairman
- Mr David Heng Chen Seng, Member
- Mr Khaw Kheng Joo, Member

The written terms of reference of the Board Risk Committee include the review of the following:

- adequacy of resources for the risk management functions and that they have appropriate standing within the Group;
- the risk management policies and practices and the types and levels of risks faced by the Group;
- the activities of the SATS Group Risk Management Committee which is responsible for putting in place risk management processes and methodologies, identifying risks and instilling mitigation plans, updating risk registers and profiles;
- risk champions appointed by the respective operating units to drive risk management initiatives;
- the Group's safety system and programmes for effectiveness and compliance with regulatory requirements and best industry practices for food safety, workplace safety and occupational health;
- regular reports on safety, initiation of remedial actions and assessment of level of compliance with the safety management plan; and
- food safety and accident investigation findings and implementation of recommendations by Management.

The Board Risk Committee met four times in FY2010-11 as required under its terms of reference.

The "**Internal Controls Statement**" section in this Annual Report sets out details of the Group's system of internal controls and risk management structure and processes, and the Board's views on the adequacy of the Group's internal controls.

Whistle-blowing Policy

The Company has also put in place a "Policy on Reporting Wrongdoing" and "Hotline To Report Wrongdoing" to institutionalize procedures on reporting possible improprieties involving the Group and for allowing independent investigation of such matters, and appropriate and consistent follow-up action. A dedicated email address and 24-hour hotline managed by an independent external service provider have been set up to allow employees who discover or suspect impropriety to report the same. All information received is treated confidentially. Results of the investigation would not be disclosed or discussed with anyone other than those who have a legitimate right to know.

Anonymous complaints may be considered, taking into account factors such as the seriousness of the issues raised, the credibility of the concern and the likelihood of confirming the allegation from attributable sources.

Banking Transaction Procedures

Lenders to the Company are notified that all bank transactions undertaken by any member of the Group must be properly authorised, including the opening of new bank accounts and any proposed credit facilities. Each member of the Group has its own approval limits and procedures for every banking transaction, having regard to the nature of the transaction concerned. These approval limits and procedures are updated from time to time and are available on request. The bankers of each member of the Group have been advised to verify, in accordance with the verification process set out in the applicable procedures, that the transaction is properly authorised.

PRINCIPLE 13: INDEPENDENT INTERNAL AUDIT FUNCTION

For FY2010-11, the Company's internal audit function was undertaken by a dedicated Internal Audit department of the Company. It is designed to provide reasonable assurance on the adequacy and effectiveness of controls over operations, reliability of financial information and compliance with the Company's policies and procedures, and applicable laws and regulations.

The internal auditors report directly to the Audit Committee. In situations where the audit work to be carried out by the internal auditors may potentially give rise to conflicts of interest, it will be brought to the attention of the Audit Committee. The Audit Committee may authorise such audit work to be carried out by an independent third party as it deems appropriate.

The Internal Audit department meets all the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

KPMG, was engaged to supplement the internal audit function in the current financial year since Q4 of FY2010-11. The Company will continue to outsource its internal audit function to KPMG in FY2011-12.

PRINCIPLE 14: REGULAR, EFFECTIVE AND FAIR COMMUNICATION WITH SHAREHOLDERS

The Company strives to convey to the Shareholders pertinent information in a clear, forthcoming, detailed and timely manner and on a regular basis, takes into consideration their views and inputs, and addresses Shareholders' concerns. While the Company's Investor Relations department communicates with analysts regularly, the Company monitors the dissemination of material information to ensure that it is made publicly available on a timely and non-selective basis. Material information is published on the SGXNET and on the Company's website (www.sats.com.sg), and where appropriate, through media releases.

The Company's Investor Relations department manages the dissemination of corporate information to the media, the public, as well as institutional investors and public Shareholders, and promotes relations with and acts as a liaison point for such entities and parties. More details of the Company's investor relations programme can be found in the "Investor Relations" section of this Annual Report.

PRINCIPLE 15: GREATER SHAREHOLDER PARTICIPATION AT ANNUAL GENERAL MEETINGS

The Company's Articles allow Shareholders to appoint up to two proxies to attend and vote at general meetings on their behalf. The Articles currently do not provide for Shareholders to vote at general meetings in absentia such as by mail, email or fax. The Company will consider implementing the relevant amendments to the Articles if the Board is of the view that there is a demand for such alternative methods of voting, and after the Company has evaluated and put in place the necessary security and other measures to facilitate absentia voting and protect against errors, fraud and other irregularities.

At the Shareholders' meetings, each distinct issue is proposed as a separate resolution.

Chairmen of the various Board Committees, or members of the respective Board Committees standing in for them, as well as the external auditors, will be present and available to address questions at the AGM.

DEALINGS IN SECURITIES

In line with the rules of the Listing Manual of the SGX-ST, the Company has in place a policy and guidelines on dealings in the securities of the Company, which have been disseminated to employees of the Group and Directors of the companies within the Group. The policy and guidelines restrict certain employees (including all administrative officers and employees of managerial grade and above, and employees in departments which are likely to be privy to confidential material price-sensitive information, such as the offices of the PCEO, Executive Vice Presidents and Senior Vice Presidents, the Legal and Finance departments, and departments or units of companies in the Group having charge of business development and/or marketing activities) from trading in the Company's securities during the period falling two weeks before the announcement of the Company's quarterly financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements.

The Company has also adopted a Procedure For Trading Halt in the Company's Securities, which assists the Company to manage its continuous disclosure obligations in accordance with the spirit of rule 703 of the Listing Manual of the SGX-ST in the event of a leak of material unpublished information, or a false rumour or report where a media comment about the Company is sufficiently specific and detailed to warrant a response or to adequately respond to a query by the SGX-ST arising from such leak of material unpublished information or a false rumour or report.

In addition, the Directors and Staff of the Company are prohibited at all times from trading in the Company's securities if they are in possession of non-public, price-sensitive information of the Company. The policy and guidelines also remind employees and Directors of the Group that they should not deal in the Company's securities on short term considerations, and to be mindful of the insider trading prohibitions under the Securities and Futures Act whenever trading in the Company's or any other corporation's securities.

ANNEXURE

Share Plans

(I) ESOP

The Company has ceased to issue further grants of share options under the ESOP since the last grant in July 2008. Please refer to the "**Report of the Board of Directors**" and "**Notes to Financial Statements**" in the "**Financials**" section of this Annual Report for more details relating to the ESOP.

(II) SATS RSP and SATS PSP

The Company introduced two new share plans, the SATS RSP and the SATS PSP, which were approved by Shareholders at the Extraordinary General Meeting of the Company held on 19 July 2005. These plans were introduced with a view to further strengthening the Company's competitiveness in attracting and retaining talented key senior management and senior executives. The SATS RSP and the SATS PSP aim to more directly align the interests of key senior management and senior executives with the interests of Shareholders, to improve performance and achieve sustainable growth for the Company in the changing business environment, and to foster a greater ownership culture amongst key senior management and senior executives. These plans contemplate the award of fully paid shares of the Company, when and after pre-determined performance or service conditions are accomplished. Non-executive Directors of the Group are not eligible to participate in the SATS RSP and the SATS PSP.

The SATS RSP serves as an additional motivational tool to recruit and retain talented senior executives as well as to reward Company and individual performance. In addition, it enhances the Group's overall compensation packages, strengthening the Group's ability to attract and retain high performing talent. The SATS PSP is targeted at a select group of key senior management who shoulder the responsibility for the Company's performance and who are able to drive the growth of the Company through innovation, creativity and superior performance. Awards under the SATS PSP are performance-based, with performance targets

set in accordance with medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The performance targets are stretched targets based on criteria such as total Shareholders' return, economic value added, market share, market ranking or return on sales.

Awards granted under the SATS RSP, which is intended to apply to a broader base of senior executives, will vest only after the satisfactory completion of time-based service conditions, that is, after the participant has served the Group for a specified number of years (time-based restricted awards) or, where the award is performance-based (performance-based restricted awards), after a further period of service beyond the performance target completion date. No minimum vesting periods are prescribed under the SATS RSP, and the length of the vesting period(s) in respect of each award will be determined on a case-by-case basis. Award of such performance-based restricted awards is intended to ensure that the earning of shares under the SATS RSP is aligned with the pay-for-performance principle. The use of time-based restricted awards will only be made on a case-by-case basis where business needs justify such awards.

The selection of a participant and the number of shares which he or she would be awarded under the SATS RSP will be determined at the absolute discretion of the Remuneration and Human Resource Committee, which will take into account criteria such as his or her rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, his contribution to the success and development of the Group and, if applicable, the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period.

Under the SATS RSP and the SATS PSP, the Remuneration and Human Resource Committee has the discretion to determine whether the performance condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Remuneration and Human Resource Committee has the right to make reference to the audited results of the Company or the Group to take into account such factors as the Remuneration and Human Resource Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance target(s) if the Remuneration and Human Resource Committee decides that a changed performance target would be a fairer measure of performance.

The aggregate number of shares which may be issued pursuant to awards granted under the SATS RSP or the SATS PSP, when added to the number of new shares issued and issuable in respect of all options granted under the ESOP, and all awards under the SATS RSP and the SATS PSP, may not exceed 15 percent of the total number of issued ordinary shares in the capital of the Company on the day preceding the relevant date of award.

(III) PURCHASE OF SHARES PURSUANT TO THE SHARE BUY-BACK MANDATE

The Company had obtained the approval from the Shareholders for the adoption of the Share Purchase Mandate (the "**Mandate**") at the Extraordinary General Meeting of the Company held on 30 July 2010. Pursuant to the Mandate, the Company had purchased a total of 1,000,000 shares of the Company to date to satisfy the obligations for the SATS RSP and the SATS PSP. The shares purchased are currently held as treasury shares.

Internal Controls Statement

RESPONSIBILITY

SATS' Board recognises the importance of, and its role in, ensuring a proper internal controls environment for the Group. SATS Management is responsible for establishing and maintaining a sound system of internal controls over the delivery of accurate, objective and transparent financial reporting, and for the assessment of the effectiveness of internal controls.

The Board is responsible for overseeing and reviewing the adequacy and effectiveness of the Group's internal controls and risk management system. This system by its nature can only provide reasonable, but not absolute, assurance to investors regarding:

- the safeguarding and protection of the Group's assets against unauthorised or improper use or disposal;
- protection against material misstatements or losses;
- the maintenance of proper accounting records;
- the reliability of financial information used within the business and for publication;
- the compliance with appropriate legislations, regulations and best practices; and
- the identification and containment of business risks.

RISK MANAGEMENT ORGANISATIONAL STRUCTURE

Audit Committee

The Board, through the Audit Committee ("**AC**"), oversees and reviews the adequacy and effectiveness of the Group's internal control functions, the Group Corporate Governance, the system of ensuring integrity of financial reporting and assessing financial risk management.

The AC is made up of four Directors, all of whom are independent, and is chaired by an independent non-executive Director. The AC meets quarterly to exercise oversight of the management of financial risks, corporate governance and internal controls within the Group.

The Group's internal audit functions continually strive to improve efforts in ensuring the compliance with, and implementation of, the risk management practices and policies. The Company's internal audit process provides an independent assessment and perspective to the AC on the processes and controls which may have material financial impact on the Company. There are formal procedures in place for both internal and external auditors to report independently their conclusions and recommendations to the AC.

The Group has its own approval limits and procedures for every banking and finance transaction, having regard to the nature of the transaction concerned. All banking and finance transactions undertaken by the Group must be properly authorised, including the opening of new bank accounts and the taking up of any proposed credit facilities and the Group's key insurance coverage, the adequacy of which is reviewed on a yearly basis. These approval limits and procedures are updated from time to time and are available on request to the bankers of and lenders to the Group.

Management also monitors internal controls through Control Self Assessments ("**CSA**") that have been developed based on the principle of minimum acceptable controls. During the course of the year, a number of the questionnaires used in conducting the CSAs were updated to reflect the changes in the organisation and increase the strength of the control environment. CSA verification audits were also carried out to provide an independent evaluation of the assessments conducted by the business units.

Internal Controls Statement

Board Risk Committee

The Board, through the Board Risk Committee ("**BRC**"), generally oversees and reviews the other risks faced by the Group. The BRC assists the Board in reviewing the effectiveness of the system of safety and risk management, and in doing so, the BRC considers the results of the risk management activities carried out for the Group.

The BRC is made up of three Directors, all of whom are non-executive Directors. The BRC met four times in FY2010-11 to exercise oversight of the management of risks within the Group.

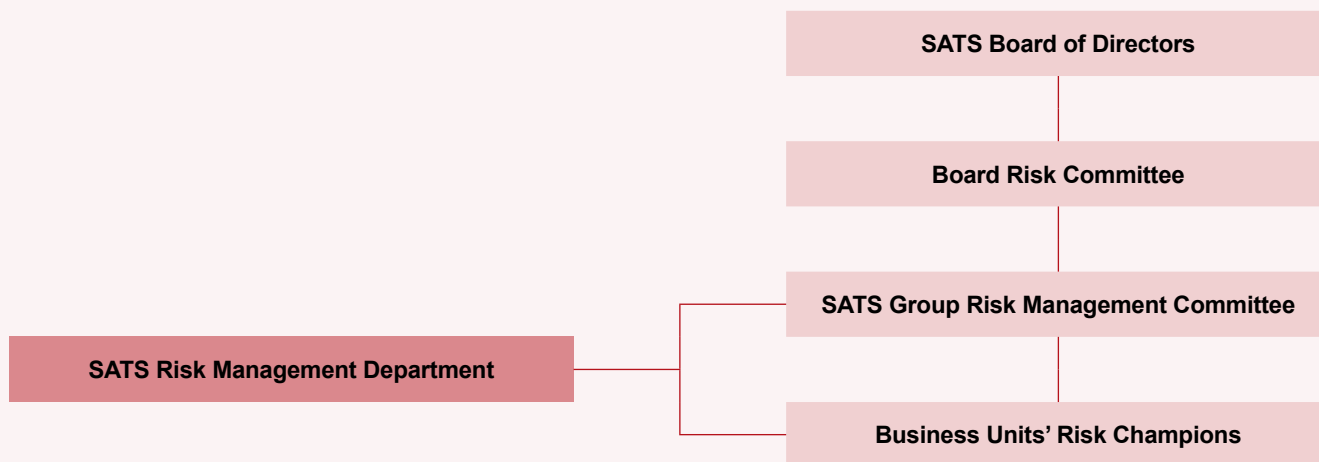
The involvement of the BRC is key to the safety and risk management programme of the Group. Under its oversight, the safety and risk management programme is executed with an integrated view of the organisation and its needs in mind.

The BRC is supported by the SATS Group Risk Management Committee ("**SGRMC**"). The BRC reviews the activities of the SGRMC, including regular risk management reports, updates on risk management initiatives, processes and exercises. Management or the SGRMC will report to the BRC on any major changes to the business and external environment that affect the Group's key risks, and the BRC will in turn report the same to the Board if it considers the matter sufficiently significant to do so.

The SGRMC, chaired by the PCEO, meets on a quarterly basis. It is vested with specific accountability for reviewing the system of risk management for reporting key risks and their associated mitigating factors to the BRC, for considering what changes to risk management and control processes, and methodologies of risk management, should be recommended and for ensuring that processes and the methodologies of risk management are put in place.

A centralised Risk Management department, headed by the Assistant Vice President, Risk Management, coordinates and facilitates the risk management processes within the Group. It provides support to the SGRMC in carrying out its functions.

The Group has formalised its risk management reporting structure as depicted in the diagram below. Additionally, there are established channels of communications for individuals to report on any wrongdoing or impropriety.



More information on the AC's and BRC's authorities and duties can be found in the "**Corporate Governance**" section of this Annual Report.

CONTROL ENVIRONMENT AND CONTROL ACTIVITIES

The key elements of the Group's comprehensive internal control framework include:

- written terms of reference for Management's and the various Board's Committees;
- written policies, procedures and guidelines, including guidelines on matters requiring the Board's approval which are subjected to regular review and improvement;

Internal Controls Statement

- defined roles and responsibilities, including authorisation levels for all aspects of the businesses that are set out in the authority matrix;
- appropriate organisational and risk management structures in place;
- considered Business Continuity Management processes that meet the nature, scale and complexity of the Group's businesses, including the establishment of the Crisis Management Directorate for the purpose of effective management of crisis; and
- a planned and coordinated budgeting process where operating units prepare budgets for the coming year that are approved by both Management and the Board.

The Risk Management department continually strives to improve efforts in ensuring the compliance with, and implementation of, the risk management practices and policies.

The following are some of the key risk management activities carried out within the Group:

- risk review and identification exercises conducted at the business units and departments, to review the existing risks in the risk register and to identify new risks that may have emerged;
- business continuity/contingency plans were tested during the financial year under review. The procedures were fine-tuned and enhanced for improvements further to the post mortem briefings held;
- CSAs carried out by the various business units, which questionnaires were revised for applicability and completeness; and
- a Crisis Management exercise was conducted by the risk management department on 21 February 2011.

RISK ASSESSMENT AND MONITORING

The Risk Management system concentrates on those key risks which may have a significant influence on the Group's assets, finances and profits, and those that may potentially endanger the continued existence of the Group companies. Procedures used facilitate early detection and control of risks.

The operational business units meet regularly to review risk and control matters, including ascertaining that there are effective follow-up procedures. The outcome and status are reported to the BRC and the AC for review and information.

The Group carried out its bi-annual review of the key risk profiles of the Group. The preventive and mitigating control actions were further refined and developed for adequacy and effectiveness.

The on-going process to identify, assess, monitor and manage business risks that will impede the achievement of the Group's objectives is continuously reviewed for improvements. The key risks are evaluated based on probability and consequence of a preset scale and ranked accordingly, and this enables the Group to allocate its resources to deal with the different levels of business risks. The risk management process, which has been put in place throughout the year and up to the date of this statement, is firmly embedded within the Group's business operations and is every employee's responsibility.

Written assurances and representations, together with an attached checklist of key elements of internal controls approved by the Board, have been obtained from all the executive heads of all the Company's operating subsidiaries as well as from the executive heads or other appropriate officers of all of the Company's active associated companies, that their respective companies' internal controls were adequate during the financial year under review.

CONCLUSION

The Board believes that, in the absence of any evidence to the contrary, taking into account the views of the AC and the BRC in the exercise of their responsibilities under their respective terms of reference, the system of internal controls (including financial, operational and compliance controls), and risk management system maintained by the Group's Management and that were in place throughout FY2010-11 and up to and as of the date of this Annual Report, provide reasonable, but not absolute, assurance against material financial misstatement or loss, and on the whole are adequate to meet the needs of the Group in its current business environment.

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