YOUR JOURNEY OUR PASSION

SATS LTD.
ANNUAL REPORT
2011-12

Vision

We are one of the largest services companies in the world.

We are driven by our capabilities in gateway services and food solutions to delight users and exceed customers' expectations.

We inspire employees, partners and associates with a passion to excel.

We are socially and environmentally responsible, creating sustainable value for all stakeholders.

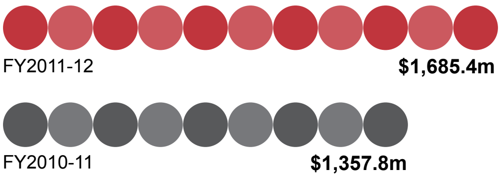
Mission

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

Contents

Key Figures

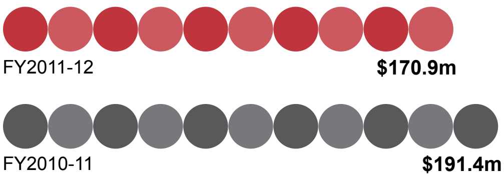
Revenue



+24.1%

Revenue increased 24.1% due to organic growth in both gateway services (+9.4%) and food solutions (excluding TFK: +6.9%) businesses, as well as full year consolidation of TFK.

Profit Attributable to Owners of the Company



-10.7%

Profit attributable to owners of the Company declined as a result of lower profit contributions from Associates and Joint Ventures, absence of contribution from Daniels Group and higher operating expenses driven by higher business volumes and inflationary pressure. Excluding Daniels Group and one-off items, underlying net profit fell at a lower rate of 4.3% to $177.5m.

Dividend Per Share

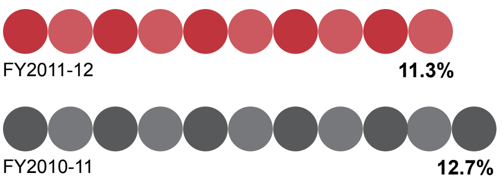
* Ordinary dividend of 11 cents and special dividend of 15 cents

** Ordinary dividend of 11 cents and special dividend of 6 cents

+52.9%

Ordinary dividend per share remains at 11 cents, representing a payout ratio of 71.4%, higher than 63.7% in the corresponding period. Including proposed special dividend of 15 cents per share, the proposed total dividend amounts to 26 cents per share, representing a payout ratio of 168.6% of profit attributable to owners of the Company for FY2011-12.

Return on Equity



-1.4ppt

Return on equity declined to 11.3% from 12.7% in the corresponding period due to lower Group net profit reported for FY2011-12.

YOUR MEMORABLE EXPERIENCE

Just as every journey begins with a single step forward, SATS is committed to fostering customer intimacy and creating memorable moments that accompany our customers and guests at every touch point along the way.

OUR DISTINCT PLEASURE

From smooth check-ins to a safe departure,
every detail is well taken care of,
simply because we care.

YOUR EVERY SATISFACTION

We take pride in what we do, and delight in creating and delivering innovative solutions to meet our customers' needs.

OUR UTMOST PRIORITY

We serve with our heart and work as one to uphold the highest standards, ensuring our customers' needs are fulfilled each and every time.

YOUR LASTING JOY

Our greatest satisfaction lies in the knowledge that we are able to leave a lasting positive impact in the communities we serve.

OUR GREATEST DELIGHT

We are in turn inspired by our customers and their guests' memorable experiences, which serve as a testament to our commitment in surpassing excellence.

Chairman's Statement

Dear Shareholders,

FY2011-12 has been a significant year for SATS, despite the numerous challenges we have had to face. Uncertainties in the global economy coupled with the protracted Eurozone debt crisis have caused some turbulence to the aviation industry. The aftermath of Japan's March 11 earthquake also directly affected our inflight catering operations in Tokyo.

I am heartened that despite macro circumstances and the deconsolidation of the Daniels Group's (Daniels) results since October 2011, the Group recorded a net profit of $170.9 million after tax and non-controlling interests for the financial year ended 31 March 2012.

We also kept to our business strategy, managed our risks and assets allocation, and more importantly, sharpened our strategic focus on growing our gateway and food businesses in Asia and the Middle East.

At the same time, we launched a new brand identity to better reflect our strategic directions and our commitment to continually delight customers with strong value propositions. Through this new brand identity, we aim to build a unified and consistent representation across our two businesses as we continue to grow our presence in the Asia Pacific region.

FY2011-12 RESULTS AND DIVIDENDS

In the year under review, I am pleased to report that Group revenue rose 24.1% year-on-year to $1,685.4 million.

Our gateway services revenue improved 9.4% to $602.7 million, led by increased flights and passengers handled at Singapore Changi Airport as well as better performance by our Hong Kong subsidiary, SATS HK.

Our food solutions revenue grew 35.2% due mainly to the full-year consolidation of TFK Corporation (TFK), an inflight caterer in Tokyo which we acquired in December 2010. We started consolidating TFK's results in the fourth quarter of FY2010-11 and as a result, its contribution to Group revenue was only $72.6 million in FY2010-11, compared to $302.6 million in FY2011-12. Excluding TFK, our food solutions revenue grew organically by 6.9% on the back of higher inflight meal volumes in Singapore.

Group operating profit remained at $169 million as operating expenses increased 27.6% to $1,516.4 million. Excluding TFK, operating expenses rose 8.9%, with higher staff and raw material costs being the key contributors to the increase.

"We also kept to our business strategy, managed our risks and assets allocation, and more importantly, sharpened our strategic focus on growing our gateway and food businesses in Asia and the Middle East."

Share of results of associates and joint ventures, net of tax, fell 12.2% to $41.2 million due to a stronger Singapore dollar and weaker performance from those associates that were affected by the soft cargo demand.

On 25 October 2011, we sold our entire stake in Daniels, a chilled food manufacturer in the UK. The absence of Daniels' contribution, coupled with the loss arising from its divestment, saw our profit attributable to owners of the Company declining 10.7% to $170.9 million. Excluding the $22.1 million year-on-year impact from Daniels as well as one-off items, our underlying net profit declined at a lower rate of 4.3% to $177.5 million.

As at 31 March 2012, the Group's total assets amounted to $2.12 billion, down 8.5% from a year ago due mainly to the deconsolidation of Daniels, and payments of ordinary and special dividends to shareholders during the year. Cash and cash equivalents rose from $296.1 million to $470.1 million and gross debt-to-equity ratio remained at a healthy 0.1 times.

In view of our financial performance and liquidity position, and taking into account our capital management considerations, your Board is pleased to recommend a final ordinary dividend of 6 cents per share and a special dividend of 15 cents per share. Including the interim ordinary dividend of 5 cents per share paid on 9 December 2011, the proposed total dividends will be 26 cents per share, compared to 17 cents per share in the previous financial year. This represents a dividend payout ratio of 168.6% of profit attributable to owners of the Company. The proposed final and special dividends, if approved at the forthcoming Annual General Meeting on 26 July 2012, will be paid on 15 August 2012.

BUSINESS REVIEW

Gateway Services

SATS continues to be the leading ground handler at Singapore Changi Airport in FY2011-12, serving close to 75% of the scheduled flights there. In the year under review, we continued to build on our service offerings and grow our customer base by securing new ground handling contracts, including those from Air China Cargo, Lao Airlines and Lufthansa. In addition, we renewed our contracts with existing customers such as Air China, China Southern Airlines, China Cargo Airlines, Hainan Airlines, Japan Airlines, Jetstar Asia, SilkAir, Tiger Airways, TNT Airways and Turkish Airlines.

In Hong Kong, our subsidiary SATS HK successfully secured Hong Kong Airlines and Vladivostok Air as new customers. It also renewed several contracts with customers including Air Canada, Cebu Pacific Air, Jet Airways and Tiger Airways.

The favourable performance of our gateway business is testimony to the commitment we have to our customers and more importantly, our drive to constantly innovate and provide better services to our customers.

Earlier in the year, we extended our capabilities in gateway services beyond the aviation sector to include the cruise sector. We collaborated with both cruise lines and airlines to introduce the FlyCruise and CruiseFly services, providing cruise passengers a seamless check-in experience when they arrive or depart from Singapore either by air or sea. Winning the tender in December 2011 to operate and manage the new Marina Bay Cruise Centre Singapore (MBCCS) provided the Group with an opportunity to deploy its competencies just as effectively in the cruise sector. We are looking forward to this challenge as MBCCS commences operations to receive its first vessel on 26 May 2012 and we will do our utmost to deliver a delightful experience for cruise passengers.

Food Solutions

Our food solutions business continued to grow in FY2011-12.

In the area of aviation food, we maintained our leading market position at Singapore Changi Airport. We secured new customers such as Drukair, Lao Airlines and TransAsia Airways, and renewed contracts with existing customers including All Nippon Airways, Jet Airways, SilkAir and United Airlines.

In Japan, our subsidiary TFK has turned around faster than expected. Despite meal volumes plummeting more than 40% in the immediate aftermath of the March 11 disasters, TFK weathered this difficult period and saw steady recovery in its meal volumes month after month. It also successfully renewed contracts with several existing customers such as Air France, FedEx, Lufthansa, Qantas Airways and Scandinavian Airlines, while winning a new contract from Hong Kong Airlines.

For the full year ended 31 March 2012, TFK reported revenue of $302.6 million and net profit after tax and minority interests of $4.5 million. Excluding a one-off adjustment arising from its revised retirement benefit plan, TFK reported an underlying net loss of $1 million. Nonetheless, we remain positive about the long-term growth prospects of the Japanese aviation market.

In April 2011, we acquired a 40% equity stake in Adel Abuljadayel Flight Catering (AAFC) for US$18.5 million. AAFC is a niche inflight caterer based in Jeddah and Riyadh, Saudi Arabia. Serving mainly private jets and Hajj and Umrah charters, AAFC is part of our strategic thrust to leverage our core competencies to access attractive opportunities, serve our key customers at more locations, and grow our footprint in the Middle East. AAFC will be commencing the construction of its new inflight kitchen in Riyadh this year to cater to the private jets, scheduled airlines and the premier lounge at Riyadh airport.

In the non-aviation food sector, our growth momentum continues. We made our foray into providing remote catering services through Food and Allied Support Services Corporation (FASSCO), a 51:49 joint venture company with OCS Ventures. With our strong food solutions capabilities and uncompromising food safety standards, we will open new markets and begin to offer remote catering services to large institutional clients in the onshore/offshore oil and gas, mining and construction industries. For a start, FASSCO will target specifically the Asia Pacific market.

On 25 October 2011, we fully divested our stake in Daniels in the UK for £151 million. The Board and Management made the decision during their periodic review of the Group's strategy and business options. They also took into consideration the deteriorating Eurozone conditions, the medium-term business outlook in the UK as well as its exposure to the pound sterling. While Daniels had been earnings accretive since our acquisition of Singapore Food Industries (SFI) in 2009, we believe that it made more sense if Daniels were part of another company in the branded products market, who would be in a better position to boost its growth in this space. The impact of the divestment to SATS should, on balance, be positive in the near to medium term.

Going forward, the Group continues to view the non-aviation sector as an integral part of its food business. The SFI platform is key to grow our food catering and provisioning services in the non-aviation sector both in Singapore and overseas.

OUR EFFORTS RECOGNISED

Our efforts in providing a delightful service experience to our customers continue to be widely recognised. During the year, the following accolades, among others, were received by the Group:

- SATS clinched 37 awards - 15 golds, 15 silvers and 7 stars - at the Excellent Service Award organised by the Singapore Hotel Association and supported by SPRING Singapore;
- China Southern Airlines named its Singapore station, which is supported by SATS, as the "Best Station for 2011" out of its network of 176 stations. The award was presented to SATS for its high standards of service;
- SATS was named the "Most Reliable Caterer" by United Airlines;
- SATS was conferred the "Airport Operations Individual Award" and "Flight Delay Handling Team Award" at the Singapore Airlines CEO Transforming Customer Service Awards 2011, in recognition of its excellent customer service and outstanding team effort in operations management;
- TFK was named the "Overseas Best Caterer" by Vietnam Airlines and the "Mabuhay Best Airline Caterer" by Philippine Airlines in recognition of its outstanding catering service.

In addition, we are gratified that our efforts in other areas have also been recognised:

- SATS came in 5th amongst 657 Singapore listed companies in the Governance and Transparency Index (GTI) 2011. Jointly launched by NUS Business School's Centre for Governance, Institutions and Organisations and The Business Times, the GTI assesses the governance standards and transparency of listed companies, including their investor relations practices;
- SFI was amongst 13 companies to be conferred the "Best Employers in Singapore 2011 Award" by Aon Hewitt, based on its measures of companies' effectiveness in providing a working environment that facilitates employee engagement.

CHARTING OUR FUTURE

SATS has formally confirmed the appointment of Tan Chuan Lye as its President and CEO on 1 April 2012. Chuan Lye has been with SATS for more than 35 years and has extensive experience and knowledge in the aviation and food industries. The Board is confident that Chuan Lye is well placed to steer SATS in achieving its long-term vision with his leadership.

In FY2012-13, the outlook of the global economy and the aviation industry in particular remain uncertain. At home, slower growth is expected for the Singapore economy, which potentially would weigh on demand for air freight. Nevertheless, there remain bright spots for organic growth as passenger traffic at Changi Airport is set to increase on the back of growing regional traffic as well as network expansion by some airlines at Changi Airport. In 2012, Singapore's visitor arrivals are also forecasted to grow, albeit moderately, to between 13.5 million and 14.5 million.

With general cargo demand anticipated to remain weak as well as a strong Singapore dollar, the earnings of some of our overseas associates may continue to be impacted when translated to the home currency.

In charting our growth going forward, we will seek opportunities that will further strengthen our position as a leading services provider in Asia Pacific. This region is the bright spot in the global economy and we will continue to extend our reach here and build our businesses for profitable long-term growth. With our strong balance sheet, we remain confident and ready to access inorganic opportunities in the areas of gateway services and food solutions in key overseas markets.

As we look to strengthen and grow our businesses, we must ensure that we build a strong foundation internally. A key challenge that we face is in keeping our operating costs low, especially when inflationary pressure on costs persists in the near term. To do that, we must drive productivity improvement by constantly reviewing our processes and streamlining them, whilst pursuing skills upgrading for our workforce. We will continue to foster a close relationship with our unions and also proactively implement more progressive manpower policies.

The Board and Management remain resolute in enforcing safety at the workplace as the nature of our business requires us to stay vigilant at all times and make no compromise in adhering to safety standards. We will continue our efforts to instil safety consciousness in every member of our staff to ensure that SATS remains a safe place to work.

WITH APPRECIATION

On behalf of the Board, I would like to extend my utmost appreciation to every member of our staff, unions, and management. As a service company, our people are the foundation upon which our every success lies. I am grateful for their continued and consistent passion, loyalty and commitment.

I wish to thank my fellow Board members for their wise counsel and support throughout the year. I am sad to bid farewell to two fellow Directors, Ng Kee Choe and Yeo Chee Tong, who will be stepping down from the Board at the forthcoming annual general meeting. Amongst the members of the Board, Kee Choe is the longest serving Director. He has, through his invaluable insights and experience, made a decisive contribution to SATS' successful development over the last 12 years. I also wish to acknowledge Chee Tong for his unstinting service over the last six years. Together with the rest of the Board, I thank them both for their invaluable service and solid contributions to SATS, and they will definitely be missed.

In FY2011-12, we saw the departure of Clement Woon as SATS' President and CEO. During his term, Clement was instrumental in transforming SATS into a leading provider of gateway services and food solutions. The Board would like to thank him for his contributions to SATS and wishes him the very best in his future endeavours.

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

Edmund Cheng Wai Wing
Chairman

23 May 2012

Board of Directors

(As at 23 May 2012)

Mr Edmund Cheng Wai Wing
Chairman
Non-executive and independent Director

Date of first appointment as a Director
22 May 2003
Date of last re-election as a Director
30 Jul 2010
Length of service as a Director
9 years 0 month

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

Present directorships
Listed companies
- Deputy Chairman, Wing Tai Holdings Limited
- Executive Director, Wing Tai Malaysia Berhad

Others
- Chairman, Mapletree Investments Pte Ltd
- Chairman, TFK Corporation, Japan

Major appointments (other than directorships)
- Chairman, National Arts Council
- Member, Presidential Council of Real Estate Developers' Association of Singapore (REDAS)
- Member, International Council for Asia Society

Past directorships in listed companies held over the preceding three years
- SNP Corporation Ltd (now known as Toppan Leefung Pte. Ltd.)

Past key appointments
- Member, Board of Trustees, Nanyang Technological University
- Founding Chairman, DesignSingapore Council
- Chairman, Singapore Tourism Board
- Director, Urban Redevelopment Authority
- Director, Singapore Airlines Limited

Achievements
- "Officier de l'Ordre des Arts et des Lettres" by the Government of the Republic of France
- The Public Service Star (BAR) from the Singapore Government
- The Public Service Star (BBM) from the Singapore Government
- "Outstanding Contribution to Tourism Award" from the Singapore Government

Academic and professional qualification(s)
- Bachelor of Science degree in Civil Engineering, Northwestern University, USA
- Master of Architecture, Carnegie Mellon University, USA

Mr David Zalmon Baffsky
Non-executive and independent Director

Date of first appointment as a Director
15 May 2008
Date of last re-appointment as a Director
27 Jul 2011
Length of service as a Director
4 years 0 month

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

Present directorships
Listed companies
- Chairman, Ariadne Australia Limited

Others
- Chairman, Investa Funds Management Limited
- Indigenous Land Corporation
- Sydney Olympic Park Authority

Major appointments (other than directorships)
- Honorary Chairman, Accor Asia Pacific
- Founding Director and Life Member, Australian Tourism Task Force
- Trustee and Chairman of Audit & Risk Management Committee, Art Gallery of New South Wales
- Member, Australian Government's Advisory Group on National Security

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

Past key appointments
- Executive Chairman, Accor Asia Pacific
- Chairman, Citistate Corporation Limited
- Director, Edenred Pte Ltd
- Founder, Tourism Asset Holdings Limited
- Director, Singapore Tourism Board

Achievements
- Officer, General Division of the Order of Australia (AO)
- Centenary Medal for "Service to Australian Society through Business Indigenous Affairs and the Arts"
- Chevalier in l'Ordre National de la Legion d'Honneur
- "Asia Pacific Hotelier of the Year" by Jones Lang LaSalle

Academic and professional qualification(s)
- Bachelor of Law, University of Sydney, Australia

Mr David Heng Chen Seng
Non-executive and
non-independent Director

Date of first appointment as a Director
15 Oct 2009
Date of last re-election as a Director
30 Jul 2010
Length of service as a Director
2 years 7 months

Board committee(s) served on
- Board Executive Committee
- Board Risk Committee

Present directorships
Listed companies
Nil

Others
- Cavanagh Investments Pte Ltd
- Duxton Investments Pte Ltd
- Perikatan Asia Sdn Bhd
- TFK Corporation, Japan
- Fung Brands Limited

Major appointments (other than directorships)
- Senior Managing Director, Investment and Co-Head of SEA, Temasek International Private Limited

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

Past key appointments
- Director, Bugis Investments (Mauritius) Pte Ltd
- Director, Sorak Financial Holdings Pte. Ltd.
- Director, Olyn Investments Limited
- Director, Chartwell Investments Pte. Ltd.
- Vice-President of Investment Banking, Deutsche Bank AG

Academic & professional qualification(s)
- Bachelor of Engineering, University of Canterbury, New Zealand
- Master of Business Administration, University of Hull, UK

Mr Alexander Charles Hungate
Non-executive and
independent Director

Date of first appointment as a Director
27 Jul 2011
Date of last re-election as a Director
N.A.
Length of service as a Director
9 months

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

Present directorships
Listed companies
Nil

Others
- The Hongkong and Shanghai Banking Corporation Limited and its group of companies
- Hang Seng Asset Management Pte Ltd
- HSBC Trustee (Singapore) Limited

Major appointments (other than directorships)
- Chief Executive Officer, The Hongkong and Shanghai Banking Corporation Limited, Singapore
- Council Member, The Association of Banks in Singapore
- Member, National Youth Achievement Award Association Advisory Board

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

Past key appointments
- Member, HSBC's Group Management Board and Risk Management Committee
- Director, HSBC Bank Turkey A.S.
- Director, HSBC Bank Egypt S.A.E.
- Global Head of Personal Financial Services and Marketing, HSBC
- Managing Director, Reuters, Asia Pacific
- Non-Executive Chairman, Factiva
- Strategy Consultant, Booz Allen & Hamilton

Academic & professional qualification(s)
- Master of Arts in Engineering, Economics and Management, Oxford University, UK
- Master of Business Administration Program (Baker Scholar), Harvard Business School, USA

Mr Nihal Vijaya Devadas Kaviratne CBE
Non-executive and independent Director

Date of first appointment as a Director
30 Jul 2010
Date of last re-election as a Director
N.A.
Length of service as a Director
1 year 10 months

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

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

Others
- President Commissioner, PT TVS Motor Company, Indonesia
- TVS Motor Company (Europe) BV, The Netherlands
- Wildlife Reserves Singapore Pte Ltd
- DBS Bank Limited

Major appointments (other than directorships)
- Chairman, The Indian Cancer Society
- Founder, St Jude India ChildCare Centres
- Founder President of the International Wine & Food Society, Bombay Branch
- Member, International Advisory Panel, Global Alliance for Improved Nutrition

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

Past key appointments
- Chairman and Chief Executive Officer of PT Unilever, Indonesia

Achievements
- Stars of Asia Award, one of the “25 leaders at forefront of change” by Business Week
- Queen’s 2004 New Year Honours List and conferred the Commander of the British Empire (CBE), UK

Academic & professional qualification(s)
- Bachelor of Arts (Honours), Bombay University, India
- Advanced Management Program, Harvard Business School, USA
- Advanced Executive Program, Northwestern University, USA

Mr Koh Poh Tiong
Non-executive and independent Director

Date of first appointment as a Director
1 November 2011
Date of last re-election as a Director
N.A.
Length of service as a Director
6 months

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

Present directorships
Listed companies
- Vice Chairman and Senior Advisor, Ezra Holdings Limited
- The Great Eastern Life Assurance Company
- Raffles Medical Group Limited
- United Engineers Limited
- Petra Foods Limited

Others
- PSA Corporation Limited
- PSA International Pte Ltd
- National Kidney Foundation

Major appointments (other than directorships)
- Chairman, Singapore Kindness Movement

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

Past key appointments
- Chief Executive Officer, Food and Beverage, Fraser and Neave, Limited
- Chief Executive Officer, Asia Pacific Breweries Limited
- Chairman, Agri-Food & Veterinary Authority
- Member of Organising Committee, Singapore Youth Olympic Games
- Chairman of Advisory Committee, Gan Eng Seng School
- Member of MBA Advisory Board, Nanyang Technological University
- Member of Resource Panel, Government Parliamentary Committee (Finance, Trade & Industry)
- Board Director, National Healthcare Group Pte Ltd
- Board Director, Wildlife Reserves Singapore Pte Ltd

Achievements
- Outstanding CEO Award from DHL/ The Business Times
- The Public Service Medal from the Singapore Government
- Service to Education Award by the Ministry of Education

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

Mr Ng Kee Choe
Non-executive and non-independent Director

Date of first appointment as a Director
1 Mar 2000
Date of last re-election as a Director
28 Jul 2009
Length of service as a Director
12 years 2 months

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

Present directorships
Listed companies
- Singapore Exchange Ltd
- Chairman, CapitaLand Ltd
- Chairman, SP Australia Networks (Distribution) Ltd*
- Chairman, SP Australia Networks (Transmission) Ltd*
- Chairman, SP Australia Networks (RE) Ltd*
- President Commissioner, PT Bank Danamon Indonesia, Tbk

** Subsidiaries of Singapore Power Limited*

Others
- Chairman, Singapore Power Limited
- Chairman, NTUC Income Insurance Co-Operative Ltd
- Fullerton Financial Holdings Pte Ltd

Major appointments (other than directorships)
- Chairman, Tanah Merah Country Club
- Member, Temasek Advisory Panel of Temasek Holdings (Private) Limited
- Member, International Advisory Council of China Development Bank

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

Past key appointments
- Vice Chairman, DBS Group Holdings Ltd

Achievements
- The Public Service Star Award from the Singapore Government

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

Mr Keith Tay Ah Kee
Non-executive and independent Director

Date of first appointment as a Director
26 Jul 2007
Date of last re-election as a Director
30 Jul 2010
Length of service as a Director
4 years 10 months

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

Present directorships
Listed companies
- FJ Benjamin Holdings Ltd
- Rotary Engineering Limited
- Singapore Post Limited
- Singapore Reinsurance Corporation Limited

Others
- Chairman, Stirling Coleman Capital Limited
- TFK Corporation, Japan
- YTL Starhill Global REIT Management Limited

Major appointments (other than directorships)
- Council member, Singapore Institute of Directors
- Board member, Singapore International Chamber of Commerce

Past directorships in listed companies held over the preceding three years
- Allgreen Properties Ltd
- Aviva Limited
- Singapore Power Limited

Past key appointments
- Chairman and Managing Partner, KPMG Peat Marwick Singapore
- President, Institute of Certified Public Accountants of Singapore (ICPAS)
- Adj. Professor, Nanyang Technological University

Achievements
- First International Award for Outstanding Contribution to the Profession by the Institute of Chartered Accountants in England & Wales
- The Public Service Star Award (BBM) from the Singapore Government
- Gold Medal for distinguished service to the profession by ICPAS

Academic & professional qualification(s)
- Honorary Fellow, Institute of Certified Public Accountants of Singapore
- Fellow, Institute of Chartered Accountants in England & Wales
- Associate Member, The Chartered Institute of Taxation, UK

Mr Yeo Chee Tong
Non-executive and independent Director

Date of first appointment as a Director
19 May 2006
Date of last re-election as a Director
27 Jul 2011
Length of service as a Director
6 years 0 month

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

Present directorships
Listed companies
Nil

Others
- Director, Toppan Leefung and its group of companies

Major appointments (other than directorships)
- President and Chief Executive Officer, Toppan Leefung Pte. Ltd.

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

Past key appointments
- Vice President, Singapore Technologies Telemedia Pte Ltd

Academic & professional qualification(s)
- Bachelor of Electrical & Electronic Engineering (Honours), National University of Singapore
- Master in Science (Engineering), National University of Singapore
- Master in Business Administration, National University of Singapore
- Advanced Management Program, Harvard Business School, USA

Mr Leo Yip Seng Cheong
Non-executive and independent Director

Date of first appointment as a Director
1 Sep 2010
Date of last re-election as a Director
27 Jul 2011
Length of service as a Director
1 year 8 months

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

Present directorships
Listed companies
Nil

Others
- Chairman, EDB Investments Pte Ltd
- Chairman, EDBI Pte Ltd
- Human Capital Leadership Institute
- Lucasfilm Animation Singapore Pte. Ltd.

Major appointments (other than directorships)
- Chairman, Singapore Economic Development Board
- Member, National Research Foundation
- Member, Board of Trustees, Singapore University of Technology and Design

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

Past key appointments
- Permanent Secretary, Ministry of Manpower
- Chief Executive Officer, Singapore Workforce Development Agency
- Principal Private Secretary to then Senior Minister Lee Kuan Yew
- Director (Operations), Singapore Police Force

Achievements
- The Public Administration Medal (Gold) from the Singapore Government
- The Public Administration Medal (Silver) from the Singapore Government

Academic & professional qualification(s)
- Bachelor of Arts (Economics), University of Cambridge, UK
- Masters of Business Administration, University of Warwick, UK
- Masters in Public Administration, JFK School of Government, Harvard University, USA

Significant Events

2011

27 April 2011
SATS acquired a 40% equity stake in Adel Abuljadayel Flight Catering Company (AAFC) for US$18.5 million. A niche inflight caterer with presence in Jeddah and Riyadh, AAFC serves mainly private jets and Hajj charters.

28 April 2011
SATS was conferred the "Best Air Cargo Terminal – Asia" for the 13th time at the Asian Freight & Supply Chain Awards 2011 organised by Cargonews Asia.

16 May 2011
The Group reported full year net profit of $191.4 million, up 5.6% from a year ago. Excluding exceptional items, our underlying net profit would be $197.4 million, up 20.3% year-on-year.

7 June 2011
We launched our new brand identity, marking the start of our journey to build a unified, consistent representation across our food and gateway businesses as we continue to grow our presence in the Asia Pacific region.

11 July 2011
SATS was ranked 5th amongst 657 Singapore listed companies in the Governance and Transparency Index (GTI) 2011.

22 July 2011
SATS announced the appointment of Mr Tan Chuan Lye as the Acting CEO following the resignation of President and CEO, Mr Clement Woon.

26 July 2011
The Group reported net profit of $42.5 million for the first quarter ended 30 June 2011.

27 July 2011
We welcomed Mr Alexander Charles Hungate as our Director.

18 August 2011
SATS Investment and OCS Ventures inked an agreement to form a joint venture (JV) company to offer food and allied services to customers operating in remote sites in the oil and gas, mining, marine, defence and construction industries. The 51:49 JV company – with SATS holding the majority stake – was subsequently incorporated on 9 November 2011 as Food and Allied Support Services Corporation.

25 October 2011
We announced the disposal of our UK operations, Daniels Group, to Hain Frozen Foods UK for a cash consideration of £151 million.

1 November 2011
We welcomed Mr Koh Poh Tiong as our Director.

10 November 2011
The Group achieved net profit of $40.1m for the second quarter ended 30 September 2011.

22 December 2011
SATS won the tender to manage and operate the new Marina Bay Cruise Centre Singapore (MBCCS) and formed a 60:40 JV company with our consortium partner, Creuers del Port de Barcelona (Creuers). Named SATS-Creuers Cruise Centre, the JV company has been granted a 10-year lease to operate MBCCS.

2012

7 February 2012
For the third quarter ended 31 December 2011, the Group earned a net profit of $38.2m.

10 February 2012
SATS completed the acquisition of the remaining 30% equity stake in Aerolog Express from YCH Group. Consequently, Aerolog Express becomes a wholly-owned subsidiary.

23 March 2012
Mr Tan Chuan Lye was appointed the President and CEO of SATS.

14 May 2012
The Group reported net profit of $50.1m for the fourth quarter ended 31 March 2012. This was the highest among the four quarters in FY2011-12. For the full year, our net profit amounted to $170.9 million.

22 May 2012
SATS-Creuers Cruise Services announced the first ship call by Royal Caribbean's Voyagers of the Seas at MBCCS on 26 May 2012.

In Conversation with President and CEO

Q: What is SATS' strategy to grow?

A: We have positioned ourselves well as the leading services provider in Singapore and Asia. Singapore is an important aviation hub. It is our home. The size of our operations, the facilities that we have built to cater for future demand as well as our beliefs, high service standards, and product and service innovation which revolve around the needs of our customers, all stemmed from many years of conscientiously growing and strengthening the Singapore Hub for SIA and Changi Airport. In recent years, our success has been driven by the strategic thrusts of customer intimacy, operational excellence, innovation and growth. We have sharpened our focus on strengthening our gateway services and food solutions businesses.

We have achieved reasonable outcomes from these initiatives. We grew our footprint by adding SATS HK to our network. We now provide passenger and ramp services at a hub located in one of the fastest growing regions in the world. India is also important in terms of potential and scalability. Air India-SATS Airport Services, our ground handling joint venture with Air India, today operates in Bangalore, Delhi, Hyderabad, Mangalore and Trivandrum. We intend to scale up this business to deepen our presence in India.

In Singapore, we launched Asia-Pacific Star (APS) to cater to the fundamentally different ground handling and inflight catering needs of the low-cost carriers (LCCs). We added technical ramp handling to our scope of gateway capabilities, creating new opportunities for us to offer a wider suite of services to new and existing customers, including the private jets. We recently extended our gateway business to the cruise sector and will soon be managing and operating the new Marina Bay Cruise Centre Singapore (MBCCS) from 26 May 2012. Our presence at the airport and the cruise terminal provide opportunities to offer new value propositions to our customers through services like CruiseFly and FlyCruise.

In the area of food solutions, we acquired Singapore Food Industries (SFI), which provided immediate scale and size to our non-aviation food business. We successfully secured new contracts in event catering, including for the 2010 Youth Olympic Games held in Singapore. We continued to grow our non-aviation food business through ongoing product innovation as well as expanding our institutional catering business and venturing into remote catering services. We also established our presence in new locations including the Narita and Haneda airports in Japan as well as in Jeddah and Riyadh, Saudi Arabia through strategic acquisitions.

Moving ahead, there continue to be many exciting growth opportunities that we can pursue in both gateway services and food solutions, be it increasing our footprint in strategic hubs, broadening the customer segments that we currently serve or developing new product and service offerings. We remain focused on leveraging our capabilities in gateway and food businesses as well as our financial strength and long standing relationships with our customers and partners, to deepen our presence in the Asia Pacific and the Middle East regions.

Q: What will be the focus of SATS' gateway business in the near to medium term?

A: There are two sectors within the gateway business that we will continue to focus on – aviation and non-aviation.

On the aviation front, we continue to forge strong ties with our customers across three segments, namely the full service carriers, LCCs and private jets. It is important that we customise our operating model to meet their diverse and yet specific needs, and develop innovative solutions that will help them surmount operational and business challenges. A good example to demonstrate this is the recent collaboration by SATS Catering, APS and SFI to design the premium-class meals for Scoot. Through this collaboration, APS is able to offer a customised solution to the newly-launched LCC. We also collaborated with some of our key customers in joint projects and shared savings derived from productivity improvements with them. I am sure there will be more of such opportunities with other customers and industry stakeholders going forward.

Outside of aviation, we have extended our capabilities in gateway to the cruise sector. We took a big step forward when we inked a partnership with Creuers del Port de Barcelona, to bid for the tender to manage and operate the new MBCCS at Marina South.

While MBCCS is an asset-light investment for SATS, it is a landmark project as it not only marks our entry into the cruise sector, it also presents us with opportunities to offer our services to new customers in the areas of passenger handling, security services, event catering, provisioning of raw material and food supplies, and cool chain logistics.

Though currently in its nascent stage, the cruise sector in Asia is expected to grow steadily in the medium term as this region offers many new and exciting itineraries for cruise lines to set sail here. With Singapore's close proximity to the industry's major source markets including China and India, the country offers cruise lines an ideal port of call as well as a homeport for their ships. As such, we can expect bigger ships to call at the more spacious MBCCS. There are also many exciting opportunities that we can work on to grow in Singapore and elsewhere in the region.

Q: Following the divestment of Daniels Group, how do you intend to grow your non-aviation food business in the near to medium term?

A: Today, our food solutions business accounts for nearly 65% of SATS total revenue, with the aviation segment contributing more than two-thirds to the food solutions revenue. Despite this, the non-aviation segment remains an integral part of our food business.

Following the divestment of Daniels, we have stayed focused on growing our catering and food supplies provisioning businesses in the non-aviation food segment. We have a proven capability in institutional catering and will use the SFI vehicle to grow this segment locally and overseas.

To do that, we will capitalise on our expertise as a total food solutions provider and work on specific targets. These include hospitals, schools and large-scale events. We will also tap into the premium catering sector where we can leverage our capabilities in consultancy, F&B master planning, menu design and food safety management.

In November 2011, we made our first move into remote catering by forming a 51:49 joint venture company – Food and Allied Support Services Corporation (FASSCO) – with OCS Ventures. With our strong food solutions capabilities and food safety management expertise, we intend to offer remote catering services to institutional clients at onshore/offshore oil and gas and mining locations.

Q: Given your strong balance sheet, what kind of M&A opportunities will SATS be pursuing in the next 12 months? How would they affect your capital management?

A: Our focus remains on growing our gateway and food businesses in both aviation and non-aviation sectors in the Asia Pacific and Middle East regions. We will continue to seek opportunities in these areas where we can accelerate growth and strengthen our position as a leading services provider in Asia.

In the aviation business, we will continue to look for ground handling and airline catering opportunities in the first and second-tier airports in China and India. In the area of non-aviation food, where the barriers to entry are considerably lower, we will look at opportunities to strengthen our institutional catering and food production competencies.

Given our strong balance sheet and cash reserves, we have the financial flexibility to access these opportunities. While our leaning is towards leverage, we will consider internal funding for smaller acquisitions and will continue to be prudent in our capital management.

Q: What are the key challenges facing SATS in 2012 and beyond?

A: We launched our new brand identity in June 2011. This was just the start of our journey to consolidate our operations and achieve tighter focus in the way we manage our work processes and customer expectations. We will review our operations periodically to identify areas where we can achieve greater synergy. This is necessary, especially when the business landscape remains uncertain.

We have a workforce of 14,000 within the Group and our people are at the core of our business philosophy. As we navigate through this challenging period, we will work hand-in-hand with our colleagues from the unions and ensure that our employees are well looked after.

We will continue to manage costs and labour productivity without compromising service and safety. We will focus on people development and retention in order to achieve this. We believe that job enlargement and job enrichment will benefit our employees in their career development and in turn, will benefit SATS.

Other key thrusts are change management and innovation. While each of our business units has been implementing projects to drive automation and to improve efficiency, much more can be achieved if we adopt a holistic approach across the Group. We have instituted an innovation and productivity (IP) framework that outlines key focus areas and the desired outcomes. An IP Steering Committee, which I will chair, will oversee this initiative and guide our business units in driving projects focused on innovation, exploitation of technology, process re-engineering and intellectual property creation. Eventually, we aim to create scalable solutions that can benefit the Group as a whole, including our overseas subsidiaries and other joint venture companies.

Tan Chuan Lye
President and CEO

23 May 2012

Financial Calendar

FINANCIAL YEAR ENDED 31 MARCH 2012

26 July 2011
Announcement of 1Q FY2011-12 results
Results conference call with live webcast

17 August 2011
Payment of final and special dividends

10 November 2011
Announcement of 2Q FY2011-12 results
Results conference call with live webcast

9 December 2011
Payment of interim dividend

7 February 2012
Announcement of 3Q FY2011-12 results
Results conference call with live webcast

14 May 2012
Announcement of 4Q FY2011-12 results
Results briefing for analysts and media with live webcast

21 June 2012
Despatch of Summary Report to shareholders

5 July 2012
Despatch of Annual Report to shareholders

26 July 2012
39th Annual General Meeting

3 August 2012
Book closure date

15 August 2012
Proposed payment of final and special dividends

FINANCIAL YEAR ENDING 31 MARCH 2013

25 July 2012
Proposed announcement of 1Q FY2012-13 results

6 November 2012
Proposed announcement of 2Q FY2012-13 results

January/February 2013
Proposed announcement of 3Q FY2012-13 results

May 2013
Proposed announcement of 4Q FY2012-13 results

Executive Management

From left: Philip Lim Chern Tjunn, Denis Suresh Kumar Marie, Ronald Yeo Yoon Choo, Yacoob Bin Ahmed Piperdi, Ferry Chung Qing An, Leong Kok Hong and Peter Tay Kay Phuan.

From left: Tony Goh Aik Kwang, Chang Seow Kuay, Tan Chuan Lye, Lim Chuang, Tan Li Lian, Andrew Lim Cheng Yueh and Poon Choon Liang.

Executive Management

1. TAN CHUAN LYE

Mr Tan is the President and Chief Executive Officer of SATS. He was appointed to his present position on 1 April 2012. Prior to this, he was Acting Chief Executive Officer since July 2011. He was also concurrently Executive Vice President, Food Solutions since October 2009, overseeing and growing SATS' aviation and non-aviation food businesses.

Mr Tan joined SATS in May 1976. In a career spanning over 35 years, he has held managerial positions in SIA Ground Services and SATS Airport Services Pte Ltd, and was responsible for both SIA and SATS' Changi Airport Terminal 2 operations. He was appointed Senior Vice President, Catering in 2000.

Mr Tan is the Chairman of Singapore Food Industries Pte. Ltd., SFI Manufacturing Private Limited, Food and Allied Support Services Corporation Pte. Ltd., SATS-Creuers Cruise Services Pte. Ltd. and Asia Airfreight Terminal Co Ltd. He is also the Vice Chairman of Beijing Airport Inflight Kitchen Ltd. In addition, he sits on various Boards of SATS' subsidiaries and associated companies.

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

2. LIM CHUANG

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

Mr Lim sits on some of the Boards of SATS' subsidiaries and associated companies. He graduated from the University of Singapore with a Bachelor of Accountancy (First Class Honours) degree and a Masters of Business Administration from the National University of Singapore. He also holds a Diploma in Financial Management from the New York University. An Esso scholar, Mr Lim is a Fellow of the Chartered Association of Certified Accountants (UK) and a member of the Institute of Certified Public Accountants of Singapore.

3. FERRY CHUNG QING AN

Mr Chung joined SATS in August 2011 as Executive Vice President, Enterprise Development. He oversees SATS' risk management, corporate strategy and planning, business development, sales and marketing, information technology and the centre of excellence.

Prior to this, Mr Chung was the Global Vice President with CISCO Systems Inc, a global networking and telecommunications company in the US. He was based in Singapore and Shanghai for the position. He was instrumental in setting up the Integrated Solutions Group in the Asia Pacific region and China, focussing on major enterprise customers brought about by the huge urbanisation opportunities in China. Mr Chung also held other key senior positions in Cap Gemini Ernst & Young, KPMG Consulting Asia Pacific, Deloitte & Touche Consulting and Accenture.

Mr Chung is the Vice President Commissioner of PT Jasa Angkasa Semesta Tbk and sits on the Boards of a number of SATS' subsidiaries and associated companies. He graduated from the University of Auckland with a Bachelor of Computer Science degree.

4. YACOOB BIN AHMED PIPERDI

Mr Piperdi is the Executive Vice President, Food Solutions of SATS. He was promoted to this position in April 2012. Prior to this, he was holding the concurrent appointments of Acting Executive Vice President, Gateway Services and Senior Vice President, Cargo Services.

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

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

5. CHANG SEOW KUAY

Mr Chang is the Senior Vice President, Gateway and Food (Overseas Operations) of SATS. He joined SATS in June 1990 and was appointed to his present position in April 2012. Prior to this, he was the Senior Vice President, Food Solutions (Overseas Operations) and has held other senior positions including Chief Executive Officer of Country Foods Pte. Ltd., Senior Vice President, Special Projects, and Vice President, Business Planning & Development. He also assumed other managerial positions in catering production and marketing, and was seconded to Beijing Airport Inflight Kitchen Ltd in 1995 to start up its catering operations.

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

6. TONY GOH AIK KWANG

Mr Goh is the Senior Vice President, Sales & Marketing of SATS. He is responsible for network and relationship marketing (airlines), management of key accounts, Singapore ground handling contracts and corporate branding.

He joined SATS in 1978 and assumed his current position in November 2011. Prior to this, he has held various executive and managerial positions in SATS. He also spent a few years 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.

7. LEONG KOK HONG

Mr Leong is the Senior Vice President, Corporate Business Development of SATS since November 2011 and is responsible for corporate business development, mergers and acquisitions, joint venture opportunities, strategic relations and partnerships. Mr Leong joined SATS in July 1976. Prior to his current appointment, he was Senior Vice President, Strategic Partnership. He also served as Senior Vice President, Apron Services, Senior Vice President, Cargo Services, and Senior Vice President, North Asia and Chief Representative China, responsible for business development and joint ventures for the North Asia region. Previously, he has held several managerial positions covering catering, cargo, IT Systems and corporate planning.

Mr Leong sits on various Boards of SATS' subsidiaries and associated companies. He is 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.

8. ANDREW LIM CHENG YUEH

Mr Lim is the Senior Vice President, Greater China of SATS. He joined SATS in May 1979 and has assumed his present position since August 2009. Prior to this, he was Senior Vice President, Apron & Passenger Services and has held other managerial positions in SATS covering cargo, security services, passenger services, human resources and training as well as in SIA Cargo.

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

9. PHILIP LIM CHERN TJUNN

Mr Lim joined SATS in April 2010 as Senior Vice President, Apron Services. He also oversees Asia-Pacific Star Private Limited, a wholly-owned subsidiary of SATS. 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.

Mr Lim sits on the Boards of a number of SATS' subsidiaries and associated companies. 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 Masters of Technology (Knowledge Engineering) from the National University of Singapore, Masters of Science (Management of Technology) from the Massachusetts Institute of Technology, and Masters of Military Arts and Science from the US Army Command and General Staff College in Leavenworth.

10. DENIS SURESH KUMAR MARIE

Mr Marie is the Senior Vice President, Passenger Services of SATS, a position he assumed since August 2009. He is also responsible for the critical SATS Integrated Operations Centre and oversees the operations of SATS Security Services Private Limited. With 18 years of experience in security and law enforcement, he has 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 various Boards of SATS' subsidiaries. He holds a Bachelor of Science degree, majoring in Business Administration from the Oklahoma City University in the US.

11. POON CHOON LIANG

Mr Poon is the Chief Operating Officer of Singapore Food Industries Pte. Ltd. (SFI), a wholly-owned subsidiary of SATS. 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 is the Chairman of Primary Industries (Qld) Pty Ltd and Urangan Fisheries Pty Ltd. He also 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.

12. TAN LI LIAN

Ms Tan is Senior Vice President, Human Capital of SATS. She joined SATS in August 2010 as Vice President, Human Capital and was promoted to her current position in April 2012. Ms Tan leads the Human Capital team in talent attraction and resource planning, rewards and performance management, human capital development, employee relations, organisation development and all other human capital related programmes at the group level.

Prior to joining SATS, Ms Tan has held various appointments in KPMG Consulting Asia Pacific and SingTel. She has over 18 years of experience in the field of human capital. Ms Tan graduated from Texas A&M University with a Bachelor's degree in Business Administration.

13. PETER TAY KAY PHUAN

Mr Tay is the 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, developing and managing operations at SATS Airfreight Terminals.

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

14. RONALD YEO YOON CHOO

Mr Yeo is the Senior Vice President, Cargo Services of SATS. He was appointed to this position in April 2012. Prior to this, he was Senior Vice President, Gateway Services (Overseas Operations), responsible for the performance of SATS' overseas operating units. Mr Yeo joined SATS in 1978 and has held various 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.

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 the dissemination of 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 the 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 uploaded on SATS' corporate website at www.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 as well as key business and corporate developments. For the fourth quarter, a face-to-face briefing with live audio webcast is held for the media and analysts. An on-demand audio webcast is made available on our website on the same day of each earnings conference call or briefing for shareholders and the investment community's access.

SATS IR, together with the President and CEO, and CFO, actively engage our shareholders and the investment community through regular meetings, conference calls, roadshows and investment conferences to help them better understand our business model, business environment, growth strategies and strategic developments. In FY2011-12, we met more than 180 investors in over 120 meetings in Singapore and overseas.

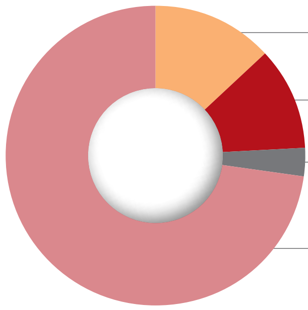
To grow and achieve a wider geographical spread in our shareholder base, we track changes in our share register on a regular basis. Our participation in non-deal roadshows and investment conferences held in Singapore and overseas help increase the visibility of SATS amongst our shareholders and potential investors, providing them direct access to our management.

Held every July, our annual general meeting (AGM) provides an opportunity for us to communicate directly with shareholders. Our Board of Directors and key members of Management are present to address shareholders' queries during the AGM. To improve our outreach to retail shareholders, we have added a feature in our live audio webcast, enabling participants to email their questions to management during the Q&A session.

There were 15 sell-side analysts covering SATS during FY2011-12. While this has now been reduced to 14, we continue to maintain active dialogues with other leading brokerages to initiate coverage on SATS.

At end-March 2012, Temasek Holdings remained the largest shareholder of SATS with a shareholding interest of 43.2%. Other Singapore shareholders accounted for 29.8% of SATS' shareholdings. Outside of Singapore, investors from the US, Canada and Europe held the most number of shares.

SHAREHOLDINGS BY GEOGRAPHY



IR CALENDAR FOR FY2011-12

First Quarter (1 April – 30 June 2011)

- FY2010-11 results briefing for the media and analysts
- Deutsche Bank Access Asia Conference, Singapore

Second Quarter (1 July – 30 September 2011)

- 1Q FY2011-12 earnings conference call with live audio webcast
- 38th AGM
- SGX-UBS Global Market Conference, Hong Kong
- Non-deal roadshow with Deutsche – New York, Boston and Toronto

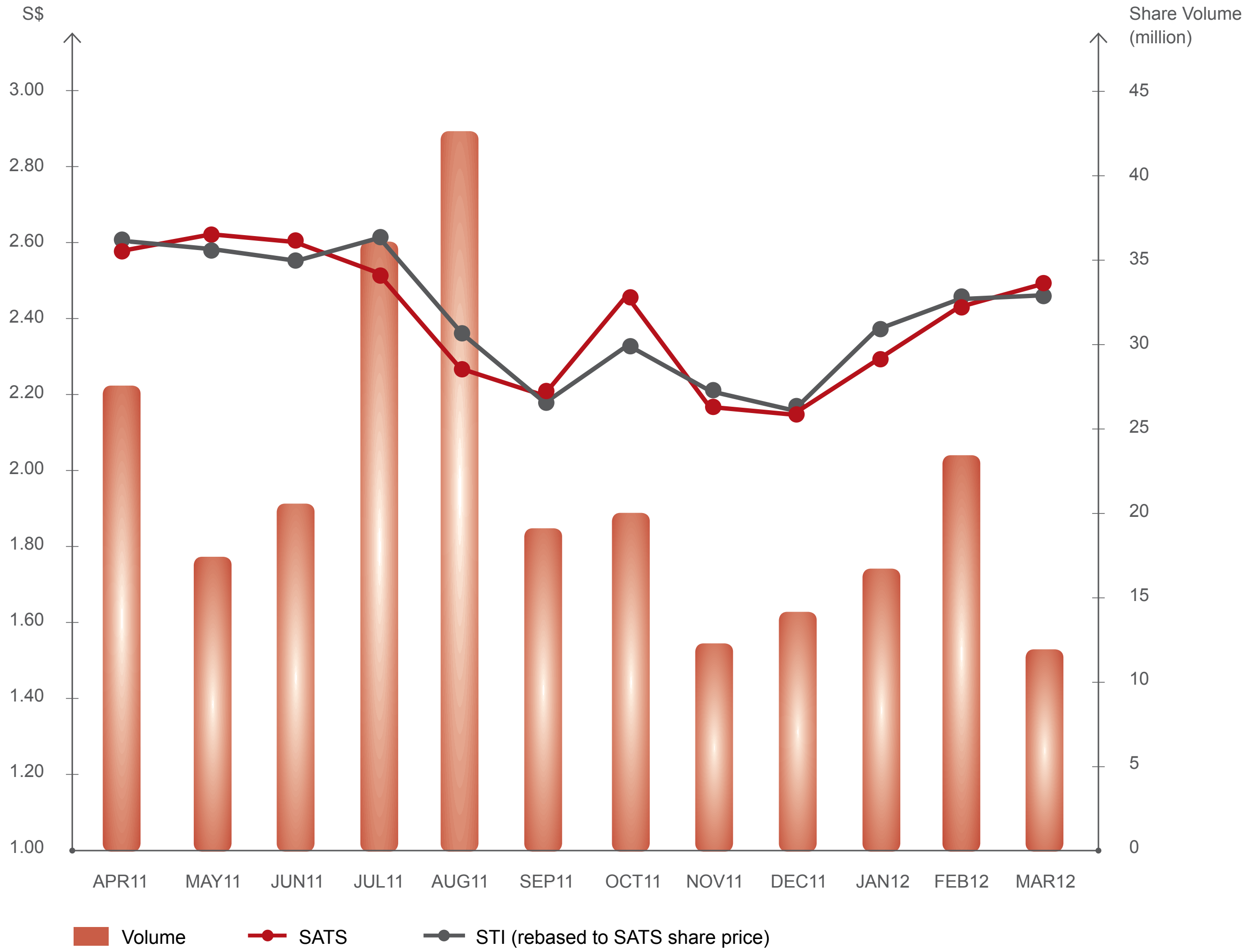
Third Quarter (1 October – 31 December 2011)

- Conference call with analysts on Daniels Group disposal
- 2Q FY2011-12 earnings conference call with live audio webcast
- Post-results investor lunch hosted by UBS
- Non-deal roadshow with Macquarie – Sydney

Fourth Quarter (1 January – 31 March 2012)

- 3Q FY2011-12 earnings conference call with live audio webcast
- Non-deal roadshow with Nomura – Tokyo
- CLSA Asean Corporate Access Forum, Bangkok
- Tiffin Lunch by Macquarie, Singapore

SHARE PRICE AND TURNOVER



Share Price ($) and Volume (million stock units)	FY2011-12	FY2010-11
Highest closing price during the year	**2.72**	2.96
Lowest closing price during the year	**2.06**	2.42
Closing price on 31 March	**2.49**	2.51
Total volume for the year	**261.19**	547.99
Average daily volume	**1.04**	2.17

Market Value Ratios (based on 31 March closing price)		
Price/Earnings	**16.15**	14.45
Price/Book value #	**1.83**	1.82
Price/Cash earnings *	**9.84**	9.62

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.
Source: Factset & Bloomberg

Group Structure & Investments*

As at 23 May 2012

SATS Ltd.
SUBSIDIARIES

Gateway Services

Singapore

- 100% Asia-Pacific Star Private Limited
- 100% Aerolog Express Pte Ltd
- 100% SATS Airport Services Pte Ltd
  - 60% SATS-Creuers Cruise Services Pte. Ltd.
- 100% SATS Security Services Private Limited

Overseas

- 100% SATS HK Limited *Hong Kong*
- 100% SATS (India) Co. Private Limited *India*

Food Solutions

Singapore

- 100% Aero Laundry And Linen Services Private Limited
- 100% Country Foods Pte. Ltd.
- 100% SATS Catering Pte Ltd
- 100% SATS Investments Pte. Ltd.
  - 51% Food And Allied Support Services Corporation Pte. Ltd.
- 100% Singapore Food Industries Pte. Ltd.
  - 100% SFI Food Pte. Ltd.
  - 100% SFI Manufacturing Private Limited
  - 100% Singapore Food Development Pte Ltd
  - 100% Singfood Pte. Ltd.
  - 78.5% Primary Industries Private Limited
    - 100% Farmers Abattoir Pte Ltd
    - 100% Hog Auction Market Pte Ltd

Overseas

- 51% Country Foods Macau, Limited *Macau*
- 100% Inflight Foods Co., Ltd *Japan*
- 100% Narita Dry Ice Co., Ltd *Japan*
- 50.7% TFK Corporation ** *Japan*
- 100% New Tokyo Service Co., Ltd *Japan*
- 100% Tokyo Flight Kitchen Restaurantes LTDA *Brazil*
- 100% Primary Industries (Qld) Pty Ltd *Australia*
- 51% Urangan Fisheries Pty Ltd *Australia*
- 96% Shanghai ST Food Industries Co., Limited *China*

* Excluding dormant/inactive companies.

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

SATS Ltd.
INVESTMENTS

Gateway Services

50%
Air India SATS Airport Services Private Limited
India

49.8%
PT Jasa Angkasa Semesta, Tbk
Indonesia

49%
Asia Airfreight Terminal Co Ltd
Hong Kong

100%
Asia Airfreight Services Limited
Hong Kong

100%
Asia Airfreight Services (Shenzhen) Limited
China

40%
Beijing Aviation Ground Services Co., Ltd
China

46%
Tianjin Aviation Cargo Services Co Ltd
China

30%
Tan Son Nhat Cargo Services Ltd
Vietnam

40%
Tianjin Aviation Ground Services Co Ltd
China

25%
Evergreen Air Cargo Services Corporation
Taiwan

37%
Beijing Airport Trucking Services Co Ltd
China

20%
Evergreen Airline Services Corporation
Taiwan

35%
Beijing Airport Cargo Consolidation Services Co., Ltd
China

Food Solutions

49.8%
TASCO Foods Co., Ltd *
Japan

49%
Aviserv Limited **
Pakistan

49%
Servair-SATS Holding Company Pte Ltd
Singapore

34%
Macau Catering Services Company Ltd
Macau

49%
Taj SATS Air Catering Limited
India

40%
Adel Abuljadayel Flight Catering Company Limited ***
Saudi Arabia

40%
Beijing Airport Inflight Kitchen Ltd
China

60%
Tianjin Airport Kitchen Ltd
China

35%
Maldives Inflight Catering Private Limited
Maldives

50%
Shenyang Airport Inflight Kitchen Co Ltd
China

30%
Jilin CSD Food Co., Ltd ****
China

30%
Taj Madras Flight Kitchen Private Limited
India

27.7%
International Airport Cleaning Co., Ltd *
Japan

20%
MacroAsia Catering Service, Inc
Philippines

15%
Evergreen Sky Catering Corporation
Taiwan

* Held through SATS' subsidiary, TFK Corporation.

** 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.

SATS at a Glance

SATS BUSINESSES

GATEWAY SERVICES

SATS gateway business encompasses a complete range of ground handling services to handle passengers, flights and cargo, starting from the check-in process at the point of departure to one's arrival at the final destination. With extensive experience and the most rigorous standards of operations, we ensure seamless coordination between departments for the complete safety of each passenger and security of air cargo. Leveraging on our gateway capabilities, we have extended our services to the cruise industry.

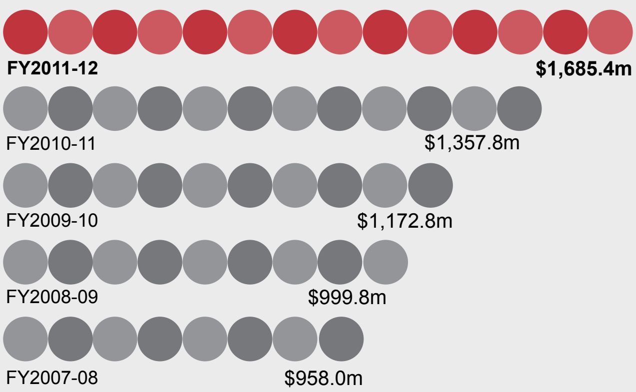
Today, SATS is the leading ground handler at Singapore Changi Airport, serving 51 airlines and 74% of all scheduled flights.

Our offerings:

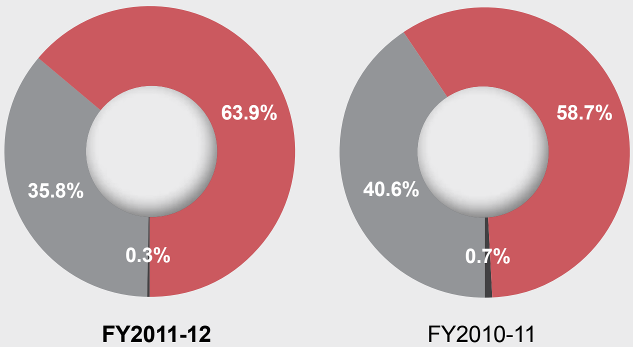
- Ramp and baggage handling
- Airfreight handling and logistics
- Passenger services and lounge management
- Aviation security
- Warehousing/Perishables handling
- Cruise handling and terminal management

GROUP REVENUE (CONTINUING OPERATIONS)

$1,685.4m +24.1%



BY BUSINESS



Revenue	2011-12 ($m)	2010-11 ($m)	Change %
Gateway services	**602.7**	551.0	9.4
Food solutions	**1,077.0**	796.7	35.2
Corporate	**5.7**	10.1	(43.6)
Total	**1,685.4**	1,357.8	24.1

Notes:

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

FOOD SOLUTIONS REVENUE

+35.2%

FOOD SOLUTIONS

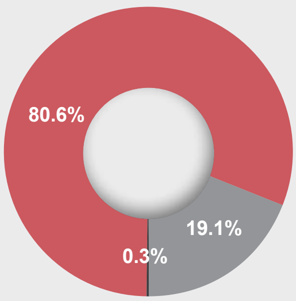
SATS food business offers the finest quality, uncompromised food safety standards and delectable signature cuisines. We are the first-choice airline caterer at the Singapore Changi Airport. With over 60 years of experience in inflight catering, our aim is to delight every passenger with an unforgettable gastronomical experience.

With the support of a large network of partners, our food business has extended its reach beyond Asia to the Middle East, and across sectors to industries such as defence, healthcare and hospitality. SATS is the leading caterer at Singapore Changi Airport, serving 45 airlines and 86% of all scheduled flights.

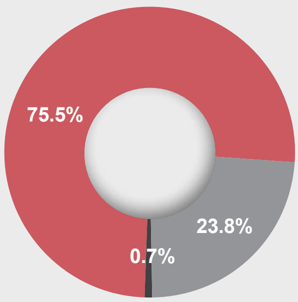
Our offerings:

- Airline catering
- Food distribution and logistics
- Institutional catering
- Chilled and frozen food manufacturing
- Airline linen laundry

BY INDUSTRY



FY2011-12



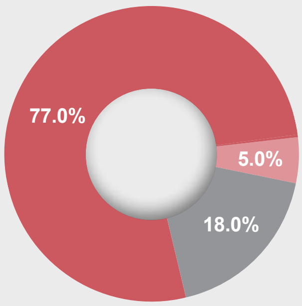
FY2010-11

Revenue	2011-12 ($m)	2010-11 ($m)	Change %
Aviation	**1,357.6**	1,024.6	32.5
Non-Aviation	**322.1**	323.1	(0.3)
Corporate	**5.7**	10.1	(43.6)
Total	**1,685.4**	1,357.8	24.1

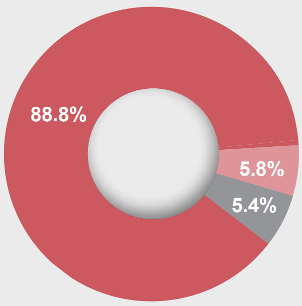
Notes:

- Aviation: Revenue from aviation-related businesses in gateway services and food solutions.
- Non-aviation: Revenue from Singapore Food Industries Group of companies (Singapore and Australia), Country Foods (Singapore) and Country Foods Macau.
- Corporate: Revenue from the corporate arm.

BY GEOGRAPHICAL LOCATION



FY2011-12



FY2010-11

Revenue	2011-12 ($m)	2010-11 ($m)	Change %
Singapore	**1,298.5**	1,206.2	7.7
Japan	**302.6**	72.6	316.8
Others	**84.3**	79.0	6.7
Total	**1,685.4**	1,357.8	24.1

Notes:

- Singapore: Revenue from gateway services and food solutions businesses within Singapore.
- Japan: Revenue from TFK.
- Others: Revenue from Singapore Food Industries (Australia and China), SATS India, Country Foods Macau and SATS HK.

Operations Review

Gateway Services

SINGAPORE

At Singapore Changi Airport, SATS remains the leading gateway services provider, serving 51 out of 77 scheduled airlines and close to 75% of all scheduled flights as at 31 March 2012. Reflecting the growth of Changi Airport, we handled a total of 115,190 flights, representing an 11% increase year-on-year. Passengers handled rose 7.2% to about 38 million while cargo throughput remained constant from a year ago, at 1.5 million tonnes.

New Contracts and Renewals

For the year under review, we grew our customer base by securing new ground handling contracts, including those from Air China Cargo, Lao Airlines and Lufthansa, and renewed contracts with our existing customers such as Air China, China Southern Airlines, China Cargo Airlines, Hainan Airlines, Japan Airlines, SilkAir, TNT Airways and Turkish Airlines.

Asia-Pacific Star (APS), our wholly-owned subsidiary serving the low-cost carrier market, also renewed its contracts with Jetstar Asia and Tiger Airways. Due to the oncoming closure of the Budget Terminal (BT) announced on 1 March 2012, some of APS' airline customers, who are operating at the terminal, will have to move their operations to Terminal 2. APS has started working with the affected airlines as well as the Changi Airport Group to ensure minimal disruptions to these airlines' operations right up till 25 September this year when BT will officially close to make way for the new Terminal 4.

Once again, SATS was appointed the official ground handler for the biennial Singapore Airshow that took place in February 2012. We benefitted from handling more flights from various customers who participated in the air show.

Coolport@Changi, our on-airport perishables handling centre, successfully clinched a contract from the Dairy Farm Group to provide inventory management, pick-and-pack and distribution services for its chain of supermarkets. In FY2011-12, Coolport@Changi handled close to 200,000 tonnes of perishables, representing 80% of its total capacity.

In the area of security services, we won several new access control security contracts, including one awarded by a government agency. We renewed our aviation security contract with Singapore Airlines Cargo and continued to provide access control services to SIA Engineering and Resorts World Sentosa following successful contract renewals with them.

Entry into the Cruise Sector

In FY2011-12, we extended our capabilities in gateway services beyond aviation to the cruise sector. We collaborated with Royal Caribbean International for the CruiseFly service, and with Star Cruises and Changi Airport Group to launch the FlyCruise service. Both services allow us to provide a seamless check-in experience to cruise passengers when they arrive or depart from Singapore either by air or sea.

"The integration of United and Continental's Singapore station operations was a great success, thanks to the dedication of the SATS team. While it was challenging, the team held on well and made the transition a smooth one. We would not have made it without SATS' support and commitment."

Mr Edwin Yee
General Manager
Airport Operations & Cargo
United Airlines, Singapore Station

In December 2011, we won the tender together with Creuers del Port de Barcelona (Creuers) to operate and manage the new Marina Bay Cruise Centre Singapore (MBCCS) at Marina South. We formed a 60:40 joint venture company, SATS-Creuers Cruise Services (SATS-Creuers), with our partner to manage the new terminal. Commencing operations on 26 May 2012, MBCCS will double Singapore's berth capacity and be able to accommodate the new generation of Oasis-class cruise liners.

Leveraging the respective strengths and competencies of SATS and Creuers in aviation gateway services and cruise terminal operations, SATS-Creuers is well-positioned to offer innovative gateway solutions and quality services to the cruise lines while at the same time, enhance the travel experiences of cruise passengers by offering state-of-the-art facilities as well as exceptional service standards at the various touch points within MBCCS.

Upgrades and Improvements

We constantly strive to deliver excellence in our operations and seek creative ways to delight our customers with new service and product offerings.

To strengthen our Singapore hub operations, we recently launched the Cargo Network Solutions (CNS) to further enhance the round-the-clock monitoring of cargo activities. Not only does the CNS enable real-time monitoring of cargo processes, it also facilitates timely co-ordination of operational activities and serves as a single contact point for cargo agents to contact our airline customers.

In our bid to go paperless to support e-freight, we commenced the pilot launch for SIA Cargo's electronic airway bill (e-AWB) in September 2011. This replaces the paper AWBs and facilitates the transfer of e-AWB data between the freight forwarders and the airline. Our COSYS Intelligent Solutions – a cargo management system which automatically captures details of cargo – was further enhanced with additional features to support all SIA Cargo's e-AWB shipments.

At Coolport@Changi, a dedicated process flow was implemented to ensure secure handling of pharmaceutical shipments. This involved using specialised equipment such as thermo-readers and RFID temperature tags for pharmaceutical handling. In August 2011, Coolport@Changi became an AVA-licensed cold store. It also obtained the Good Distribution Practice certification from the Health Sciences Authority of Singapore in March 2012.

OVERSEAS

NORTH ASIA

SATS HK Limited (SATS HK)

SATS HK is a wholly-owned subsidiary of SATS, providing passenger and ramp handling services at Hong Kong International Airport (HKIA). It currently serves 33 airlines, retaining its market share in passenger handling at 17% while increasing its market share in ramp handling to 24%. Its client list includes Cebu Pacific Air, Hong Kong Airlines, Hong Kong Express, Malaysia Airlines and Singapore Airlines.

In FY2011-12, SATS HK reported a 68% year-on-year increase in flights handled to about 23,000 and a 16% rise in the number of passengers handled to 3.2 million due mainly to the Hong Kong Airlines contract win in October 2011. SATS HK also secured Vladivostok Air and P C Airlines as new customers while renewing contracts with several customers such as Air Canada, Jet Airways, Orient Thai Airlines, Tiger Airways and Turkish Airlines.

Asia Airfreight Terminal Co Ltd (AAT)

AAT is a cargo terminal operator providing total airfreight solutions at HKIA. SATS has an equity stake of 49% in the joint venture, making it the largest of the five shareholders in an international consortium that owns AAT. AAT serves a total of 61 airlines at HKIA. They include All Nippon Airways, Asiana Airlines, FedEx, Thai Airways and Singapore Airlines.

In the year under review, AAT's market share by number of airlines served remained at 37%. It signed new contracts with Airphil Express, Continental Airlines, Royal Brunei Airlines, South East Asian Airlines and Vladivostok Air, and renewed contracts with several airlines including Jet Airways, Lufthansa Cargo, Qantas Airways, Swiss International Air Lines and Tiger Airways. It saw a 4% decline in cargo tonnage handled to about 703,000 tonnes as a result of the weak macroeconomic environment.

"We are happy with APS' recent on-time-performance ratings. It has scored more than 90% and even up to 100% on certain days. This is certainly impressive in view of our intensive operations in Singapore. As we will be moving to T2 later this year, I look forward to working with the dedicated team at APS in ensuring a smooth and successful transition. Keep up the good work!"

Mr Daniel Soh
Head of Ground and Cargo Operations
Tiger Airways

Beijing Aviation Ground Services Co., Ltd (BGS)

BGS is a joint venture between SATS and Capital Airports Holding Company (CAH). A leading ground handler at Beijing Capital International Airport (BCIA), it provides a comprehensive suite of services encompassing passenger, cargo, apron and technical ramp handling. It currently serves 54 international and domestic carriers at BCIA, including China Southern Airlines, Delta Airlines, Emirates, Hainan Airlines and Singapore Airlines.

For the year in review, BGS saw flights handled increasing 9% year-on-year to 96,000 while cargo throughput rose 17% to about 683,000 tonnes. It added eight new airline customers such as China Eastern Airlines, Jetstar Airways, Juneyao Airlines and Swiss International Air Lines, commanding 55% of the market share at BCIA based on the number of airline customers served. It also renewed contracts with several airlines including Air France, Alitalia Airlines, KLM Royal Dutch Airlines and Philippine Airlines.

In February 2012, SATS and CAH signed a new joint venture agreement with China Eastern Airlines and China Southern Airlines for BGS. Subject to the approval of the Chinese regulatory authority, this agreement will replace the current one and will serve to introduce the two new partners into BGS while at the same time renew its operating tenure by another 20 years. The new partners will each own a 30% stake in BGS, while SATS and CAH will hold the balance 28% and 12% stakes respectively.

Evergreen Air Cargo Service Corporation (EGAC)

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

The increase in cross-straits flights between Taiwan and China helped EGAC gain market share during the year to 32%. In FY2011-12, EGAC recorded cargo throughput of 442,000 tonnes and was awarded new contracts by Hong Kong Airlines and KLM Royal Dutch Airlines. These wins added to EGAC's ongoing relationships with major international airlines such as All Nippon Airways, Cathay Pacific Airways, FedEx, Singapore Airlines Cargo and Thai Airways.

Evergreen Airline Services Corporation (EGAS)

SATS owns a 20% equity stake in EGAS, a ground handler based in Taiwan. EGAS offers a 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. Its airline customers include All Nippon Airways, Asiana Airlines, Dragonair, EVA Airways and Singapore Airlines.

EGAS serves a total of 15 airlines at Taipei Songshan Airport (Songshan Airport) and Taoyuan Airport. Its market share at Songshan Airport stands at 36% while at Taoyuan Airport, its market share is 26% by the number of airlines served.

In FY2011-12, EGAS handled close to 34,000 flights, representing a 17% increase from a year ago. It secured a new contract with Hong Kong Airlines to handle both passenger and freighter flights.

WEST ASIA

Air India SATS Airport Services Private Limited (AISATS)

A 50:50 joint venture between SATS and Air India, AISATS currently provides ground and cargo handling services at three metro airports in India, namely in Bangalore, Delhi and Hyderabad, and at two other airports in Mangalore and Trivandrum. It serves a total of 40 carriers in these hubs, including Air India, Cathay Pacific Airways, Emirates, FedEx, Singapore Airlines and Thai Airways. At the metro airports, it has a market share of 70% and 50% at the Bengaluru International Airport in Bangalore and Rajiv Gandhi International Airport in Hyderabad respectively, while at Indira Gandhi International Airport in Delhi, its market share is about 25% by the number of airlines served.

AISATS' list of airline customers continued to grow in FY2011-12. It signed new contracts with carriers such as Bangkok Airways, Cathay Pacific Airways, Etihad Airways and Tiger Airways in Bangalore, Emirates and Singapore Airlines in Delhi, flydubai in Hyderabad, and Jet Airways in Trivandrum. In total, AISATS handled close to 65,600 flights, marking a 68% increase from a year ago while its cargo throughput grew 45% to about 137,000 tonnes.

In Delhi, AISATS launched a new service for metro check-in at New Delhi, Shivaji Stadium and Dhaula Kuan stations. Started since 23 February 2012, this service is offered to both international and domestic passengers travelling with Air India.

SOUTHEAST ASIA

PT Jasa Angkasa Semesta Tbk (PT JAS)

PT JAS is a joint venture between SATS and PT Cardig Air Services. A leading ground and cargo handler in Indonesia, PT JAS operates in 11 key stations across the archipelago, serving over 40 airlines including AirAsia, Cathay Pacific Airways, Emirates, Jetstar Airways and Singapore Airlines.

For the year in review, PT JAS served 15 million passengers and 52,000 flights. It also handled more than 267,000 tonnes of cargo, up 8% from the previous year. Contracts were secured and renewed with several airline customers including China Eastern Airlines, EVA Airways, Lufthansa, Malaysia Airlines Cargo, Qatar Airways, Singapore Airlines Cargo and Turkish Airlines.

In its effort to continually improve its service and product offerings, PT JAS launched a priority check-in lounge at Soekarno-Hatta International Airport in Jakarta. With its own dedicated immigration counters and direct access to the JAS Premier Lounge, this new facility offers fast and convenient service to first and business class passengers of participating airline customers. Recently, PT JAS also introduced a mobile check-in service for passengers flying with Singapore Airlines and Cathay Pacific Airways from Soekarno-Hatta International Airport and Denpasar International Airport in Bali.

Tan Son Nhat Services Ltd (TCS)

SATS holds a 30% equity stake in TCS which 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. It currently serves about 82% of airlines operating at Tan Son Nhat, including Cathay Pacific Airways, China Airlines, EVA Airways, Korean Air and Vietnam Airlines.

In FY2011-12, TCS handled 201,000 tonnes of cargo. It won new cargo handling contracts from carriers such as Lao Airlines, Air Hong Kong and Air China Cargo while renewing contracts with existing customers including All Nippon Airways, Japan Airlines, Malaysia Airlines, Philippine Airlines and Qantas Airways.

In its bid to offer a comprehensive range of value-added services to its airline clients, TCS launched Airfreight Terminal 2, a new perishables handling centre, in July 2011. Commencing operations in May 2012, the new terminal will increase TCS' total handling capacity to 350,000 tonnes.

SINGAPORE

SATS continues to retain its market position as the leading caterer at Singapore Changi Airport. As at 31 March 2012, we served 45 scheduled airlines and over 85% of all scheduled flights, producing a total of 26.5 million meals, up 6% from a year ago.

New Contracts and Renewals

In FY2011-12, we added Drukair, Lao Airlines and TransAsia Airways to our portfolio of airline customers and renewed catering and laundry services contracts with All Nippon Airways, Jet Airways, SilkAir and United Airlines, amongst others.

In the area of non-aviation food, we continued to provide catering services to the Singapore Armed Forces. We were also awarded a contract by Sembawang Shipyard for onboard food catering.

Singapore's flourishing tourism and hospitality sector has presented various event catering opportunities for SATS. We were amongst the official caterers for the Singapore Airshow 2012 and we also secured catering services contracts for the prestigious Singapore F1 Grand Prix 2011, supplying staff meals at the F1 Village and the pit area throughout the event.

The opening of PricewaterhouseCoopers' (PwC) new premises provided us with the opportunity to enter into on-premise business catering, with the set up a staff café to serve more than 1,000 PwC employees. We also provide food catering for PwC's events at its downtown office.

Foray into Remote Catering

Leveraging our strong food solutions capabilities, we entered into an agreement with OCS Ventures in August 2011 for the provision of remote site catering services. We subsequently set up a 51:49 joint venture company, Food and Allied Support Services Corporation (FASSCO), to offer our services to large institutional clients in the onshore/offshore oil and gas, mining and construction industries. The initial phase of operations will see FASSCO targeting specifically the Asia Pacific market which includes ASEAN, Australia, New Zealand and India.

Process Improvements and Facility Upgrades

To further improve productivity and streamline our work processes, a number of initiatives were implemented throughout the year. These resulted in enhanced efficiency, optimisation of manpower deployment and a reduction in wastage.

Expansion of the inbound and tray assembly areas at SATS Inflight Catering Centre (SICC) 1 was completed in July

"The SATS Catering team has always been proactive and helpful, often exceeding our expectations. We are very pleased with the excellent support from the team and look forward to further strengthen this strong partnership."

Johnny Chan
Deputy Station Manager
All Nippon Airways

2011, raising the meal production capacity there by one-third to 60,000 meals a day. A key innovative feature of this project involved automating the transport of clean carts to the assembly area through the installation of a conveyor cart washer and cart transporter.

At SICC 2, significant improvements were made to its hot and chilled water production system by installing new heat pumps and a chilled water automation system, resulting in a more efficient use of thermal energy. These process improvements have enabled us to save about $550,000 a year. A new tray washer, which cleans and greases trays five times faster, was also introduced in our bakery.

With the demand for short-and medium-haul low cost carrier (LCC) flights growing, we have expanded our ready meal production plant with the capability to produce chilled, frozen and shelf-stable meals. We have also added a retort tray production facility to offer new meal solutions to meet the growing demand from the LCC segment.

New Initiatives and Offerings

Our new meat processing plant in SFI began operations in February 2012, with an annual handling capacity of 5,000 tonnes. This is one of the largest Halal meat processing plants in Singapore and has the capability to prepare cut, marinated and cooked meats as well as ham and sausages for in-house use and commercial sales.

OVERSEAS

NORTH ASIA

TFK Corporation (TFK)

TFK, a 50.7%-owned subsidiary of SATS (with voting rights of 53.8%), is a leading airline caterer with a strong presence at two of Japan's primary air hubs, Narita International Airport (Narita Airport) and Haneda Airport.

Currently, TFK has a total of 37 airlines in its client portfolio including Air France, Japan Airlines, Korean Air, Lufthansa and Air China. At Narita Airport, it serves almost half of all the airlines operating there while at Haneda Airport, it serves close to 45% of the carriers there.

For the year in review, TFK secured a new customer, Hong Kong Airlines, and renewed contracts with existing customers including FedEx, Qantas Airways and Scandinavian Airlines. Despite meal volumes plummeting more than 40% in the immediate aftermath of the March 11 disasters, TFK weathered the difficult period and saw steady recovery in its meal volumes month after month. In FY2011-12, it produced a total of 10.3 million meals.

Country Foods Macau, Limited (CF Macau)

Incorporated in December 2007, CF Macau aimed to boost SATS' presence in the vibrant Macau market. Country Foods, our wholly-owned subsidiary, owns a 51% equity 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 Macau and Hong Kong.

During the year in review, CF Macau won a contract to provide on-site catering for Macau Prison. Its other customers include Cathay Pacific Catering Services, Hong Kong International Theme Park, LSG Lufthansa Service Hong Kong and Mandarin Oriental Hotel.

"Our gratitude goes to Le Lifestyle's chef and team for the sumptuous spreads served at the F1 Pit Zone. Despite the last minute request to increase our meal order, the team was professional and promptly delivered as promised. Many compliments on the quality and taste of food were received from our management. Dessert was particularly refreshing and very appropriate under the sweltering heat."

Dawn Tan
F&B Executive,
Savour Events Private Limited

Beijing Airport Inflight Kitchen (BAIK)

BAIK was incorporated in 1993 as a 60:40 joint venture between Capital Airports Holding Company (CAH) and SATS. Today, it boasts a client list comprising 49 international and domestic airlines operating at the Beijing Capital International Airport (BCIA). This includes Air Canada, China Southern Airlines, Sichuan Airlines, Singapore Airlines and Turkish Airlines. BAIK's market share at BCIA is slightly over 40%, based on the number of airlines it serves.

In FY2011-12, BAIK produced 7.4 million meals. In addition to returning customers including Air New Zealand, Malaysia Airlines and Philippine Airlines, BAIK added carriers such as Jetstar International, Mega Maldives and Swiss International Air Lines to its client portfolio.

In February 2012, SATS and CAH signed a new joint venture agreement with Eastern Air Catering Investment and China Southern Airlines for BAIK. Replacing the existing agreement, this new agreement which is subject to the Chinese regulatory authority's approval, will see the addition of two shareholders into BAIK and at the same time, renew its operating tenure by another 20 years. The new shareholders will each own a 30% stake in BAIK, while SATS and CAH will hold the balance 28% and 12% stakes respectively.

Macau Catering Services Company Ltd (MCS)

Incorporated in 1995, MCS is a joint venture formed by Servair-SATS, Sociedade de Turismo e Diversoes de Macau, Wu's Group, and HN Group Limited. Servair-SATS, which holds a 34% equity stake in MCS, is a 51:49 joint venture between Servair Group and SATS.

MCS is the sole caterer at Macau International Airport, serving 10 airline customers including Air Macau, EVA Airways, Jet Asia, TransAsia Airways and Shanghai Airlines. In FY2011-12, it maintained the number of meals produced at 1.1 million and secured a new contract to provide catering services to Juneyao Airlines.

Evergreen Sky Catering Corporation (EGSC)

EGSC is SATS' first investment in Taiwan in October 1995. SATS holds a 15% equity stake in the joint venture. EGSC commands a market share of 40% at Taiwan Taoyuan International Airport, based on the number of airlines it serves and provides inflight catering services to 18 international airlines including All Nippon Airways, Malaysia Airlines, EVA Airways, Singapore Airlines and Thai Airways.

In FY2011-12, EGSC secured a new contract with Hong Kong Airlines and renewed its China Cargo Airlines contract while producing close to 7 million meals.

WEST ASIA

Taj SATS Air Catering Limited (TSAC)

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

Currently, TSAC serves 41 domestic and international carriers across India. They include Air India, British Airways, Cathay Pacific Airways, Jet Airways, Malaysia Airlines and Singapore Airlines.

For the year in review, TSAC saw the number of meals produced grow 12% year-on-year to 19.9 million. It also renewed contracts with several airline customers such as Drukair, SilkAir and Spice Jet Airlines, while securing new contracts with Air China, China Southern Airlines, Finnair and Japan Airlines, amongst others.

Taj Madras Flight Kitchen Pvt Limited (TMFK)

SATS holds a 30% equity stake in TMFK, alongside joint venture partners, Indian Hotels and Malaysia Airlines. TMFK currently serves close to 10 airlines, including Emirates, Jet Airways, Malaysia Airlines, Saudi Arabian Airlines and Singapore Airlines at Chennai International Airport (CIA). It has a market share of more than 20% at CIA. In FY2011-12, TMFK produced about 2 million meals.

Maldives Inflight Catering Private Limited (MIC)

Based in Malé International Airport (MIA), MIC is a 65:35 joint venture between Maldives Airports Company and SATS. MIC serves 21 out of 30 airlines operating at MIA, including British Airways, Malaysia Airlines, Qatar Airways, Singapore Airlines and Transaero Airlines.

In FY2011-12, MIC reported a 5% year-on-year growth in meals produced to about 626,000 and signed new inflight catering contracts with Etihad Airways and Hainan Airlines.

MIC-owned Hulhule Island Hotel signed new crew accommodation contracts with several airlines including Condor, SriLankan Airlines, Qatar Airways and Thomson Airways. It continued to maintain an average occupancy rate of above 75% for the year under review.

Adel Abuljadayel Flight Catering Co Ltd (AAFC)

In April 2011, SATS acquired a 40% shareholding in AAFC. Established in 1982, AAFC is a niche inflight caterer serving mainly private jets and airlines operating Hajj and Umrah charter flights. AAFC has two catering facilities, one located at King Abdulaziz International Airport in Jeddah and the other at King Khalid International Airport in Riyadh.

AAFC currently serves 27 airlines, including Batavia Air, Cathay Pacific Airways, Iraqi Airways, Kabo Air and Malaysia Airlines. In FY2011-12, it renewed contracts with Ariana Airlines and Malaysia Airlines while securing United Airways and KAM Air as new customers. It also initiated the first international premium airport lounge, catering to foreign carriers operating in King Khalid International Airport Terminal 1, as well as the construction of a new catering facility at the airport which is expected to be ready around the first quarter of 2013.

SOUTHEAST ASIA

MacroAsia Catering Services, Inc. (MACS)

Established in 1996, MACS is an 80:20 joint venture between MacroAsia Corporation and SATS. Operating at Ninoy Aquino International Airport (NAIA) in Manila, Philippines, MACS has a market share of 44% by the number of airlines served. Its client list features prominent international carriers such as China Airlines, KLM Royal Dutch Airlines, Qatar Airways, Saudi Arabian Airlines and Singapore Airlines.

In FY2011-12, MACS produced close to 3.2 million meals, up 13% year-on-year. It also added a new carrier, Etihad Airways, to its client portfolio while renewing contract with Emirates, an existing customer.

Awards and Accolades

GATEWAY SERVICES

Singapore

- At the Singapore Airlines CEO Transforming Customer Service Awards 2011, SATS was conferred the "Airport Operations Individual Award" and "Flight Delay Handling Team Award" in recognition of its excellent customer service and outstanding team effort in operations management.
- SATS clinched 37 awards – 15 golds, 15 silvers and 7 stars – at the Excellent Service Award, a national award from the Singapore Hotel Association and supported by SPRING Singapore.
- China Southern Airlines presented its Singapore station with the "China Southern Airlines Best Station Award". The station, which is supported by SATS, was recognised for its excellence in passenger handling, on-time flight performance, documentation checks, baggage handling and security.
- SATS received the Ministry of Defence's "Meritorious Defence Partner Award 2011" in recognition of its outstanding contribution to national defence.

Overseas

- Jet Airways named its Hong Kong station, which is supported by SATS HK, as the "Best Overseas Station 2011/12".
- AAT won the Silver Award under the transport and logistics category at the 2011 Hong Kong Award of Environmental Excellence.
- BGS clinched the "Excellent Ground Service Prize" awarded by the airport authority of Beijing Capital International Airport.
- AISATS Bangalore Cargo was voted "Air Cargo Terminal Operator of the Year in India" at the Indian Supply Chain and Logistics Summit and Excellence Awards 2012.
- Emirates named its Bangalore station, which is supported by AISATS, as the Best Station for on-time performance for the Indian sub-continent, sub-Sahara, Indian Ocean and West Asia region.
- PT JAS was recognised for its delivery of outstanding customer service and excellent performance at the Singapore Airlines' Outstanding Service Partner Award.
- PT JAS was also conferred the "On-Time Performance Platinum Award" by Qatar Airways.

FOOD SOLUTIONS

Singapore

- SATS was named the "Most Reliable Caterer" by United Airlines in recognition of its reliability and on-time performance.
- At the Mondial des Arts Sucres 2012 competition held in Paris, SATS emerged first for dessert plating and was placed fourth overall out of 16 teams from various countries, including France, Japan and Switzerland.
- SFI was amongst 13 companies to be conferred the "Best Employers in Singapore 2011 Award" by Aon Hewitt.
- Country Foods won the "Singapore Packaging Star Award 2011" under the commercial – sales & display category for its Sky Delight Box. This national award is organised by the Packaging Council of Singapore which is part of the 11 industry groups under the Singapore Manufacturer's Federation.

Overseas

- TFK received the "Overseas Best Caterer Award" from Vietnam Airlines for outstanding and reliable catering services.
- TFK was also awarded the "Global Excellence Award for Safety & Hygiene" by Etihad Airways.
- BAIK was conferred the "Team Golden Award" at the China Air Catering Culinary Competition 2011, an event organised by the China Air Catering Committee.
- BAIK clinched the "Award for Excellence 2011" by British Airways.
- AAFC clinched an appreciation award from Malaysia Airlines for the carrier's Halal audit. The award was presented to inflight caterers with exemplary scores of over 95%. AAFC is the only caterer in the Malaysia Airlines' network to receive this award for two consecutive years.
- TSAC's chef, Arvind Saraswat, was conferred the "Best Chef of the Year" by the Ministry of Tourism, India.
- HIH emerged a winner in the Luxury Airport Hotel category at the World Luxury Hotel Awards 2011.
- MACS came in second amongst Korean Air's 11 stations in Southeast Asia for outstanding catering service. It was also presented a catering award by the airline.

Corporate Social Responsibility

At SATS, our long-standing commitment towards sustainable development has always been integral to our values. Serving and giving back to the communities we operate in as well as being socially, environmentally and economically sustainable, are what we continually strive to achieve.

A CAUSE FOR GOOD

Our social commitment and community service programmes are chiefly anchored by the SATS Foundation, which aims to identify and support worthy causes aligned with our goals of:

- Enabling change by supporting individuals and families in need;
- Empowering achievement 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, as well as aid retirees in their career transition.

During the year, SATS Foundation made donations to the SR Nathan Education Upliftment Fund and the Lee Kuan Yew Fund for Bilingualism. The SR Nathan Education Upliftment Fund supports educational development for deserving recipients from the Chinese Development Assistance Council, Yayasan MENDAKI, the Singapore Indian Development Association, and the Eurasian Association, while the Lee Kuan Yew Fund for Bilingualism spearheads initiatives to teach children English and their Mother Tongues, especially in their pre-school years.

We also collaborated with the Assumption Pathway School (APS) through the setup of the APS Restaurant for Training, also known as The ART, where its Year 3 and 4 students specialising in the Baking Practices and Food Preparation & Service courses are trained by SATS' chefs to work in a commercial kitchen and prepare cuisines from different cultures. We hope that exposing APS students to the real work environment will enhance their learning and development, thus increasing their chances of success when they eventually enter the working world.

Additionally, we identified and started two major programmes that are aligned with SATS Foundation's objectives:

- Providing interim financial assistance to needy students of APS in the Baking Practices, Food Preparation & Service, and Mechanical Servicing electives; and
- Supporting RSVP Singapore - the Organisation of Senior Volunteers in setting up a training and development facility to equip senior volunteers with skills and knowledge that will help them become effective contributors.

To disburse funds for these major programmes, we have partnered with the Community Foundation of Singapore (CFS), an independent, non-profit philanthropic organisation which helps to match the charitable interests of donors with worthy recipients. We will continue to work closely with CFS to identify other worthy initiatives that SATS Foundation can support.

SUPPORT FROM THE HEART

Our employees are clearly the driving force behind our charitable endeavours. Participating whole-heartedly to help the community, our staff were involved in more than 20 charitable events held during the year. These include:

- Providing monthly food packages to about 90 needy families. Business Units and Corporate Divisions within the Group took turns to organise the monthly food distribution exercise;
- Organising Lunar New Year celebrations and outings for residents of the Society for the Aged Sick;
- Participating in the monthly home maintenance activities organised by the Kaki Bukit Moral Seniors Activity Centre (MSAC). Each time, about five staff volunteers would help a resident who is a beneficiary under MSAC with basic housekeeping;
- Delivering daily lunches to Arc Children's Centre, an independent day-care facility for children undergoing treatment for life-threatening illnesses;
- Donating to the Life Community Services Society's "I Coach U" Fund, a tuition programme for disadvantaged children and youths;
- Co-sponsoring the Club Rainbow Children's Day Carnival. A group of 37 staff volunteers helped in manning stores and rides at the carnival. Many staff also supported by way of purchasing the carnival tickets;
- Organising a movie outing and an ice cream making workshop for children of Club Rainbow; and
- Subsidising the sale of carnival coupons for staff in support of the Singapore Children's Society Walk for our Children 2011 fund raising event.

GOING GREEN

As a corporate citizen, we firmly believe in conducting our business activities in a responsible and sustainable way. We recognise that it is our responsibility to conserve and protect the environment that we live and work in. Across the Group, we continually strive to reduce our carbon footprint by reviewing our business practices and operational processes.

One new initiative we undertook during the year was to install heat pumps and a chilled water production system in our inflight kitchen in Singapore to achieve more efficient use of thermal energy while reducing our energy consumption. This saw savings of over 2,200,000 kilowatt-hours of energy per year.

At SATS HK, diesel vans were replaced with LPG (liquefied petroleum gas) minibuses for ramp transport in its effort to reduce carbon footprint and save on fuel costs.

At TFK, inverters were installed in exhaust fans at our inflight kitchens to reduce electricity consumption. In addition, a recycled water system was introduced to filter used water for lavatory and truck cleaning and for cooling towers of air-conditioning systems. As a result, approximately $100,000 savings per annum have been achieved from these initiatives.

Financial Review

Group Performance for FY2011-12

OVERVIEW

Group revenue in FY2011-12 increased $327.6 million, or 24.1% to $1,685.4 million, with both business segments, gateway services and food solutions, registering growth of 9.4% and 35.2% respectively. TFK Corporation (TFK), which was acquired in December 2010, contributed $230.0 million to the revenue growth, primarily due to a full year's result being consolidated in FY2011-12 compared to only a quarter's result a year ago.

Total operating expenses was $1,516.4 million, $327.6 million or 27.6% higher as compared to FY2010-11. TFK contributed $228.1 million to this increase. Excluding TFK, growth in business volumes and inflationary pressure have also resulted in increases mainly in staff costs, raw materials, fuel, utilities and other operating costs. Consequently, the Group maintained its operating profit at last year's level of $169.0 million.

Share of after-tax profit from Associates/Joint Ventures has declined $5.7 million (12.1%) to $41.2 million compared to the preceding year, largely due to the weak cargo market and an appreciating Singapore dollar.

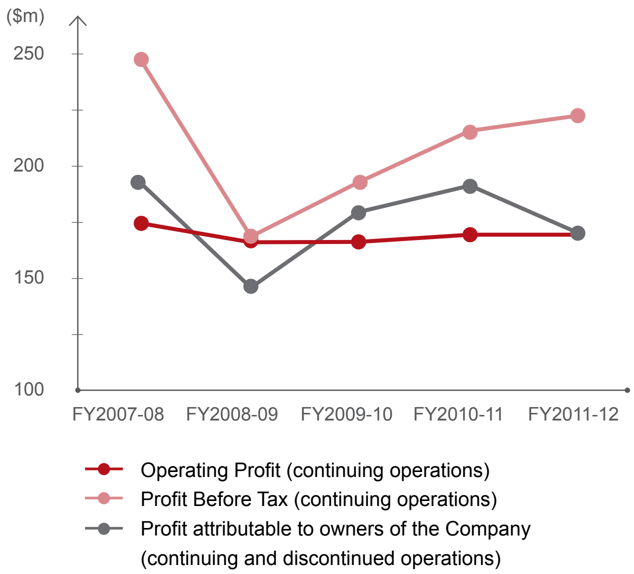
During the year, the Group divested its UK business (Daniels Group) and $5.5 million loss on divestment was recorded. Including the loss on divestment, the Daniels Group incurred a net loss of $10.1 million in FY2011-12, compared to a net profit of $12.0 million in FY2010-11.

Largely due to the absence of profit contribution from the Daniels Group, Group net profit after tax of $175.0 million was lower by $16.8 million or 8.8%. Profit attributable to owners of the Company was $170.9 million, compared to $191.4 million in the preceding year. Excluding one-off items, underlying net profit of the Group decreased 4.3% to $177.5 million.

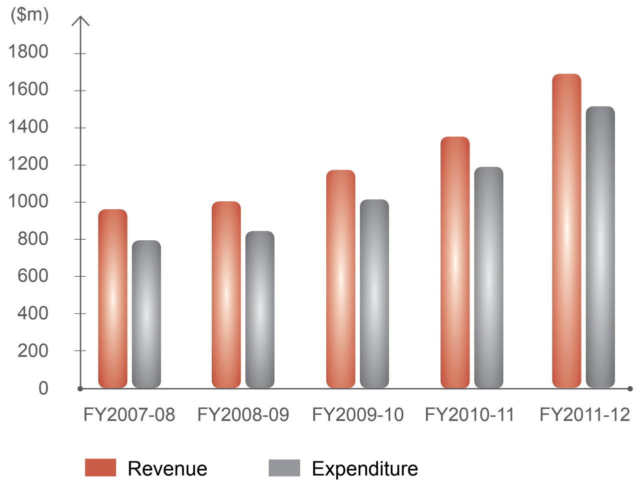
As at 31 March 2012, the Group's total cash and cash equivalents amounted to $470.1 million, an increase of $174.0 million over the opening cash balance of $296.1 million at the beginning of the year. This was largely contributed by net proceeds from the sale of Daniels Group of $285.3 million less the ordinary and special dividends paid during the year.

The Board of Directors has proposed a final dividend of 6 cents per share and a special dividend of 15 cents per share. Including the interim dividend of 5 cents per share paid on 9 December 2011, the proposed total dividend will be 26 cents per share. This represents a payout of 168.6% of profit attributable to owners of the Company, compared to 98.4% a year ago.

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



Group Revenue and Expenses (Continuing Operations)



PERFORMANCE BY BUSINESS SEGMENTS

The Group has two major business segments, namely gateway services and food solutions. The breakdown of revenue and operating profit (continuing operations) from the business segments are as follows :

	Revenue		Operating Profit		Profit After Tax	
	2011-12 $ Million	2010-11 $ Million	**2011-12 $ Million**	2010-11 $ Million	**2011-12 $ Million**	2010-11 $ Million
Gateway services	**602.7**	551.0	**44.8**	51.7	**76.2**	84.9
Food solutions	**1,077.0**	796.7	**116.7**	115.4	**104.2**	99.1
Corporate	**5.7**	10.1	**7.5**	1.9	**4.7**	(4.2)
	1,685.4	1,357.8	**169.0**	169.0	**185.1**	179.8

Gateway services

The gateway services segment provides airport terminal services, which include airfreight and ground handling services, aviation security, aircraft cleaning, technical ramp handling and third-party logistic services. In December 2011, gateway services expanded beyond airport terminal operations when the Group successfully won the tender to manage the new Marina Bay Cruise Centre Singapore (MBCCS) at Marina South. MBCCS will commence operations in May 2012.

Revenue from gateway services increased 9.4% to $602.7 million, mainly from higher flight volumes and unit services, which grew 11.1% and 8.8% respectively. However, cargo tonnage handled remained relatively flat during the year. Airfreight and ground handling services which include apron, passenger and baggage handling services and Coolport made up the bulk of revenue from gateway services.

Operating profit for gateway services dropped $6.9 million or 13.3% mainly due to increased expenses, especially staff costs, utilities, maintenance and fuel cost. Including the impact of lower profit contribution from gateway services' associates, profit after tax declined $8.7 million, or 10.2%.

Food solutions

The food solutions segment provides mainly inflight catering services, food processing and distribution services, and airline laundry services. During the year, the Group divested the Daniels Group and its results and financial position were consequently deconsolidated from the segment.

Revenue from aviation, the largest component in food solutions, grew $281.3 million of which TFK contributed $230.0 million. TFK's maiden revenue contribution was $72.6 million for 3 months in FY2010-11 compared to a full year's contribution of $302.6 million in FY2011-12. In the Singapore inflight catering operations, unit meals grew by 4.8% from last year. Aero Laundry and Linen Services ("ALLS"), which provides laundry services to the airlines, also achieved year-on-year revenue growth of 10.4% due to higher quantities laundered.

Revenue from the SFI group of companies remained stable at previous year's level. In FY2010-11, there was a non-recurring operating revenue of $5 million from catering to the Youth Olympic Games.

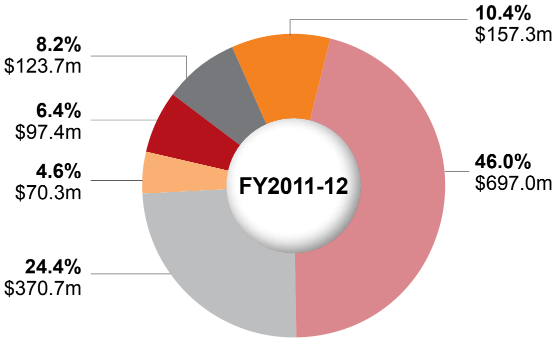
Operating profit for food solutions grew 1.1% to $116.7 million, despite increased cost pressure from raw materials, staff costs and other operating costs. Profit after tax, which included a one-off write-back of retirement benefits of $5.5 million in TFK, grew $5.1 million or 5.1% to $104.2 million.

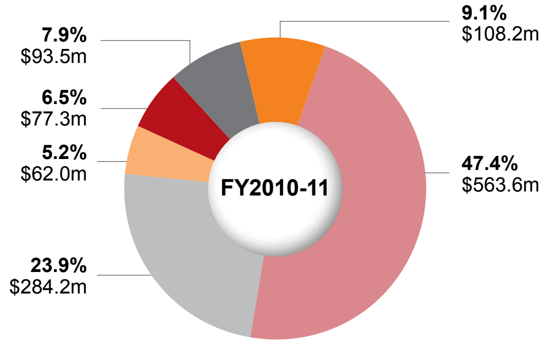
Corporate

Corporate segment revenue is derived from rental of premises, where revenue decreased $4.4 million. The operating profit increase was mainly attributed to lower operating expenses incurred especially in professional fees.

OPERATING EXPENSES

Group operating expenses increased $327.6 million, or 27.6% to $1,516.4 million, with TFK accounting for $228.1 million. Excluding TFK, expenses increased $99.4 million or 8.9%. The year has been characterised by inflationary pressures especially in labour, food raw materials and fuel costs.





The mix of operating expenses did not change significantly year-on-year, with staff costs, cost of raw materials and other costs making up the bulk of operating costs.

Staff costs continued to be the largest expense category, accounting for about 46% of total expenses in FY2011-12. Staff costs increased $133.4 million or 23.7%. The average staff strength of the Group was 14,605 compared to 13,250 a year ago, The increase was in tandem with the increase in the Group's business activities, especially in Singapore and Hong Kong. During the year, increases in statutory payments including employer's CPF contribution and foreign worker levy have also contributed to the increase in staff costs.

Cost of raw materials and licensing fees increased $86.5 million (30.4%) and $8.3 million (13.4%) respectively, as business volumes increased. Prices of raw materials increased throughout the year although the impact to the Group was mitigated by a stronger Singapore dollar. The increase in licensing fees was directly attributable to higher revenue from aviation-related activities.

Depreciation and amortisation charges increased $20.1 million or 26.0%, mainly due to additional capital expenditure and higher depreciation and amortisation expenses in TFK.

Company accommodation and utilities rose by $30.2 million, or 32.3%. This was contributed by increased rental from additional space taken up during the year. Cost of utilities increased as a result of hikes in electrical tariffs as well as higher usage.

Other costs increased by $49.1 million or 45.4%, mainly due to higher maintenance costs, increase in IT-related expenses, higher fuel charges and other overheads. In addition, in FY2010-11, there was a reversal of $4.0 million in respect of a provision that was no longer required.

SHARE OF PROFITS FROM ASSOCIATES/JOINT VENTURES, NET OF TAX

Share of after-tax profits from Associates/Joint Ventures was lower by $5.7 million, or 12.1% to $41.2 million in FY2011-12. This was largely due to weaker cargo demand which impacted the Group's cargo associates as well as a stronger Singapore dollar which lowered overseas profits when translated to the home currency.

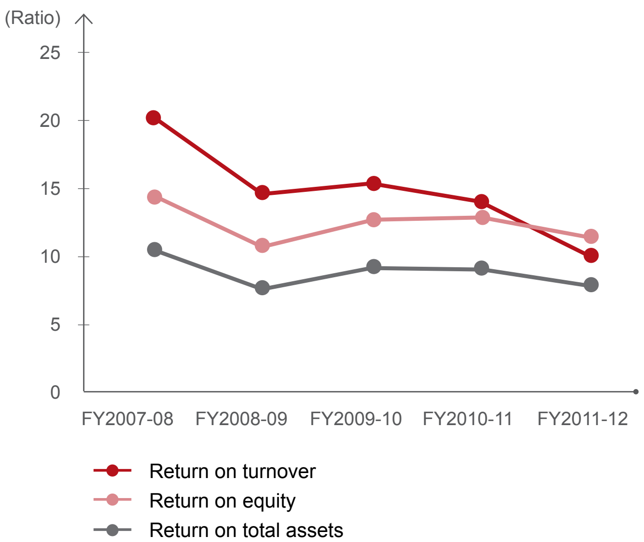
OTHER NON-OPERATING INCOME/(EXPENSE)

The Group recorded a one-off gain arising from a revision of employee retirement benefits in TFK of $10.1 million, net of tax. After deducting non-controlling interests, the amount attributable to the owners of the Company was $5.5 million. During the year, the Group also terminated a sale and leaseback arrangement, resulting in a one-off post-tax loss of $2.0 million.

LOSS FROM DISCONTINUED OPERATIONS

In October 2011, the Group completed the divestment of the Daniels Group and divestment loss of $5.5 million, net of tax, was recorded. Together with the Daniels Group's operating loss of $4.6 million, the total net loss from discontinued operations for the year was $10.1 million, compared to a net profit of $12.0 million in the previous year.

Group Profitability Ratios



DIVIDENDS

During the year, the Company paid an interim dividend of 5 cents per share amounting to $55.4 million. The Board of Directors has proposed a final ordinary dividend of 6 cents per share and a special dividend of 15 cents per share, amounting to approximately $232.8 million. The proposal is subject to approval by shareholders of the Company.

FINANCIAL POSITION

As at 31 March 2012, the equity attributable to the owners of the Company was $1,509.4 million, a slight decrease of 0.8% compared to $1,521.2 million a year ago. The drop was partly due to the payment of ordinary and special dividends totaling $188.5 million during the year. Total assets and liabilities of the Group declined due to the deconsolidation of the Daniels Group.

The Group has taken up a Japanese Yen loan of 7.8 billion to finance the acquisition of TFK in FY2010-11. This loan has been reclassified to long-term loan as the tenure has been extended to 5 years. As a result, total long-term liabilities of the Group increased 13.3% to $233.9 million.

Group gearing (as measured by gross debt/equity) was 0.10 times, down from 0.12 times a year ago.

CAPITAL EXPENDITURE

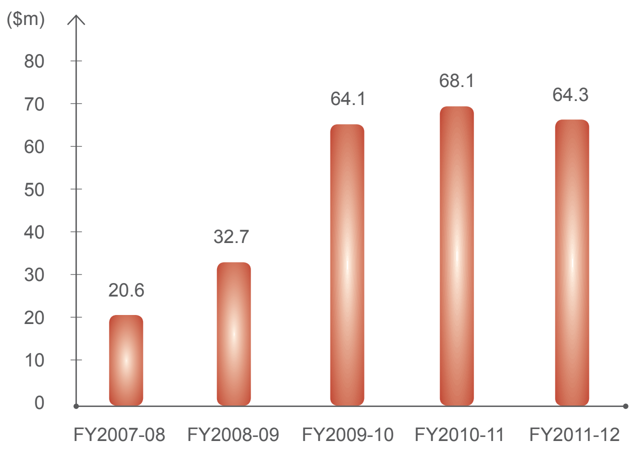
The Group incurred $64.3 million on capital expenditure, a decrease of $3.8 million or 5.6% over FY2010-11 capital expenditure of $68.1 million. The expenditure was mainly in both fixed and mobile ground support equipment and office fittings and fixtures.

CASH FLOWS

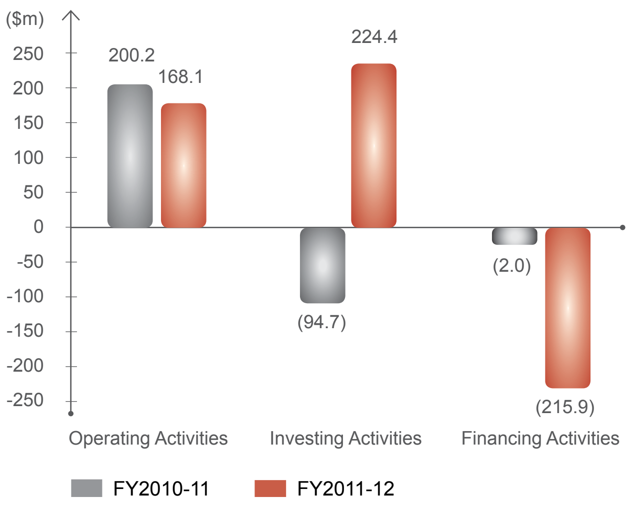
Group operating cash inflow was $168.1 million, a drop of 16.0% mainly due to the divestment of the Daniels Group and higher working capital requirement to support increased business volumes. Cash inflow from investing activities of $224.4 million was boosted by the net proceeds of $285.3 million from the sale of Daniels Group. Cash outflow from financing activities increased to $215.9 million primarily due to the payment of ordinary and special dividends of $188.5 million during the year.

As a result, the Group's cash and cash equivalent increased to $470.1 million as at 31 March 2012. Group free cash flow (as measured by cash from operating activities less cash purchases of capital expenditure) generated during the year was $103.7 million.

Capital Expenditure



Cash Flows



VALUE ADDED

The value added of the Group was $1,014.7 million, an increase of $97.8 million or 10.7% compared to the preceding year. $676.3 million (66.7%) went to salaries and other staff costs while shareholders received $188.5 million in dividends. Interest on borrowings and corporate tax accounted for $2.9 million (0.29%) and $51.8 million (5.1%) respectively. $95.2 million (9.4%) was retained for future capital requirements.

VALUE ADDED STATEMENT

	2011-12 $ Million ^	2010-11 $ Million ^	2009-10 $ Million ^	2008-09 $ Million ^	2007-08 $ Million
Total Revenue	**1,871.6**	1,729.1	1,538.9	1,062.1	958.0
Less: Purchase of goods and services	**920.9**	876.0	780.0	442.2	355.9
	950.7	853.1	758.9	619.9	602.1
Add/(less):					
Interest income	**1.1**	0.5	0.6	6.9	15.7
Share of profit before tax of associates/joint ventures	**55.5**	61.2	41.9	22.2	44.7
Amortisation of deferred income	**0.7**	0.9	0.9	(0.5)	1.4
Gain on disposal of property, plant and equipment	**0.1**	0.2	0.5	0.5	0.2
Income from long term investments	**1.2**	1.0	_	(9.7)	1.1
Exceptional items *	**5.4**	–	–	–	17.3
Total value added available for distribution	**1,014.7**	916.9	802.8	639.3	682.5
Applied as follows:					
To employees					
- Salaries and other staff costs	**676.3**	572.5	483.4	384.5	368.4
To government					
- Corporate taxes **	**51.8**	53.7	40.9	35.0	53.5
To supplier of capital					
- Dividends	**188.5**	143.5	118.9	151.1	140.0
- Interest on borrowings	**2.9**	2.8	5.3	6.7	6.2
Retained for future capital requirements					
- Depreciation & amortisation	**108.6**	96.1	90.8	64.6	59.2
- Non-controlling interests	**4.1**	0.4	0.9	1.7	0.3
- Retained profits	**(17.5)**	47.9	62.6	(4.3)	54.9
Total value added	**1,014.7**	916.9	802.8	639.3	682.5
Value added per $ revenue	**0.54**	0.53	0.52	0.60	0.71
Value added per $ employment cost	**1.50**	1.60	1.66	1.66	1.85
Value added per $ investment in fixed assets	**0.67**	0.58	0.58	0.47	0.53

^ Includes the results of Daniels Group classified as "(Loss)/Profit from discontinued operations, net of tax", on the face of the Income Statement.
* Exceptional items refer to one-off adjustments for the write-back of retirement benefit plan obligations of $10.1 million, gain on early termination of sale and leaseback arrangement of $0.8 million, and the loss on divestment of Daniels Group of $5.5 million.
** Includes share of tax of associates and joint ventures.

STAFF STRENGTH AND PRODUCTIVITY

The Group's average staff strength was 14,605, an increase of 10.2% over the preceding year. The increase was mainly due to the inclusion of TFK and to support organic business growth. The breakdown of the average staff strength is as follows:

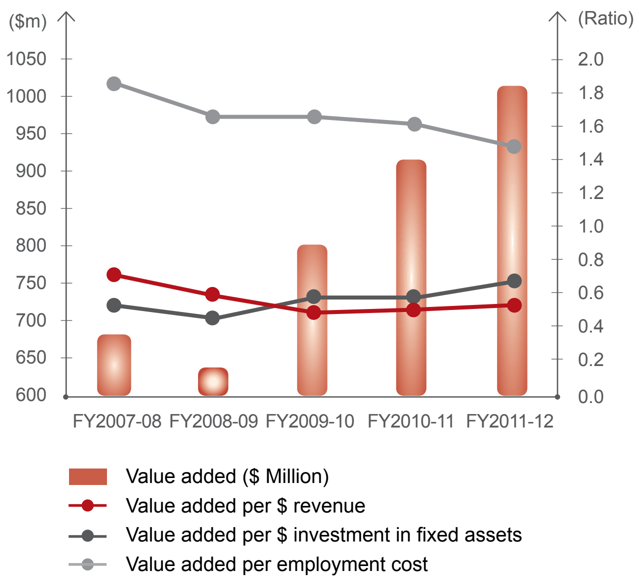
	2011-12	2010-11	Change %
Gateway services	**7,701**	7,138	7.9%
Food solutions	**6,569**	5,807	13.1%
Corporate	**335**	305	9.8%
Total	**14,605**	13,250	10.2%

Staff productivity, as measured by value added per employee, increased 4% to $69,475, while value added per dollar of employment cost decreased by 6.3% to $1.50. This was mainly due to higher average headcount and increases in mandatory statutory contributions including CPF and foreign worker levy. Staff costs per employee increased 7.2%.

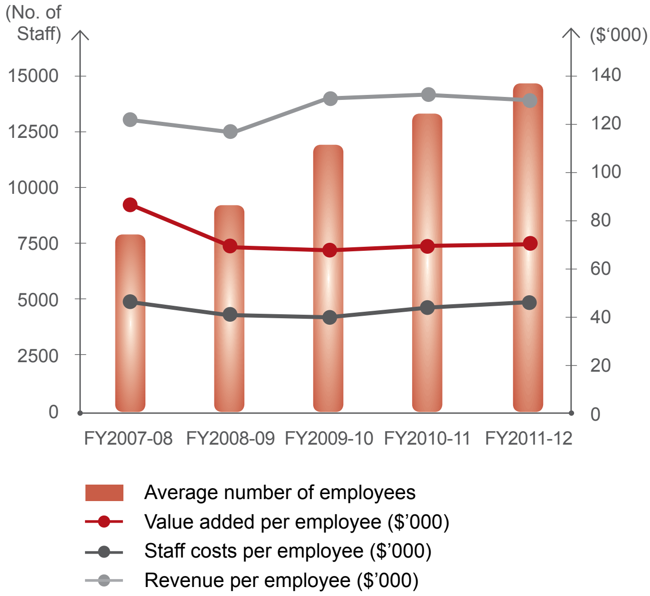
Productivity Analysis	**2011-12**	2010-11	2009-10	2008-09	2007-08
Value added ($ million)	**1,014.7**	916.9	802.8	639.3	682.5
Value added per employee ($)	**69,475**	69,200	67,283	69,524	85,979
Value added per $ employment cost (times)	**1.50**	1.60	1.66	1.66	1.85
Revenue per employee ($)	**128,148**	130,500	128,974	115,495	120,961
Staff costs per employee ($) **	**46,305**	43,212	40,533	41,814	46,410

** Staff costs excludes cost of contract labour

Group Value Added Productivity Ratios



Group Staff Strength and Productivity



ECONOMIC VALUE ADDED (EVA)

The EVA of the Group was $42.7 million. This is $25.6 million or 37.5% lower than the preceding financial year. The drop was mainly due to lower operating profit, share of profit from the Associates/Joint Ventures and higher cost of capital.

SHARE CAPITAL AND EMPLOYEE SHARE-BASED INCENTIVE PLANS

The issued and paid-up capital of the Company increased from $324,743,321 as at 31 March 2011 to S$326,229,261 as at 31 March 2012. The increase was due to new ordinary shares issued pursuant to the exercise of share options granted under the SATS Employee Share Option Plan.

During the year, the Company purchased 500,000 of its issued shares and held these as treasury shares (2011: 500,000). The Company issued 774,423 treasury shares on vesting of share-based incentive plans during the year. The number of treasury shares held as at 31 March 2012 was 225,577 (2011: 500,000).

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, 662,200 share options were exercised by the employees. As at 31 March 2012, there were 32,177,075 unexercised options.

Restricted Share Plan (“RSP”) and Performance Share Plan (“PSP”)

Senior management staff are eligible to participate in 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% and 150% of the initial grant of the restricted shares and between 0% and 200% of the initial grant of the performance shares.

For grants in FY2010-11 & FY2011-12

RSP award is subject to yearly financial achievement and has an equal vesting period 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 2012, the number of outstanding shares granted under the Company’s RSP and PSP were 1,983,600 and 1,090,000 respectively.

Five-Year Group Financial and Operational Summary

	2011-12	2010-11 (Restated) **	2009-10	2008-09	2007-08
Consolidated Income Statement (S$ million)					
Total revenue	**1,871.6**	1,729.1	1,538.9	1,062.1	958.0
Continuing operations	**1,685.4**	1,357.8	1,172.8	999.8	958.0
Discontinued operations	**186.2**	371.3	366.1	62.3	-
Total expenditure	**1,705.9**	1,544.6	1,354.5	891.2	783.7
Continuing operations	**1,516.4**	1,188.8	1,006.9	833.6	783.7
Discontinued operations	**189.5**	355.8	347.6	57.6	-
Operating profit	**165.7**	184.5	184.4	170.9	174.3
Continuing operations	**169.0**	169.0	165.9	166.2	174.3
Discontinued operations	**(3.3)**	15.5	18.5	4.7	-
Profit before tax	**212.5**	245.5	223.0	183.5	248.7
Continuing operations	**221.8**	216.7	194.0	170.4	248.7
Discontinued operations	**(9.3)**	28.8	29.0	13.1	-
Profit after tax	**175.0**	191.8	182.1	148.5	195.2
Continuing operations	**185.1**	179.8	166.7	145.2	195.2
Discontinued operations	**(10.1)**	12.0	15.4	3.3	-
Profit attributable to owners of the Company	**170.9**	191.4	181.2	146.8	194.9
Continuing operations	**181.0**	179.4	165.8	143.5	194.9
Discontinued operations	**(10.1)**	12.0	15.4	3.3	-
Statements of Financial Position (S$ million)					
Equity Holders' Funds	**1,509.4**	1,521.2	1,481.8	1,398.1	1,383.9
Non-Controlling Interests	**106.8**	98.6	18.3	18.3	4.0
Total Equity	**1,616.2**	1,619.8	1,500.1	1,416.4	1,387.9
Fixed Assets	**653.8**	741.9	594.4	608.4	564.8
Investment Properties	**13.5**	16.2	6.5	7.0	-
Other non-current assets	**624.0**	874.2	822.5	839.4	358.1
Current assets	**831.2**	687.6	485.7	600.4	926.6
Total Assets	**2,122.5**	2,319.9	1,909.1	2,055.2	1,849.5
Long-term liabilities	**234.0**	206.5	131.7	146.0	277.9
Current liabilities	**272.3**	493.6	277.3	492.8	183.7
Total Liabilities	**506.3**	700.1	409.0	638.8	461.6
Net Assets	**1,616.2**	1,619.8	1,500.1	1,416.4	1,387.9

** Certain items have been restated following finalisation of purchase price allocation of subsidiaries acquired during FY2010-11.

Five-Year Group Financial and Operational Summary

	2011-12	2010-11 (Restated) **	2009-10	2008-09	2007-08
Cash Flows Statement (S$ million)					
Cash flows from operations	**210.7**	250.2	302.8	238.0	200.0
Free cash flow	**103.7**	132.1	188.9	155.7	140.1
Capital expenditure	**64.3**	68.1	64.1	32.7	20.6
Profitability Ratios (%)					
Return on equity	**11.3**	12.7	12.6	10.6	14.4
Return on total assets	**7.9**	9.1	9.2	7.6	10.7
Net margin	**9.4**	11.1	11.8	14.0	20.4
Debt Equity Ratio (times)	**0.10**	0.12	0.02	0.18	0.15
Economic value added (EVA) ($ million)	**42.7**	68.3	67.2	26.2	53.9
Productivity and Employee Data					
Value added ($ million)	**1,014.7**	916.9	802.8	639.3	682.5
Value added per employee ($)	**69,475**	69,200	67,283	69,524	85,979
Value added per $ employment cost (times)	**1.50**	1.60	1.66	1.66	1.85
Revenue per employee ($)	**128,148**	130,500	128,974	115,495	120,961
Staff costs per employee ($)	**46,305**	43,212	40,533	41,814	46,410
Average number of employees	**14,605**	13,250	11,932	9,196	7,938
Per Share Data (cents)					
Earnings after tax					
- Basic	**15.4**	17.4	16.7	13.6	18.2
- Diluted	**15.4**	17.3	16.7	13.6	17.9
Net assets value per share	**136.1**	137.3	136.9	129.5	128.6
Interim dividend	**5.0**	5.0	5.0	4.0	4.0
Final and Special dividends #	**21.0**	12.0	8.0	6.0	10.0
Dividend cover (times)	**0.6**	1.0	1.3	1.4	1.3
Dividend payout (%)	**168.6**	98.4	78.5	73.6	77.5
Operating Statistics					
Airfreight throughput (million tonnes)	**1.50**	1.49	1.41	1.46	1.57
Passengers served (million)	**37.92**	35.38	32.99	30.91	31.65
Inflight meals prepared (million) *	**26.50**	25.06	23.47	25.19	25.72
Flights handled (thousand)	**115.19**	103.73	96.28	88.16	85.95

Notes:

1 SATS' financial year is from 1 April to 31 March. Throughout this report, all financial figures are stated in Singapore Dollars.
2 Return on equity is the profit attributable to owners of the Company expressed as a percentage of the average equity holders' funds.
3 Debt equity ratio is gross debts divided by equity attributable to owners of the Company at 31 March.
4 Basic earnings per share is computed by dividing the profit attributable to owners of the Company by the weighted average number of fully paid shares in issue.
5 Diluted earnings per share is computed by dividing the profit attributable to owners of the Company by the weighted average number of fully paid shares in issue after adjusting for dilution of shares under the various employee share plans.
6 Net asset value per share is computed by dividing equity attributable to owners of the Company by the ordinary shares in issue at 31 March.
7 Dividend cover is profit attributable to owners of the Company divided by total dividend (net of tax).
8 Payout ratio is total dividend (net of tax) divided by profit attributable to owners of the Company.
9 Free cash flow comprises of cash flows from operating activities less cash purchases of capital expenditure.

* Refers to airline meals catered at Singapore Changi Airport but does not include meals sold on board low cost carriers.
** Certain items have been restated following finalisation of purchase price allocation of subsidiaries acquired during FY2010-11.
\# Final and Special dividends for FY2011-12 are subject to shareholders' approval at the forthcoming Annual General Meeting.

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:

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 and Independent Director	Chairman			Chairman	
Mr David Zalmon Baffsky	Independent Director		Member	Chairman		
Mr David Heng Chen Seng	Non-Independent Director	Member				Member
Mr Alexander Charles Hungate[1]	Independent Director				Member	
Mr Nihal Vijaya Devadas Kaviratne CBE	Independent Director		Member			Member
Mr Koh Poh Tiong[2]	Independent Director		Member			Member
Mr Ng Kee Choe[3]	Non-Independent Director	Member			Member	
Mr Keith Tay Ah Kee	Independent Director	Member	Chairman			
Mr Yeo Chee Tong[4]	Independent Director			Member		Chairman
Mr Leo Yip Seng Cheong	Independent Director			Member	Member	

Notes:

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

1 Appointed as a Director on 27 July 2011, Mr Alexander Hungate was appointed as a member of the Remuneration and Human Resource Committee with effect from 1 August 2011.

2 Appointed as a Director on 1 November 2011, Mr Koh Poh Tiong was appointed as a member of the Audit Committee and a member of the Board Risk Committee with effect from 7 February 2012.

3 Mr Ng Kee Choe, a member of the Board Executive Committee and a member of the Remuneration and Human Resource Committee, will be retiring as a Director, member of the Board Executive Committee and member of the Remuneration and Human Resource Committee at the conclusion of the 39th AGM to be held on 26 July 2012 (**"39th AGM"**).

4 Mr Yeo Chee Tong, Chairman of the Board Risk Committee and a member of the Nominating Committee, will be retiring as a Director, Chairman of the Board Risk Committee and member of the Nominating Committee at the conclusion of the 39th AGM.

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

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

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 FY2011-12, various Directors have participated in Board or Board Committee meetings by way of teleconference or video conference.

In respect of FY2011-12, a total of five Board meetings, including a three-day Board Strategy meeting, were held. The Directors' attendance at Board and Board Committee meetings for FY2011-12 is set out below.

	No. of Board and Board Committee meetings attended in FY2011-12					
	Board	Board Executive Committee	Audit Committee	Nominating Committee	Remuneration and Human Resource Committee	Board Risk Committee
No. of meetings held	5	6	4	2	3	5
Board Members						
Mr Edmund Cheng Wai Wing	5	6			3	
Mr David Zalmon Baffsky[1]	5		4	2		
Mr David Heng Chen Seng	4	4				3
Mr Alexander Charles Hungate[2]	3				1	
Mr Nihal Vijaya Devadas Kaviratne CBE[3]	5		4			3
Mr Koh Poh Tiong[4]	2					1
Mr Ng Kee Choe	5	5			3	
Mr Keith Tay Ah Kee[5]	5	4	4			
Mr Yeo Chee Tong[6]	5		2	2	2	3
Mr Leo Yip Seng Cheong[7]	5			1	3	
Mr Khaw Kheng Joo[8]	2					1
Dr Rajiv Behari Lall[9]	0					
Mr Mak Swee Wah[10]	1	2				2

Notes:

1 Appointed as Chairman of the Nominating Committee with effect from 1 August 2011. Mr Baffsky attended 2 out of 2 Nominating Committee meetings which were held during his term as Chairman of the Nominating Committee in FY2011-12.

2 Appointed as a Director on 27 July 2011 and as a member of the Remuneration and Human Resource Committee with effect from 1 August 2011. Mr Hungate attended 3 out of 3 Board meetings and 1 out of 1 Remuneration and Human Resource Committee meeting which were held during his term as a Director and a member of the Remuneration and Human Resource Committee respectively in FY2011-12.

3 Appointed as a member of the Board Risk Committee with effect from 1 August 2011. Mr Kaviratne attended 3 out of 3 Board Risk Committee meetings which were held during his term as a member of the Board Risk Committee in FY2011-12.

4 Appointed as a Director on 1 November 2011 and as a member of the Audit Committee and the Board Risk Committee with effect from 7 February 2012. Mr Koh attended 2 out of 2 Board meetings and 1 out of 1 Board Risk Committee meeting which were held during his term as a Director and a member of the Board Risk Committee respectively in FY2011-12.

5 Stepped down as a member of Nominating Committee on 1 August 2011. No Nominating Committee meeting was held during his term as a member of the Nominating Committee in FY 2011-12. Appointed as a member of the Board Executive Committee with effect from 1 August 2011. Mr Tay attended 4 out of 4 Board Executive Committee meetings which were held during his term as a member of the Board Executive Committee in FY 2011-12.

6 Stepped down as a member of the Audit Committee and the Remuneration and Human Resource Committee on 1 August 2011. Mr Yeo attended 2 out of 2 Audit Committee meetings and 2 out of 2 Remuneration and Human Resource Committee meetings which were held during his term as a member of the Audit Committee and a member of the Remuneration and Human Resource Committee respectively in FY 2011-12. Appointed as Chairman of the Board Risk Committee and a member of the Nominating Committee with effect from 1 August 2011. Mr Yeo attended 3 out of 3 Board Risk Committee meetings and 2 out of 2 Nominating Committee meetings which were held during his term as Chairman of the Board Risk Committee and a member of the Nominating Committee respectively in FY 2011-12.

7 Appointed as a member of the Nominating Committee with effect from 1 August 2011. Mr Yip attended 1 out of 2 Nominating Committee meetings which were held during his term as a member of the Nominating Committee in FY 2011-12.

8 Mr Khaw Kheng Joo had elected to retire from office at the last AGM. Mr Khaw attended 2 out of 2 Board meetings and 1 out of 2 Board Risk Committee meetings which were held during his term as a Director and a member of the Board Risk Committee respectively in FY 2011-12.

9 Dr Rajiv Behari Lall had retired from office at the last AGM.

10 Mr Mak Swee Wah had retired from office at the last AGM. Mr Mak attended 1 out of 2 Board meetings, 2 out of 2 Board Executive Committee meetings and 2 out of 2 Board Risk Committee meetings which were held during his term as a Director, a member of the Board Executive Committee and as Chairman of the Board Risk Committee respectively in FY 2011-12.

All members of the Board actively participate in Board discussions and helped 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 investment 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 Ng Kee Choe, Member
- Mr Keith Tay Ah Kee, 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 six times in FY2011-12. 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 and Chief Executive Officer ("**PCEO**"), the General Counsel, the Chief Financial Officer ("**CFO**") and the Executive Vice Presidents 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 organisations, 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 10 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 Koh Poh Tiong as a Director of the Company in November 2011, 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.

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 identification and selection 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 David Zalmon Baffsky, Chairman
- Mr Yeo Chee Tong, Member
- Mr Leo Yip Seng Cheong, 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 once a year. It held two meetings in FY2011-12.

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[1]	Chairman	22 May 2003 (as Director and Chairman)	30 July 2010
Mr David Zalmon Baffsky[2]	Director	15 May 2008	Re-appointed on 27 July 2011
Mr David Heng Chen Seng[3]	Director	15 October 2009	30 July 2010
Mr Alexander Charles Hungate	Director	27 July 2011 (appointed at the Company's 38th AGM)	Not Applicable
Mr Nihal Vijaya Devadas Kaviratne CBE	Director	30 July 2010	Not Applicable
Mr Koh Poh Tiong[4]	Director	1 November 2011	Not Applicable
Mr Ng Kee Choe[5]	Director	1 March 2000	28 July 2009
Mr Keith Tay Ah Kee	Director	26 July 2007	30 July 2010
Mr Yeo Chee Tong[6]	Director	19 May 2006	27 July 2011
Mr Leo Yip Seng Cheong	Director	1 September 2010	27 July 2011

Note:

1 Mr Edmund Cheng Wai Wing, 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 39th AGM. Mr Cheng is considered by the Nominating Committee to be an independent Director. Mr Cheng is the Chairman of the Board of Directors and Chairman of both the Board Executive Committee and the Remuneration and Human Resource Committee.

2 Mr David Zalmon Baffsky, who will be retiring pursuant to Section 153(6) of the Companies Act and has indicated his willingness to stand for re-appointment, will be standing for re-appointment pursuant to Section 153(6) of the Companies Act (Cap. 50) at the Company's 39th AGM. Mr Baffsky is regarded by the Nominating Committee to be an independent Director. Mr Baffsky is the Chairman of the Nominating Committee and a member of the Audit Committee.

3 Mr David Heng Chen Seng, 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 39th AGM. Mr Heng is considered by the Nominating Committee to be non-independent. Mr Heng is a member of both the Board Executive Committee and the Board Risk Committee.

4 Mr Koh Poh Tiong, who will retire pursuant to Article 90, has indicated his willingness to stand for re-election, will be standing for re-election at the 39th AGM . Mr Koh is considered by the Nominating Committee to be an independent Director. Mr Koh Poh Tiong is a member of both the Audit Committee and the Board Risk Committee.

5 Mr Ng Kee Choe, who will retire by rotation pursuant to Article 83, will be retiring and will not be standing for re-election at the 39th AGM. Mr Ng is a member of both the Board Executive Committee and the Remuneration and Human Resource Committee.

6 Mr Yeo Chee Tong has elected to retire from office at 39th AGM. Mr Yeo is the Chairman of the Board Risk Committee and a member of the Nominating Commettee.

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 Directors standing for re-election pursuant to Article 83 at the 39th AGM are Mr Edmund Cheng Wai Wing and Mr David Heng Chen Seng. Mr Koh Poh Tiong 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 (Cap. 50). 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.

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 is the Senior Managing Director, Investment and Co-Head of SEA 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; 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.

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

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 specialising 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 utilises a set of confidential questionnaires 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.

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, contain 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.

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.

* Includes the Assistant Company Secretary

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 and the Board to be independent Directors:

- Mr Edmund Cheng Wai Wing, Chairman
- Mr Alexander Charles Hungate, Member
- Mr Ng Kee Choe, 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 Committee convened three meetings in FY2011-12.

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, organisation 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 FY2011-12. 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 Director is attending in person or via teleconference/video conference.

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

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 2013 is the same as that of FY2011-12.

Types of Appointment	Scale of Directors' fees (FY2012-13)
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

Based on the scale of fees approved by the Shareholders at the last AGM, the Directors' remuneration paid out for FY2011-12 amounted to S$965,074. The composition of the remuneration of the Directors for FY2011-12 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 Alexander Charles Hungate[1]	100	–	–	100
Mr Nihal Vijaya Devadas Kaviratne CBE	100	–	–	100
Mr Koh Poh Tiong[2]	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
Mr Khaw Kheng Joo[3]	100	–	–	100
Dr Rajiv Behari Lall[3]	100	–	–	100
Mr Mak Swee Wah[3]	100	–	–	100

Notes:
1 Appointed as a Director on 27 July 2011, and appointed as a member of the Remuneration and Human Resource Committee with effect from 1 August 2011. Mr Hungate has declined any fees for his role as a Director of SATS.
2 Appointed as a Director on 1 November 2011 and appointed as a member of both the Audit Committee and Board Risk Committee with effect from 7 February 2012.
3 Mr Khaw Kheng Joo, Dr Rajiv Lall and Mr Mak Swee Wah retired as Directors of the Company on 27 July 2011.

Since 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 39th AGM to approve the payment of Directors' fees up to a stipulated amount for FY2012-13 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.

	Remuneration Band[1]		Bonuses[2]				Award under SATS RSP[3]	Award under SATS PSP[3]
		Salary (%)	Fixed (%)	Variable (%)	Benefits (%)	Total (%)		
Tan Chuan Lye	$500,001 to $750,000	70	5	17	8	100	37,800	63,000
Lim Chuang	$250,001 to $500,000	69	6	11	14	100	14,400	31,500
Ferry Chung Qing An[4]	$250,001 to $500,000	87	4	2	7	100	180,000	–
Yacoob Bin Ahmed Piperdi	$250,001 to $500,000	72	6	12	10	100	9,000	20,700
Poon Choon Liang	$250,001 to $500,000	66	6	22	6	100	18,000	28,800

Notes:
1 Remuneration bands as indicated do not include the value of any awards granted under the SATS RSP and/or the SATS PSP.
2 Includes actual performance bonus paid for FY2010-11.
3 Denotes the base awards of shares granted under the SATS RSP and the SATS PSP for FY2011-12 on 3rd August 2011. 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.
4 Mr Ferry Chung joined SATS on 1 August 2011. He was granted a base award under the SATS RSP for FY2011-12 on 1st August 2011. The number of shares awarded to him under the SATS RSP will vest in the award holder over a four-year period; there will be no performance conditions for vesting.

None of the immediate family members of a Director or of the PCEO was employed by the Company or its related companies at a remuneration exceeding S$150,000 during FY2011-12.

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 Koh Poh Tiong, 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 since 4Q FY2010-11. The Company will continue to engage KPMG to supplement its internal audit function in FY2012-13;
- 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 FY2011-12.

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 FY2011-12, 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 recognises 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 Yeo Chee Tong, Chairman
- Mr David Heng Chen Seng, Member
- Mr Nihal Vijaya Devadas Kaviratne CBE, Member
- Mr Koh Poh Tiong, 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 level 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;
- food safety and accident investigation findings and implementation of recommendations by Management; and
- adequacy of insurance coverage for the Group.

The Board Risk Committee is required by its terms of reference to meet at least four times a year. The Committee met five times in FY2011-12.

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 institutionalise 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 FY2011-12, the Company's internal audit function was undertaken by the Internal Audit department of the Company and KPMG. 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, 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 had been engaged to supplement the internal audit function since 4Q FY2010-11. The Company will continue to engage KPMG to supplement its internal audit function in FY2012-13.

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

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

The aggregate number of shares which may be issued pursuant to awards granted under the SATS RSP or the SATS PSP, when added to the number of new shares issued and issuable in respect of all options granted under the ESOP, and all awards under the SATS RSP and the SATS PSP, may not exceed 15% 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 Share Purchase Mandate (the “**Mandate**”) at the Annual General Meeting of the Company held on 27 July 2011. Pursuant to the Mandate, the Company had purchased a total of 620,000 shares of the Company as at 23 May 2012, prior to the printing of this Annual Report, to satisfy the obligations for the SATS RSP and the SATS PSP. The shares purchased are currently held as treasury shares.

Internal Control Statement

RESPONSIBILITY

The 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, addressing financial, operating and compliance risks.

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's Corporate Governance, and 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. Two of the directors are concurrent members of the Board Risk Committee. 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.

Board Risk Committee

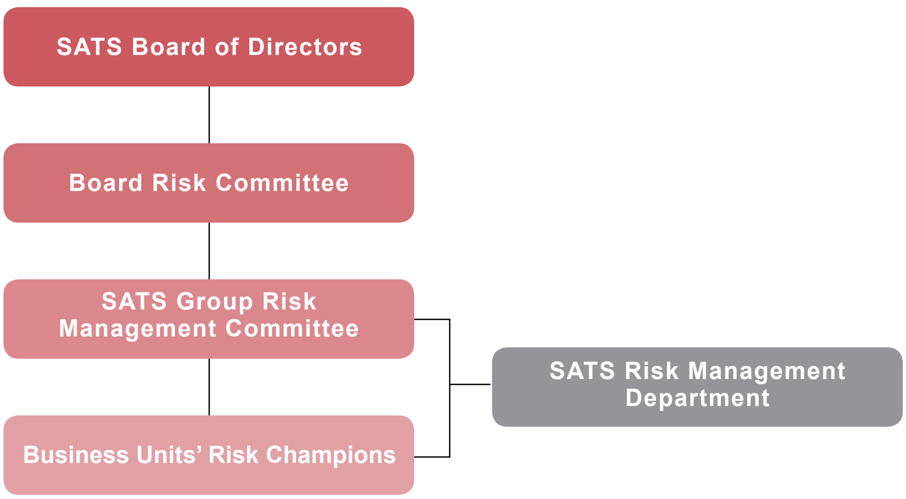
The Board, through the Board Risk Committee ("**BRC**"), generally oversees and reviews the other risks faced by the Group including operational and compliance risks. The BRC assists the Board in reviewing the effectiveness of the system of safety and risk management, and in doing so, the BRC considers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

The BRC is made up of four Directors, all of whom are non-executive Directors. Two of the directors are concurrent members of the Audit Committee. The BRC met five times in FY2011-12 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 President and Chief Executive Officer, 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 communication 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 controls 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 subject to regular review and improvement;
- 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.

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

Taking into account the views of the AC and the BRC in the exercise of their responsibilities under their respective terms of reference, the framework established and maintained by the Group's Management, and the reviews conducted by the internal and external auditors, the Board opines, with the concurrence of the AC, that the system of internal controls (addressing financial, operational and compliance risks) was adequate as at the date of the report.

Financial Statements

Directors' Report

The Directors have pleasure in presenting their report together with the audited consolidated financial statements of SATS Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2012.

1. DIRECTORS

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

Edmund Cheng Wai Wing	Chairman
David Zalmon Baffsky	
David Heng Chen Seng	
Alexander Charles Hungate	(Appointed on 27 July 2011)
Nihal Vijaya Devadas Kaviratne CBE	
Koh Poh Tiong	(Appointed on 1 November 2011)
Ng Kee Choe	
Keith Tay Ah Kee	
Yeo Chee Tong	
Leo Yip Seng Cheong	

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

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

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

	Direct Interest		Deemed Interest	
Name of Director	1.4.2011	31.3.2012	1.4.2011	31.3.2012
Interest in SATS Ltd.				
Ordinary shares				
Ng Kee Choe	11,000	11,000	–	–
Keith Tay Ah Kee	35,000	35,000	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2012.

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

4. DIRECTORS' CONTRACTUAL BENEFITS

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

5. SHARE-BASED PAYMENTS

(i) Employee Share Option Plan

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

Under the Share Option Plan, all options to be issued will have a term no longer than 10 years from the date of grant. The exercise price of the option will be the average of the closing prices of the Company's ordinary shares on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the five market days immediately preceding the date of grant. The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any right to participate in any share issue of any other company.

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

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

No options have been granted to Directors of the Company, controlling shareholders of the Company or their associates. No employee has received 5% or more of the total number of options available under the Share Option Plan. The Company has ceased to issue further grants of share options since the last grant in July 2008.

At the end of the financial year, options to take up 32,177,075 unissued ordinary shares in the Company were outstanding:

Date of grant	Balance at 1.4.2011/ Date of grant	Forfeited/ Lapsed	Exercised	Balance at 31.3.2012	Exercise price *	Exercisable period
02.07.2001	192,900	(118,900)	(74,000)	–	$1.19	02.07.2002 - 01.07.2011
01.07.2002	432,550	(2,600)	(46,400)	383,550	$1.49	01.07.2003 - 30.06.2012
01.07.2003	600,250	(16,200)	(29,900)	554,150	$1.36	01.07.2004 - 30.06.2013
01.07.2004	2,505,750	(69,400)	(67,900)	2,368,450	$1.98	01.07.2005 - 30.06.2014
01.07.2005	5,480,000	(139,400)	(93,300)	5,247,300	$2.16	01.07.2006 - 30.06.2015
03.07.2006	4,824,525	(141,600)	(184,500)	4,498,425	$1.99	03.07.2007 - 02.07.2016
02.07.2007	13,306,500	(295,800)	–	13,010,700	$2.95	02.07.2009 - 01.07.2017
01.07.2008	6,371,800	(91,100)	(166,200)	6,114,500	$2.11	01.07.2010 - 30.06.2018
	33,714,275	(875,000)	(662,200)	32,177,075		

* Following approval by the Company's shareholders of the declaration of a special dividend of $0.06 per share on 27 July 2011, the Committee administering the Share Option Plan has approved a $0.06 reduction in the exercise prices of all share options outstanding on 3 August 2011. The exercise prices reflected here are the exercise prices after such adjustment (except the expired grant). The Company has accounted for the modification in accordance with FRS102. As the incremental fair value of the share options resulted from the modification is $Nil, no adjustment is made to the share-based payment expenses.

5. SHARE-BASED PAYMENTS (cont'd)

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

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

In respect of RSP and PSP grants for FY2008-09 and FY2009-10, the final number of restricted shares and performance shares awarded could range between 0% and 150% of the initial restricted grants and between 0% and 200% of the initial grant of performance shares, depending on the achievement of pre-determined targets over a two-year period for the RSP and a three-year period for the PSP. In respect of RSP and PSP grants with effect from FY2010-11, the final number of restricted shares is 100% of the restricted grants and performance shares between 0% to 200% of the initial grant of performance shares.

For the years prior to FY2010-11, based on meeting stated performance conditions over a two-year performance period, 50% of the RSP award will vest. The balance will vest equally over the subsequent two years with fulfilment of service requirements. With effect from FY2010-11, the RSP award will vest over a four-year period; there will be no performance condition for vesting. The PSP award will vest based on meeting stated performance conditions over a three-year performance period.

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

Edmund Cheng Wai Wing	Chairman
Alexander Charles Hungate	Member
Ng Kee Choe	Member
Leo Yip Seng Cheong	Member

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

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

RSP

	Number of ordinary shares				
Date of grant	Balance at 1.4.2011/ Date of grant	Vested	Forfeited	Adjustments #	Balance at 31.3.2012
27.07.2007	19,600	(19,600)	–	–	–
01.11.2007	5,100	(5,100)	–	–	–
28.07.2008	158,400	(91,300)	(700)	–	66,400
17.11.2008	18,700	(9,400)	–	–	9,300
12.11.2009	726,700	(189,100)	(13,500)	(385,900)	138,200
02.08.2010	1,010,000	(282,000)	(94,500)	(14,000)	619,500
01.08.2011	180,000	(45,000)	–	–	135,000
03.08.2011	1,132,200	–	(117,000)	–	1,015,200
	3,250,700	(641,500)	(225,700)	(399,900)	1,983,600

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

5. SHARE-BASED PAYMENTS (cont'd)

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

PSP

	Number of ordinary shares				
Date of grant	Balance at 1.4.2011/ Date of grant	Vested	Forfeited	Adjustments #	Balance at 31.3.2012
15.04.2008 *	2,923	(2,923)	–	–	–
28.07.2008	92,000	(82,000)	–	(10,000)	–
12.11.2009	72,000	(18,000)	(54,000)	–	–
02.08.2010	736,000	(30,000)	(175,000)	–	531,000
03.08.2011	616,700	–	(57,700)	–	559,000
	1,519,623	(132,923)	(286,700)	(10,000)	1,090,000

* Granted under Singapore Food Industries Limited (now known as Singapore Food Industries Pte. Ltd.) performance share plan which were converted to performance shares of the Company.

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

Based on the Monte Carlo simulation model, the estimated fair value at the date of grant for each share granted during the year under the RSP ranges from $1.92 to $2.52 (2011: $2.44 to $2.78) and the estimated fair value at the date of grant for each share granted during the year under the PSP is $1.50 (2011: $2.78).

The number of contingent shares granted but not released as at 31 March 2012 were 1,983,600 (2011: 1,938,500) and 1,090,000 (2011: 902,923) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards is 1,983,600 (2011: range from 1,211,800 to a maximum of 2,301,850) and zero to a maximum of 2,180,000 (2011: zero to a maximum of 1,802,923) fully-paid ordinary shares, for RSP and PSP respectively.

6. AUDIT COMMITTEE

The Audit Committee performed the functions specified in the Companies Act, Cap. 50. The functions performed are detailed in the Corporate Governance Report.

7. INTERNAL CONTROL STATEMENT

Taking into account the views of the Audit Committee and the Board Risk Committee in the exercise of their responsibilities under their respective terms of reference, the framework established and maintained by the Group's Management, and the reviews conducted by the internal and external auditors, the Board opines, with the concurrence of the Audit Committee, that the system of internal controls (addressing financial, operational and compliance risks) was adequate as at the date of the report.

8. AUDITORS

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

On behalf of the Board of Directors,

EDMUND CHENG WAI WING
Chairman

KEITH TAY AH KEE
Director

Dated this 11 May 2012

Statement by Directors

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

a) the accompanying statements of financial position of the Group and the Company as at 31 March 2012, the statements of changes in equity of the Group and the Company, the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2012 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

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

On behalf of the Board of Directors,

EDMUND CHENG WAI WING
Chairman

KEITH TAY AH KEE
Director

Dated this 11 May 2012

Independent Auditors' Report

For the financial year ended 31 March 2012

To the Members of SATS Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of SATS Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**") set out on pages 81 to 164, which comprise the statements of financial position of the Group and the Company as at 31 March 2012, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2012 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

ERNST & YOUNG LLP
Public Accountants and Certified Public Accountants
Singapore

Dated this 11 May 2012

Consolidated Income Statement

Year ended 31 March 2012

	Note	2011-12 $'000	2010-11 $'000 (Restated) *
Continuing Operations			
Revenue	4	**1,685,413**	1,357,848
Expenditure			
Staff costs	5	**(696,979)**	(563,588)
Cost of raw materials		**(370,760)**	(284,181)
Licensing fees		**(70,277)**	(62,014)
Depreciation and amortisation charges		**(97,369)**	(77,348)
Company accommodation and utilities		**(123,679)**	(93,500)
Other costs		**(157,358)**	(108,251)
		(1,516,422)	(1,188,882)
Operating Profit	6	**168,991**	168,966
Write-back of retirement benefit plan obligations		**10,147**	–
Interest on borrowings	7	**(2,455)**	(1,863)
Interest income	8	**1,060**	519
Dividend from long-term investment, gross		**1,250**	957
Gain on early retirement of obligations related to sale and leaseback arrangement		**826**	–
Amortisation of deferred income, net of expenses		**677**	870
Gain on disposal of property, plant and equipment		**68**	315
Gain on liquidation of a subsidiary		**15**	–
Share of results of associates/joint ventures, net of tax		**41,233**	46,907
Profit Before Tax from Continuing Operations		**221,812**	216,671
Income tax expense	9	**(36,735)**	(36,882)
Profit from Continuing Operations, Net of Tax		**185,077**	179,789
Discontinued Operations			
(Loss)/Profit from discontinued operations, net of tax	17	**(10,077)**	12,036
Profit for the Year		**175,000**	191,825
Profit Attributable to:			
Owners of the Company			
Profit from continuing operations, net of tax		**180,960**	179,414
(Loss)/Profit from discontinued operations, net of tax	17	**(10,077)**	12,036
Profit for the Year Attributable to Owners of the Company		**170,883**	191,450
Non-controlling Interests			
Profit from continuing operations, net of tax		**4,117**	375
		175,000	191,825
Earnings per share from continuing operations attributable to owners of the Company (cents)			
Basic	10	**16.3**	16.3
Diluted	10	**16.3**	16.2
Earnings per share (cents)			
Basic	10	**15.4**	17.4
Diluted	10	**15.4**	17.3

* Restatement is due to the de-consolidation of the Group's UK subsidiaries ("Daniels Group") in FY2011-12 and the comparative results of Daniels Group are aggregated into a single line under "(Loss)/Profit from discontinued operations, net of tax". Details are disclosed in Note 17(c).

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 March 2012

	2011-12 $'000	2010-11 $'000 (Restated) *
Profit for the Year	**175,000**	191,825
Other Comprehensive Income:		
Net fair value changes on available-for-sale assets	**(39)**	(11)
Foreign currency translation	**(9,806)**	(44,539)
Reclassification of foreign currency translation to profit or loss	**17,239**	–
Other Comprehensive Income for the Year, Net of Tax	**7,394**	(44,550)
Total Comprehensive Income for the Year	**182,394**	147,275
Total Comprehensive Income Attributable to:		
Owners of the Company		
From continuing operations	**167,022**	144,899
From discontinued operations	**7,162**	6,030
	174,184	150,929
Non-controlling Interests	**8,210**	(3,654)
Total Comprehensive Income for the Year	**182,394**	147,275

* Restatement is due to the de-consolidation of the Group's UK subsidiaries ("Daniels Group") in FY2011-12 and the comparative results of Daniels Group are aggregated into a single line under "(Loss)/Profit from discontinued operations, net of tax". Details are disclosed in Note 17(c).

The accompanying notes form an integral part of the financial statements.

Statements of Financial Position

As at 31 March 2012

		GROUP		COMPANY	
	Note	31.3.2012 $'000	31.3.2011 $'000 (Restated) *	31.3.2012 $'000	31.3.2011 $'000
Equity Attributable to Owners of the Company:					
Share capital	12	**326,229**	324,743	**326,229**	324,743
Treasury shares	12	**(827)**	(1,275)	**(827)**	(1,275)
Share-based compensation reserve	13	**18,934**	18,815	**18,934**	18,815
Statutory reserve	13	**6,962**	6,659	**–**	–
Fair value reserve	13	**(50)**	(11)	**–**	–
Foreign currency translation reserve	13	**(96,812)**	(100,152)	**–**	–
Revenue reserve		**1,254,984**	1,272,477	**1,114,455**	925,583
		1,509,420	1,521,256	**1,458,791**	1,267,866
Non-controlling Interests		**106,802**	98,592	**–**	–
Total Equity		**1,616,222**	1,619,848	**1,458,791**	1,267,866
Non-current Assets					
Property, plant and equipment	14	**653,840**	741,897	**4,129**	3,510
Investment properties	15	**13,489**	16,240	**341,082**	362,554
Intangible assets	16	**212,966**	486,845	**13,649**	7,008
Investment in subsidiaries	17	**–**	–	**541,030**	540,950
Investment in associates	18	**347,689**	321,248	**270,819**	270,819
Investment in joint ventures	19	**20,631**	14,083	**12,014**	12,014
Long-term investment	20	**8,382**	8,355	**7,886**	7,886
Loan to subsidiaries	17	**–**	–	**164,187**	123,902
Deferred tax assets	21	**26,868**	34,459	**–**	–
Other non-current assets	22	**7,426**	9,125	**–**	–
		1,291,291	1,632,252	**1,354,796**	1,328,643

* Certain items have been restated following finalisation of purchase price allocation of subsidiaries acquired during FY2010-11. Details are disclosed in Note 17(b) and Note 37.

The accompanying notes form an integral part of the financial statements.

Statements of Financial Position

As at 31 March 2012

	Note	GROUP 31.3.2012 $'000	GROUP 31.3.2011 $'000 (Restated) *	COMPANY 31.3.2012 $'000	COMPANY 31.3.2011 $'000
Current Assets					
Trade and other receivables	23	**293,733**	303,207	**50,120**	45,102
Prepayments		**14,362**	15,890	**2,291**	1,660
Amount due from associates	18	**7,773**	5,259	**7,773**	5,259
Loan to a subsidiary	17	**–**	–	**592**	467
Inventories	24	**43,718**	59,383	**310**	267
Cash and short-term deposits	25	**471,643**	303,876	**355,961**	181,143
		831,229	687,615	**417,047**	233,898
Less: Current Liabilities					
Bank overdraft - secured	25	**1,530**	7,759	**–**	–
Trade and other payables	26	**203,240**	286,003	**157,651**	123,065
Income tax payable		**42,422**	43,841	**4,852**	7,550
Term loans	27	**21,965**	151,420	**–**	118,673
Finance leases	28	**3,209**	4,572	**–**	–
		272,366	493,595	**162,503**	249,288
Net Current Assets/(Liabilities)		**558,863**	194,020	**254,544**	(15,390)
Less: Non-current Liabilities					
Deferred tax liabilities	21	**62,184**	104,072	**31,225**	28,075
Term loans	27	**126,099**	12,751	**119,324**	–
Finance leases	28	**5,216**	7,907	**–**	–
Defined benefit plan	29	**15,663**	55,821	**–**	–
Other long-term liabilities		**24,770**	8,561	**–**	–
Deferred income	30	**–**	17,312	**–**	17,312
		233,932	206,424	**150,549**	45,387
Net Assets		**1,616,222**	1,619,848	**1,458,791**	1,267,866

* Certain items have been restated following finalisation of purchase price allocation of subsidiaries acquired during FY2010-11. Details are disclosed in Note 17(b) and Note 37.

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

Year ended 31 March 2012

	Note	Share Capital $'000	Treasury Shares $'000	Share-Based Compensation Reserve $'000	Statutory Reserve * $'000	Fair Value Reserve $'000	Foreign Currency Translation Reserve $'000	Revenue Reserve $'000	Total $'000	Non-controlling Interests [1] $'000	Total Equity $'000
		Attributable to Owners of the Company									
GROUP											
Balance at 1 April 2011		324,743	(1,275)	18,815	6,659	(11)	(100,152)	1,272,477	1,521,256	98,592	1,619,848
Profit for the year		–	–	–	–	–	–	170,883	170,883	4,117	175,000
Other comprehensive income for the year		–	–	–	–	(39)	3,340	–	3,301	4,093	7,394
Total comprehensive income for the year		–	–	–	–	(39)	3,340	170,883	174,184	8,210	182,394
Contributions by and Distribution to Owners											
Share-based payment		–	–	2,458	–	–	–	–	2,458	–	2,458
Share options exercised and lapsed		1,486	–	(591)	–	–	–	384	1,279	–	1,279
Purchase of treasury shares		–	(1,300)	–	–	–	–	–	(1,300)	–	(1,300)
Treasury shares reissued pursuant to equity compensation plans		–	1,748	(1,748)	–	–	–	–	–	–	–
Dividends, net	11	–	–	–	–	–	–	(188,457)	(188,457)	–	(188,457)
Total contributions by and distribution to owners		1,486	448	119	–	–	–	(188,073)	(186,020)	–	(186,020)
Transfer to statutory reserve *		–	–	–	303	–	–	(303)	–	–	–
Balance at 31 March 2012		326,229	(827)	18,934	6,962	(50)	(96,812)	1,254,984	1,509,420	106,802	1,616,222

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

(1) Non-controlling interests for FY2010-11 have been restated following finalisation of purchase price allocation of subsidiaries acquired during FY2010-11.

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

Year ended 31 March 2012

	Note	Share Capital $'000	Treasury Shares $'000	Share-Based Compensation Reserve $'000	Statutory Reserve * $'000	Fair Value Reserve $'000	Foreign Currency Translation Reserve $'000	Revenue Reserve $'000	Total $'000	Non-controlling Interests (1) $'000	Total Equity $'000
		Attributable to Owners of the Company									
GROUP											
Balance at 1 April 2010		288,018	–	22,601	6,477	–	(59,642)	1,224,444	1,481,898	18,299	1,500,197
Profit for the year		–	–	–	–	–	–	191,450	191,450	375	191,825
Other comprehensive income for the year		–	–	–	–	(11)	(40,510)	–	(40,521)	(4,029)	(44,550)
Total comprehensive income for the year		–	–	–	–	(11)	(40,510)	191,450	150,929	(3,654)	147,275
Contributions by and Distribution to Owners											
Share-based payment		–	–	2,406	–	–	–	–	2,406	–	2,406
Share options exercised and lapsed		35,972	–	(5,439)	–	–	–	260	30,793	–	30,793
Award of performance and restricted shares		753	–	(753)	–	–	–	–	–	–	–
Purchase of treasury shares		–	(1,275)	–	–	–	–	–	(1,275)	–	(1,275)
Dividends, net	11	–	–	–	–	–	–	(143,495)	(143,495)	–	(143,495)
Total contributions by and distribution to owners		36,725	(1,275)	(3,786)	–	–	–	(143,235)	(111,571)	–	(111,571)
Transfer to statutory reserve *		–	–	–	182	–	–	(182)	–	–	–
Acquisition of shares in subsidiaries		–	–	–	–	–	–	–	–	83,947	83,947
Balance at 31 March 2011		324,743	(1,275)	18,815	6,659	(11)	(100,152)	1,272,477	1,521,256	98,592	1,619,848

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

(1) Non-controlling interests for FY2010-11 have been restated following finalisation of purchase price allocation of subsidiaries acquired during FY2010-11.

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

Year ended 31 March 2012

	Note	Share Capital $'000	Treasury Shares $'000	Share-Based Compensation Reserve $'000	Revenue Reserve $'000	Total Equity $'000
COMPANY						
Balance at 1 April 2011		324,743	(1,275)	18,815	925,583	1,267,866
Profit for the year		–	–	–	376,945	376,945
Other comprehensive income for the year		–	–	–	–	–
Total comprehensive income for the year		–	–	–	376,945	376,945
Contributions by and Distribution to Owners						
Share-based payment		–	–	2,458	–	2,458
Share options exercised and lapsed		1,486	–	(591)	384	1,279
Purchase of treasury shares		–	(1,300)	–	–	(1,300)
Treasury shares reissued pursuant to equity compensation plans		–	1,748	(1,748)	–	–
Dividends, net	11	–	–	–	(188,457)	(188,457)
Total contributions by and distribution to owners		1,486	448	119	(188,073)	(186,020)
Balance at 31 March 2012		326,229	(827)	18,934	1,114,455	1,458,791

	Note	Share Capital $'000	Treasury Shares $'000	Share-Based Compensation Reserve $'000	Revenue Reserve $'000	Total Equity $'000
COMPANY						
Balance at 1 April 2010		288,018	–	22,601	905,397	1,216,016
Profit for the year		–	–	–	163,421	163,421
Other comprehensive income for the year		–	–	–	–	–
Total comprehensive income for the year		–	–	–	163,421	163,421
Contributions by and Distribution to Owners						
Share-based payment		–	–	2,406	–	2,406
Share options exercised and lapsed		35,972	–	(5,439)	260	30,793
Award of performance and restricted shares		753	–	(753)	–	–
Purchase of treasury shares		–	(1,275)	–	–	(1,275)
Dividends, net	11	–	–	–	(143,495)	(143,495)
Total contributions by and distribution to owners		36,725	(1,275)	(3,786)	(143,235)	(111,571)
Balance at 31 March 2011		324,743	(1,275)	18,815	925,583	1,267,866

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

Year ended 31 March 2012

	Note	2011-12 $'000	2010-11 $'000
Cash Flows from Operating Activities			
Profit before tax from continuing operations		**221,812**	216,671
(Loss)/Profit before tax from discontinued operations		**(9,244)**	14,529
Profit before tax, total		**212,568**	231,200
Adjustments for:			
Write-back of retirement benefit plan obligations		**(10,147)**	–
Interest and investment (income)/expense		**146**	1,278
Depreciation and amortisation charges		**108,637**	96,096
Unrealised foreign exchange loss		**651**	645
Gain on early retirement of obligations related to sale and leaseback arrangement		**(826)**	–
Loss on disposal of subsidiaries		**5,500**	–
Share of results of associates/joint ventures, net of tax		**(41,233)**	(46,907)
Share-based payment expense		**2,458**	2,406
Other non-cash items		**955**	(2,574)
Operating profit before working capital changes		**278,709**	282,144
Changes in working capital:			
Increase in receivables		**(22,288)**	(13,248)
Increase in prepayments		**(6,543)**	(3,904)
Increase in inventories		**(2,140)**	(11,474)
(Decrease)/Increase in payables		**(34,446)**	1,396
Increase in amount due from associates		**(2,514)**	(4,743)
Cash generated from operations		**210,778**	250,171
Interest paid to third parties		**(2,446)**	(2,746)
Income taxes paid		**(40,241)**	(47,203)
Net Cash from Operating Activities		**168,091**	200,222
Cash Flows from Investing Activities			
Capital expenditure	25	**(64,309)**	(68,075)
Repayment of loan from associates		**–**	700
Dividends from associates		**23,206**	39,495
Dividends from long-term investment, gross		**1,250**	957
Proceeds from disposal of property, plant and equipment		**414**	352
Interest received from deposits		**948**	530
Purchase of long-term investments		**(27)**	–
Investment in associates/joint ventures		**(24,740)**	(1,886)
Capital injection by non-controlling shareholder into a subsidiary		**2,400**	–
Acquisition of shares in a subsidiary		**–**	(66,742)
Net proceeds from disposal of subsidiaries		**285,257**	–
Net Cash generated from/(used in) Investing Activities		**224,399**	(94,669)

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

Year ended 31 March 2012

	Note	2011-12 $'000	2010-11 $'000
Cash Flows from Financing Activities			
Repayment of term loans		**(53,326)**	(9,493)
Repayment of finance leases and related charges		**(4,021)**	(2,613)
Drawdown of term loans		**45,493**	124,078
Proceeds from exercise of share options		**1,279**	30,793
Dividends paid		**(188,457)**	(143,495)
Purchase of treasury shares		**(1,300)**	(1,275)
Charges on early retirement of obligations related to sale and leaseback arrangement		**(15,559)**	–
Net Cash used in Financing Activities		**(215,891)**	(2,005)
Net increase in cash and cash equivalents		**176,599**	103,548
Effect of exchange rate changes		**(2,603)**	(3,181)
Cash and cash equivalents at beginning of financial year		**296,117**	195,750
Cash and Cash Equivalents at End of Financial Year	25	**470,113**	296,117

The accompanying notes form an integral part of the financial statements.

1. GENERAL

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

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

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

The principal activities of the subsidiaries are disclosed in Note 17 to the financial statements.

The consolidated financial statements for the financial year ended 31 March 2012 were authorised for issue in accordance with a resolution of the Directors on 11 May 2012.

2. ACCOUNTING POLICIES

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

a. Basis of Preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("**FRS**"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Singapore Dollars ($ or SGD) and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

b. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 April 2011. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

c. Standards Issued but Not Yet Effective

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

		Effective date (Annual periods beginning on or after)
Amendments to FRS 107	Disclosures – Transfers of Financial Assets	1 July 2011
Amendments to FRS 12	Deferred Tax: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 1	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 19	Employee Benefits	1 January 2013
Amendments to FRS 27	Separate Financial Statements	1 January 2013
Amendments to FRS 28	Investments in Associates and Joint Ventures	1 January 2013
FRS 110	Consolidated Financial Statements	1 January 2013
FRS 111	Joint Arrangements	1 January 2013
FRS 112	Disclosure of Interests in Other Entities	1 January 2013
FRS 113	Fair Value Measurements	1 January 2013

2. ACCOUNTING POLICIES (cont'd)

c. Standards Issued but Not Yet Effective (cont'd)

Except for the amendments to FRS 1, FRS 111, revised FRS 28 and FRS 112, the Directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of amendments to FRS 1, FRS 111, revised FRS 28 and FRS 112 are described below.

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The amendments to FRS 1 Presentation of Items of Other Comprehensive Income (OCI) is effective for financial periods beginning on or after 1 July 2012.

The amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the amendments only affect the presentation of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

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

FRS 111 and the revised FRS 28 are effective for financial periods beginning on or after 1 January 2013.

FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

The Group currently applies equity accounting for its joint ventures. Hence, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 is effective for financial periods beginning on or after 1 January 2013.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. The Group is currently determining the impact of the disclosure requirements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when adopted in 2013.

2. ACCOUNTING POLICIES (cont'd)

d. Basis of Consolidation and Business Combinations

(i) Basis of consolidation

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

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus of deficit in profit or loss; and
- Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or revenue reserve, as appropriate.

(ii) Business combinations

Business combinations from 1 April 2010

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

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

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

2. ACCOUNTING POLICIES (cont'd)

d. Basis of Consolidation and Business Combinations (cont'd)

(ii) Business combinations (cont'd)

Business combinations from 1 April 2010 (cont'd)

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

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

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts are recorded for the items for which the accounting is incomplete. During the measurement period, retrospective adjustments are made to the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as information about facts and circumstances that existed as of the acquisition date are obtained, limited to a maximum period of one year from the acquisition date.

Business combinations prior to 1 April 2010

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

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

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

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

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

2. ACCOUNTING POLICIES (cont'd)

e. Subsidiaries, Associates and Joint Ventures

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. An investment in a subsidiary is generally accompanied by a shareholding giving rise to the majority of the voting rights. A list of the Group's subsidiaries is shown in Note 17 to the financial statements.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

An associate is an entity, not being a subsidiary or joint venture, in which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to between and including 20% and 50% of the voting rights. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate. A list of the Group's associates is shown in Note 18 to the financial statements.

The Group's investment in associates are accounted for using the equity method. Under the equity method, the investment in associates is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associate, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of profit or loss of its associates is shown, after tax and non-controlling interests in the subsidiaries of the associates, on the face of profit or loss.

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group's joint ventures are shown in Note 19 to the financial statements.

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

2. ACCOUNTING POLICIES (cont'd)

e. Subsidiaries, Associates and Joint Ventures (cont'd)

Upon the loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any differences between the carrying amount of the former jointly controlled entity upon loss of joint control which is the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

f. Transactions with Non-Controlling Interests

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

g. Functional and Foreign Currencies

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(i) Foreign currency transactions and balances

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(ii) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore Dollars at the exchange rates ruling at the end of reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2. ACCOUNTING POLICIES (cont'd)

h. Intangible Asset

(i) Goodwill

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

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

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

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

(ii) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

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

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

2. ACCOUNTING POLICIES (cont'd)

h. Intangible Asset (cont'd)

(ii) Other intangible assets (cont'd)

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

- *Software development*

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

- *Licences*

  Licences comprise abattoir licence and transferable fishing licences which were acquired in a business combination. Fishing licences have indefinite life and are tested annually for impairment or whenever there is indication of impairment, as described in Note 2(x). The abattoir licence is amortised on a straight line basis over its estimated useful life of 14 years.

- *Customer relationships*

  Customer relationships were acquired in a business combination. The customer relationships are amortised on a straight line basis over its estimated useful life of 3 to 10 years.

i. Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2(q). The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are acquired to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

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

2. ACCOUNTING POLICIES (cont'd)

i. Property, Plant and Equipment (cont'd)

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

Freehold buildings	–	38 to 55 years
Leasehold land and buildings	–	according to the lease period or 30 years whichever is the shorter
Office fittings and fixtures and office and commercial equipment	–	1 to 5 years
Fixed and mobile ground support equipment and motor vehicles	–	1 to 12 years

No depreciation is provided for progress payments.

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

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

j. Investment Properties

Investment properties are properties either owned by the Group in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties.

Investment properties are stated at cost, net of depreciation and any accumulated impairment losses. Depreciation is provided on the straight line basis so as to write off the cost of the investment properties over its estimated useful lives of 10 to 30 years.

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

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

k. Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

2. ACCOUNTING POLICIES (cont'd)

k. Leases (cont'd)

Finance lease – as lessee

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

Operating lease – as lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Operating lease – as lessor

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

l. Inventories

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

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

m. Financial Assets

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

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

2. ACCOUNTING POLICIES (cont'd)

m. Financial Assets (cont'd)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or purchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Financial assets at fair value through profit or loss are classified as current assets if they are expected to be realised within 12 months after the balance sheet date.

Loans and receivables

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

Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss.

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

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

2. ACCOUNTING POLICIES (cont'd)

m. Financial Assets (cont'd)

Trade and other receivables and amounts due from related companies

Trade receivables, which generally have 30 – 90 day terms, other receivables and amounts due from related companies are classified and accounted for as loans and receivables.

n. Cash and Short-Term Deposits

Cash and short-term deposits refers to cash on hand and demand deposits.

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

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

o. Taxation

Current income tax

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

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

Deferred tax

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

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

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

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

2. ACCOUNTING POLICIES (cont'd)

o. Taxation (cont'd)

Deferred tax (cont'd)

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed.

The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2. ACCOUNTING POLICIES (cont'd)

p. Loans and Borrowings

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

q. Borrowing Costs

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

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

r. Employee Benefits

Equity compensation plans

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

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

Equity-settled transactions

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

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

2. ACCOUNTING POLICIES (cont'd)

r. Employee Benefits (cont'd)

Equity-settled transactions (cont'd)

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

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

Defined contribution plans

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

Defined benefit plan

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

The past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognised immediately. The defined benefit asset or liability is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period plus any actuarial gains (less any actuarial losses) not recognised, reduced by past service costs not yet recognised and the fair value of plan assets out of which the obligations are to be settled directly.

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

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

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

2. ACCOUNTING POLICIES (cont'd)

r. Employee Benefits (cont'd)

Defined benefit plan (cont'd)

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information and in the case of quoted securities, it is based on the published bid price. The value of any defined benefit asset recognised is restricted to the sum of any past service costs and actuarial gains and losses not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

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

s. Financial Liabilities

Financial liabilities include trade payables, which are normally settled on 30 – 90 day terms, other payables, amount due to related companies and interest-bearing loans and borrowings. Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. ACCOUNTING POLICIES (cont'd)

t. Provisions

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

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

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

u. Discontinued Operations

In profit or loss of the current reporting period, and of the comparative period of the previous year, all income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in profit or loss.

v. Revenue

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

w. Income from Investments

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

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

x. Impairment of Non-Financial and Financial Assets

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

Non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

2. ACCOUNTING POLICIES (cont'd)

x. Impairment of Non-Financial and Financial Assets (cont'd)

Non-financial assets (cont'd)

Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations cover a period of five years.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

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

If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

Financial assets

The Group assesses at balance sheet date whether there is any objective evidence that a financial asset is impaired.

Assets carried at amortised cost

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

2. ACCOUNTING POLICIES (cont'd)

x. Impairment of Non-Financial and Financial Assets (cont'd)

Financial assets (cont'd)

Assets carried at amortised cost (cont'd)

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

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

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

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

Assets carried at cost

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

Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

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

2. ACCOUNTING POLICIES (cont'd)

x. Impairment of Non-Financial and Financial Assets (cont'd)

Financial assets (cont'd)

Available-for-sale financial assets (cont'd)

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

y. Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the senior management of the Group. The senior management are responsible for allocating resources and assessing performance of the operating segments. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

z. Treasury Shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity (Note 12). No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

aa. Related Parties

A related party is defined as follows:

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

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

2. ACCOUNTING POLICIES (cont'd)

aa. Related Parties (cont'd)

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

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Key Sources of Estimation Uncertainty

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

(a) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Management judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables at 31 March 2012 was $42.4 million (2011: $43.8 million).

The Group's deferred tax assets and deferred tax liabilities at 31 March 2012 are $26.9 million (2011: $34.5 million) and $62.2 million (2011: $104.1 million) respectively.

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

Key Sources of Estimation Uncertainty (cont'd)

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

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

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

(c) Defined benefit plan

The cost of defined benefit plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, expected rates of return of assets, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions.

In determining the appropriate discount rate, management considers the interest rates of high quality corporate bonds in the respective currencies with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the specific country. Future salary and pension increases are based on expected future inflation rates for the specific country.

All assumptions are reviewed at balance sheet date. The net defined benefit liability as at 31 March 2012 is $15.7 million (2011: $55.8 million). Further details are provided in Note 29.

Judgements Made in Applying Accounting Policies

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

Impairment of non-financial assets

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

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Further details of the key assumptions applied in the impairment assessment of goodwill and brands are given in Note 16 to the financial statements.

4. REVENUE

Revenue comprises revenue from gateway services, food solutions and rental income provided by the Company and the Group. Gateway services include ground handling, airport cargo delivery, management services and aviation security services while food solutions refer to inflight catering, food processing, distribution and airline laundry services. It excludes dividends, interest income and, in respect of the Group, intra-group transactions.

	GROUP	
	2011-12 $'000	2010-11 $'000 (Restated)
Food Solutions	**1,076,951**	796,743
Gateway Services	**602,731**	551,010
Corporate (rental and other services)	**5,731**	10,095
	1,685,413	1,357,848

5. STAFF COSTS

	GROUP	
	2011-12 $'000	2010-11 $'000 (Restated)
Salaries, bonuses and other costs *	**642,107**	519,678
CPF and other defined contributions	**50,058**	40,304
Defined benefit plan	**2,356**	1,200
Share-based compensation expense #	**2,458**	2,406
	696,979	563,588
Number of employees at end of year	**14,029**	13,560

* Included in salaries, bonuses and other costs are contract labour expenses of $66,639,542 (2011: $67,553,591).

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

6. OPERATING PROFIT

	GROUP	
	2011-12 $'000	2010-11 $'000 (Restated)
Operating profit for the financial year is stated after charging/(crediting):		
Directors' fees	**965**	1,030
Audit fee paid to auditors of the Company	**563**	615
Non-audit fee paid to auditors of the Company	**342**	455
Allowance/(write-back) of doubtful receivables	**798**	(3,962)
Gain on disposal of property, plant and equipment	**(68)**	(315)
Maintenance of equipment and vehicles	**35,974**	28,085
IT expenses	**20,239**	14,822
Lease of ground support equipment	**6,987**	5,468
Leasehold land rental	**1,098**	3,553
Exchange gain, net	**(1,542)**	(960)

7. INTEREST ON BORROWINGS

	GROUP	
	2011-12	2010-11
	$'000	$'000
		(Restated)
Interest expenses on:		
Loan from third parties	**2,455**	1,863

8. INTEREST INCOME

	GROUP	
	2011-12	2010-11
	$'000	$'000
		(Restated)
Interest income from:		
Third parties	**1,060**	514
Associates	**–**	5
	1,060	519

9. INCOME TAX EXPENSE

	GROUP	
	2011-12	2010-11
	$'000	$'000
		(Restated)
Current income tax – continuing operations:		
Current year	**35,404**	33,611
Over provision in respect of prior years	**(1,046)**	(133)
	34,358	33,478
Deferred income tax – continuing operations:		
Movement in temporary differences	**(1,769)**	865
Under provision of deferred taxation in respect of prior years	**1,464**	687
Effect of reduction in tax rate	**1,010**	–
Provision for withholding tax expenses on share of results of associates	**1,672**	1,852
Income tax attributable to continuing operations	**36,735**	36,882
Income tax attributable to discontinued operations (Note 17(c))	**833**	2,493
Income tax expenses recognised in profit or loss	**37,568**	39,375

9. INCOME TAX EXPENSE (cont'd)

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

	GROUP	
	2011-12	2010-11
	$'000	$'000
		(Restated)
Profit before tax from continuing operations	**221,812**	216,671
Profit before tax from discontinued operations (Note 17(c))	**(9,244)**	14,529
Accounting profit before tax	**212,568**	231,200
Taxation at statutory tax rate of 17% (2011: 17%)	**36,137**	39,304
Adjustments:		
Non-deductible expenses	**4,946**	6,487
Effect of different tax rates in other countries	**(263)**	1,361
Effect of reduction in tax rate *	**1,010**	–
Over provision of current taxation in respect of prior years	**(1,046)**	(1,675)
Under provision of deferred taxation in respect of prior years	**1,464**	1,895
Utilisation of previously unrecognised tax losses/capital allowances	**1,085**	(990)
Tax exempt income	**(21)**	(1,391)
Effect of write-back of retirement benefit plan obligations	**(1,725)**	–
Effect of share of results of associates/joint ventures	**(7,010)**	(7,974)
Provision for withholding tax expenses on share of results of associates	**1,672**	1,852
Deferred tax benefits not recognised	**484**	1,456
Others	**835**	(950)
	37,568	39,375

* The corporate income tax rate applicable to the Japan subsidiaries will be reduced to 38.01% for tax years on or after 1 April 2012. The corporate tax rate will be further reduced to 35.64% from 1 April 2015.

10. EARNINGS PER SHARE

	GROUP	
	2011-12	2010-11
	$'000	$'000
		(Restated)
Profit attributable to owners of the Company	**170,883**	191,450

	GROUP 31 March	
	2012	2011
Weighted average number of ordinary shares in issue used for computing basic earnings per share	**1,108,323,239**	1,102,436,265
Adjustment for share options, RSP and PSP	**2,828,879**	4,948,236
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	**1,111,152,118**	1,107,384,501
Earnings per share from continuing operations attributable to owners of the Company (cents)		
Basic	**16.3**	16.3
Diluted	**16.3**	16.2
Earnings per share (cents)		
Basic	**15.4**	17.4
Diluted	**15.4**	17.3

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

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

16,337,496 (2011: 15,459,539) of the share options granted to employees under the existing employee share option plans have not been included in the calculation of the diluted earnings per share because they are anti-dilutive for the current and previous financial periods presented.

11. DIVIDENDS PAID AND PROPOSED

	GROUP AND COMPANY	
	2011-12	2010-11
	$'000	$'000
Dividends paid:		
Final dividend of 6 cents (2011: 8 cents) per ordinary share in respect of previous financial year	**66,512**	88,175
Special dividend of 6 cents (2011: Nil) per ordinary share in respect of previous financial year	**66,512**	–
Interim dividend of 5 cents (2011: 5 cents) per ordinary share in respect of current financial year	**55,433**	55,320
	188,457	143,495

The Directors proposed the following dividends for the financial year ended 31 March 2012:

	2011-12
	$'000
Final dividend of 6 cents per ordinary share (one-tier tax exempt)	**66,529**
Special dividend of 15 cents per ordinary share (one-tier tax exempt)	**166,321**
	232,850

12. SHARE CAPITAL AND TREASURY SHARES

	GROUP AND COMPANY	
	31 March	
	2012	2011
Share Capital	$'000	$'000
Issued and fully paid share capital		
Ordinary shares		
Balance at beginning of the year: 1,108,372,310 (2011: 1,093,151,046) ordinary shares	**324,743**	288,018
662,200 (2011: 14,659,855) share options exercised during the year	**1,486**	35,972
Nil (2011: 561,409) restricted and performance shares vested and issued from share capital during the year	**–**	753
Balance at end of the year: 1,109,034,510 (2011: 1,108,372,310) ordinary shares	**326,229**	324,743

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

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

Treasury Shares	GROUP AND COMPANY 31 March 2012 $'000	2011 $'000
Balance at beginning of the year: 500,000 (2011: Nil) shares	**1,275**	–
500,000 (2011: 500,000) shares acquired during the year	**1,300**	1,275
774,423 (2011: Nil) restricted and performance shares vested and issued from treasury shares during the year	**(1,748)**	–
Balance at end of the year: 225,577 (2011: 500,000) shares	**827**	1,275

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

Share Option Plan

During the financial year, the Company issued 662,200 (2011: 14,659,855) ordinary shares upon exercise of options granted under the Employee Share Option Plan. No shares (2011: 561,409) and 774,423 (2011: Nil) ordinary shares were vested and issued from share capital and treasury shares respectively during the financial year under the Restricted Share Plan and Performance Share Plan.

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

	GROUP 31 March 2012		2011	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of the year	**33,714,275**	**$2.46**	49,195,130	$2.35
Exercised	**(662,200)**	**$2.54**	(14,659,855)	$2.80
Lapsed	**(875,000)**	**$2.23**	(821,000)	$2.17
Outstanding at end of the year	**32,177,075**	**$2.41**	33,714,275	$2.46
Exercisable at end of the year	**32,177,075**	**$2.41**	33,714,275	$2.46

Fair values of the options

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

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

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

Share Option Plan (cont'd)

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

Proceeds received from share options exercised during the year were:

	GROUP	
	2011-12 $'000	2010-11 $'000
Aggregate proceeds from ordinary shares issued	**1,279**	30,793

Terms of share options outstanding as at 31 March 2012:

Exercise period	Exercise Price	Number Outstanding	Number Exercisable
01.07.2003 to 30.06.2012	$1.49	3,150	3,150
01.07.2004 to 30.06.2012	$1.49	289,650	289,650
01.07.2005 to 30.06.2012	$1.49	43,200	43,200
01.07.2006 to 30.06.2012	$1.49	47,550	47,550
01.07.2004 to 30.06.2013	$1.36	28,200	28,200
01.07.2005 to 30.06.2013	$1.36	408,250	408,250
01.07.2006 to 30.06.2013	$1.36	57,100	57,100
01.07.2007 to 30.06.2013	$1.36	60,600	60,600
01.07.2005 to 30.06.2014	$1.98	232,000	232,000
01.07.2006 to 30.06.2014	$1.98	1,653,100	1,653,100
01.07.2007 to 30.06.2014	$1.98	236,350	236,350
01.07.2008 to 30.06.2014	$1.98	247,000	247,000
01.07.2006 to 30.06.2015	$2.16	282,225	282,225
01.07.2007 to 30.06.2015	$2.16	4,388,325	4,388,325
01.07.2008 to 30.06.2015	$2.16	288,225	288,225
01.07.2009 to 30.06.2015	$2.16	288,525	288,525
03.07.2007 to 02.07.2016	$1.99	132,112	132,112
03.07.2008 to 02.07.2016	$1.99	4,091,263	4,091,263
03.07.2009 to 02.07.2016	$1.99	134,562	134,562
03.07.2010 to 02.07.2016	$1.99	140,488	140,488
02.07.2009 to 01.07.2017	$2.95	13,010,700	13,010,700
01.07.2010 to 30.06.2018	$2.11	6,114,500	6,114,500
		32,177,075 @	32,177,075

@ The total number of options outstanding includes 5,217,900 (2011: 4,486,050) share options not exercised by employees who have retired or ceased to be employed by SATS or any of its subsidiary companies by reason of (i) ill health, injury, disability or death; (ii) redundancy; or (iii) any other reason approved in writing by the Remuneration Committee. The said options are exercisable up to the expiration of the applicable exercise period or the period of five years from the date of retirement or cessation of employment, whichever is earlier.

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

Share Option Plan (cont'd)

Details of movements of share options:

Date of grant	Balance at 1.4.2011/ Date of grant	Forfeited/ Lapsed	Exercised	Balance at 31.3.2012	Exercise price *	Exercisable period
02.07.2001	192,900	(118,900)	(74,000)	–	$1.19	02.07.2002 - 01.07.2011
01.07.2002	432,550	(2,600)	(46,400)	383,550	$1.49	01.07.2003 - 30.06.2012
01.07.2003	600,250	(16,200)	(29,900)	554,150	$1.36	01.07.2004 - 30.06.2013
01.07.2004	2,505,750	(69,400)	(67,900)	2,368,450	$1.98	01.07.2005 - 30.06.2014
01.07.2005	5,480,000	(139,400)	(93,300)	5,247,300	$2.16	01.07.2006 - 30.06.2015
03.07.2006	4,824,525	(141,600)	(184,500)	4,498,425	$1.99	03.07.2007 - 02.07.2016
02.07.2007	13,306,500	(295,800)	–	13,010,700	$2.95	02.07.2009 - 01.07.2017
01.07.2008	6,371,800	(91,100)	(166,200)	6,114,500	$2.11	01.07.2010 - 30.06.2018
	33,714,275	(875,000)	(662,200)	32,177,075		

* Following approval by the Company's shareholders of the declaration of a special dividend of $0.06 per share on 27 July 2011, the Committee administering the Plan has approved a $0.06 reduction in the exercise prices of all share options outstanding on 3 August 2011. The exercise prices reflected here are the exercise prices after such adjustment. The Company has accounted for the modification in accordance with FRS 102. As the incremental fair value of the share options resulted from the modification is $Nil, no adjustment is made to the share-based payment expenses.

The range of exercise prices for options outstanding at the end of the year is $1.36 – $2.95 (2011: $1.19 – $3.01). The weighted average remaining contractual life for these options is 4.63 years (2011: 5.58 years).

The weighted average share price for options exercised during the year was $2.54 (2011: $2.80).

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

Share-Based Incentive Plans

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

The details of the two plans are described below:

	Restricted Share Plan ("RSP")	Performance Share Plan ("PSP")
For grants prior to FY2010-11		
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on position and individual performance targets set at the start of a two-year performance period based on stretched medium-term Group and Company objectives.	Award of fully-paid ordinary shares of the Company, conditional on performance targets set at the start of a three-year overlapping performance period based on stretched long-term corporate objectives.

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

Share-Based Incentive Plans (cont'd)

	Restricted Share Plan ("RSP")	Performance Share Plan ("PSP")
For grants prior to FY2010-11 (cont'd)		
Performance Conditions	For grants prior to FY2009-10 At Group level • EBITDA # Margin • Value Added per $ Employment Cost For grants in FY2009-10 At Group level • PATMI @ • Value Added per $ Employment Cost	• Absolute Total Shareholder Return (TSR) • Absolute Return on Equity (ROE)
Vesting Condition	Based on meeting stated performance conditions over a two-year performance period, 50% of award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.	Vesting based on meeting stated performance conditions over a three-year performance period.
Payout	0% – 150% depending on the achievement of pre-set performance targets over the performance period.	0% – 200% depending on the achievement of pre-set performance targets over the performance period.
For grants in FY2010-11 & FY2011-12		
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on both corporate and individual performance achievement based on prior financial year.	Award of fully-paid ordinary shares of the Company, conditional on performance targets set at the start of a three-year overlapping performance period based on stretched long-term corporate objectives.
Performance Conditions	Group PATMI @ performance equal or exceeds the Cost of Capital.	• EVA Improvement • Absolute TSR • Relative TSR
Vesting Condition	Equal vesting over a four-year period.	Vesting based on meeting specified performance conditions over a three-year performance period.
Payout	100% depending on the achievement based on prior financial year.	0% – 200% depending on the achievement of specified performance targets over the performance period.

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

@ PATMI denotes Profit after Taxes and Non-controlling Interests.

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

Share-Based Incentive Plans (cont'd)

Fair values of RSP and PSP

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

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

RSP	Aug 2011	Aug 2010	Nov 2009
Expected dividend yield (%)		Management's forecast	
Expected volatility (%)	31.8	33.2	34.4 – 42.1
Risk-free interest rate (%)	0.2 – 0.4	0.4 – 0.6	0.7 – 1.1
Expected term (years)	0.9 – 3.9	0.9 – 3.9	1.6 – 3.6
Share price at date of grant ($)	2.32	2.91	2.37

PSP	Aug 2011	Aug 2010	Nov 2009
Expected dividend yield (%)		Management's forecast	
Expected volatility (%)	31.0	36.2	38.2
Risk-free interest rate (%)	0.31	0.56	0.83
Expected term (years)	2.7	2.7	2.6
Cost of equity (%)	N.A.	N.A.	8.08
Index (for Relative TSR)	MSCI Asia Pac ex-Japan Industrial Index	MSCI Asia Pac ex-Japan Industrial Index	N.A.
Index volatility (%)	34.6	39.9	N.A.
Correlation (%)	81.1	37.7	N.A.
Share price at date of grant ($)	2.32	2.91	2.37

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

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

RSP

	Number of ordinary shares				
Date of grant	Balance at 1.4.2011/ Date of grant	Vested	Forfeited	Adjustments #	Balance at 31.3.2012
27.07.2007	19,600	(19,600)	–	–	–
01.11.2007	5,100	(5,100)	–	–	–
28.07.2008	158,400	(91,300)	(700)	–	66,400
17.11.2008	18,700	(9,400)	–	–	9,300
12.11.2009	726,700	(189,100)	(13,500)	(385,900)	138,200
02.08.2010	1,010,000	(282,000)	(94,500)	(14,000)	619,500
01.08.2011	180,000	(45,000)	–	–	135,000
03.08.2011	1,132,200	–	(117,000)	–	1,015,200
	3,250,700	(641,500)	(225,700)	(399,900)	1,983,600

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

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

Share-Based Incentive Plans (cont'd)

Based on the Monte Carlo simulation model, the estimated fair values at date of grant for each share granted during the year under the RSP ranges from $1.92 to $2.52 (2011: $2.44 to $2.78).

PSP

	Number of ordinary shares				
Date of grant	Balance at 1.4.2011/ Date of grant	Vested	Forfeited	Adjustments #	Balance at 31.3.2012
15.04.2008 *	2,923	(2,923)	–	–	–
28.07.2008	92,000	(82,000)	–	(10,000)	–
12.11.2009	72,000	(18,000)	(54,000)	–	–
02.08.2010	736,000	(30,000)	(175,000)	–	531,000
03.08.2011	616,700	–	(57,700)	–	559,000
	1,519,623	(132,923)	(286,700)	(10,000)	1,090,000

* Granted under Singapore Food Industries Limited (now known as Singapore Food Industries Pte. Ltd.) performance share plan which were converted to performance shares of the Company.

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

The estimated weighted average fair value at date of grant for each share granted during the year under the PSP is $1.50 (2011: $2.78) based on the Monte Carlo simulation model.

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

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

The number of contingent shares granted but not released as at 31 March 2012, were 1,983,600 (2011: 1,938,500) and 1,090,000 (2011: 902,923) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards is 1,983,600 (2011: range from 1,211,800 to a maximum of 2,301,850) and zero to a maximum of 2,180,000 (2011: zero to maximum 1,802,923) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

For the current financial year, the Group has provided $2,417,000 (2011: $1,878,161) in respect of the RSP and PSP based on the fair values determined on grant date and estimation of share grants that will ultimately vest.

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

Share-Based Incentive Plans (cont'd)

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

	GROUP	
	2011-12 $'000	2010-11 $'000
Share-based compensation expense		
Share options expense	**–**	531
Restricted share plan	**1,934**	1,387
Performance share plan	**524**	488
	2,458	2,406

13. OTHER RESERVES

(a) Share-Based Compensation Reserve

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

(b) Statutory Reserve

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

(c) Fair Value Reserve

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

(d) Foreign Currency Translation Reserve

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

The foreign currency translation reserve is also used to record the effect of hedging of net investments in a foreign operation (Note 27).

14. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land and buildings $'000 (Restated)	Leasehold land and buildings $'000	Office fittings and fixtures $'000	Fixed ground support equipment $'000	Mobile ground support equipment $'000	Office and commercial equipment $'000	Motor vehicles $'000	Progress payments $'000	Total $'000 (Restated)
Cost									
At 1 April 2010	14,564	739,870	50,444	372,100	56,181	66,175	27,286	29,806	1,356,426
Acquisition of subsidiaries ^ (Note 17(b))	148,626	–	1,714	–	–	7,521	13,747	–	171,608
Translation	(8,561)	(370)	(61)	(1,831)	(981)	(538)	(547)	(319)	(13,208)
Reclassifications	(1,156)	7,177	15,458	16,399	(11,577)	(6,728)	969	(22,077)	(1,535) *
Additions	320	719	15,590	12,777	3,805	3,994	5,244	20,429	62,878
Disposals	(5)	(834)	(486)	(7,354)	(1,625)	(526)	(2,062)	–	(12,892)
At 31 March 2011 and 1 April 2011	153,788	746,562	82,659	392,091	45,803	69,898	44,637	27,839	1,563,277
Translation	4,316	(71)	(314)	(728)	37	361	(502)	(52)	3,047
Reclassifications	–	4,995	7,148	3,263	5,735	1,675	–	(22,845)	(29) *
Additions	330	1,294	3,153	10,371	15,832	2,738	4,589	16,255	54,562
Disposals	(14,549)	(20,448)	(9,542)	(97,097)	(131)	(5,201)	(3,373)	(49)	(150,390)
At 31 March 2012	143,885	732,332	83,104	307,900	67,276	69,471	45,351	21,148	1,470,467
Accumulated depreciation									
At 1 April 2010	1,105	324,260	36,386	295,327	41,730	42,839	20,455	–	762,102
Translation	(110)	(88)	(58)	(1,397)	(992)	(51)	(39)	–	(2,735)
Reclassifications	(728)	695	8,524	5,140	(9,476)	(4,182)	(23)	–	(50) *
Depreciation	2,700	27,495	7,283	24,884	3,580	6,081	2,795	–	74,818
Disposals	(5)	(794)	(486)	(7,266)	(1,625)	(521)	(2,058)	–	(12,755)
At 31 March 2011 and 1 April 2011	2,962	351,568	51,649	316,688	33,217	44,166	21,130	–	821,380
Translation	808	202	(313)	55	95	297	(648)	–	496
Reclassifications	–	–	–	982	(982)	–	–	–	–
Depreciation	5,367	25,876	9,794	23,346	6,570	8,012	5,019	–	83,984
Disposals	(2,532)	(6,983)	(8,451)	(63,459)	(131)	(4,453)	(3,224)	–	(89,233)
At 31 March 2012	6,605	370,663	52,679	277,612	38,769	48,022	22,277	–	816,627
Carrying amount									
At 31 March 2011	150,826	394,994	31,010	75,403	12,586	25,732	23,507	27,839	741,897
At 31 March 2012	137,280	361,669	30,425	30,288	28,507	21,449	23,074	21,148	653,840

Carrying amount of property, plant and equipment under finance leases is $6,828,000 (2011: $26,190,000). In addition to assets held under finance leases, the Group's property, plant and equipment with a carrying amount of $183,210,000 (2011: $173,785,000) are pledged to secure the Group's bank loans and overdrafts.

^ Upon completion of purchase price allocation, the Group has restated the property, plant and equipment relating to the TFK Corporation acquisition as disclosed in Note 17(b).

* Reclassification to intangible assets (Note 16).

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

COMPANY	Fixed ground support equipment $'000	Mobile ground support equipment $'000	Office and commercial equipment $'000	Motor vehicles $'000	Progress payments $'000	Total $'000
Cost						
At 1 April 2010	1,224	1,180	4,964	194	1,421	8,983
Reclassifications	–	–	248	–	(127)	121 *
Additions	39	–	678	–	1,308	2,025
Disposals	–	(830)	(27)	(40)	–	(897)
At 31 March 2011 and 1 April 2011	1,263	350	5,863	154	2,602	10,232
Reclassifications	–	–	–	–	(1,747)	(1,747) *
Additions	86	–	475	–	2,680	3,241
Disposals	–	–	(112)	(31)	–	(143)
At 31 March 2012	1,349	350	6,226	123	3,535	11,583
Accumulated depreciation						
At 1 April 2010	1,221	1,178	4,842	150	–	7,391
Depreciation	7	1	206	13	–	227
Disposals	–	(829)	(27)	(40)	–	(896)
At 31 March 2011 and 1 April 2011	1,228	350	5,021	123	–	6,722
Depreciation	20	–	842	13	–	875
Disposals	–	–	(112)	(31)	–	(143)
At 31 March 2012	1,248	350	5,751	105	–	7,454
Carrying amount						
At 31 March 2011	35	–	842	31	2,602	3,510
At 31 March 2012	101	–	475	18	3,535	4,129

* Reclassification from investment properties (Note 15) and intangible assets (Note 16).

	GROUP 2011-12 $'000	GROUP 2010-11 $'000	COMPANY 2011-12 $'000	COMPANY 2010-11 $'000
Depreciation charge for the financial year				
Freehold land and buildings	**5,367**	2,700	**–**	–
Leasehold land and buildings	**25,876**	27,495	**–**	–
Office fittings and fixtures	**9,794**	7,283	**–**	–
Fixed ground support equipment	**23,346**	24,884	**20**	7
Mobile ground support equipment	**6,570**	3,580	**–**	1
Office and commercial equipment	**8,012**	6,081	**842**	206
Motor vehicles	**5,019**	2,795	**13**	13
	83,984	74,818	**875**	227

	GROUP 31 March 2012 $'000	GROUP 31 March 2011 $'000	COMPANY 31 March 2012 $'000	COMPANY 31 March 2011 $'000
Reclassification of property, plant and equipment (to)/from:				
Investment properties (Note 15)	**–**	–	**(1,728)**	(105)
Intangible assets (Note 16)	**(29)**	(1,485)	**(19)**	226
	(29)	(1,485)	**(1,747)**	121

15. INVESTMENT PROPERTIES

	GROUP $'000 (Restated)	COMPANY $'000
Cost		
At 1 April 2010	16,293	720,241
Reclassification (Note 14)	–	105
Acquisition of subsidiaries ^	10,323	–
Additions	–	2,093
Disposals	–	(301)
At 31 March 2011 and 1 April 2011	26,616	722,138
Reclassification (Note 14)	–	1,728
Additions	–	1,758
Translation	(1,007)	–
At 31 March 2012	25,609	725,624
Accumulated depreciation		
At 1 April 2010	9,834	334,372
Depreciation	542	25,212
At 31 March 2011 and 1 April 2011	10,376	359,584
Depreciation	1,812	24,958
Translation	(68)	–
Balance at 31 March 2012	12,120	384,542
Carrying amount		
At 31 March 2011	16,240	362,554
At 31 March 2012	13,489	341,082

^ As disclosed in Note 17(b), investment properties relating to the TFK Corporation amounting to $10,323,000 was retrospectively adjusted upon completion of the purchase price allocation review.

Information relating to the fair values of the investment properties of the Group as at 31 March 2012 is as follows:

	Carrying amount $'000	Fair value $'000
Investment properties	$13,489	$27,814

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

Information relating to the fair values of the investment properties of the Company is as follows:

	Carrying amount $'000	Fair value $'000
Investment properties rented by the Company to third parties	$5,375	$19,700

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

15. INVESTMENT PROPERTIES (cont'd)

The remaining investment properties of the Company are rented to the subsidiaries of the Group for their operational needs and therefore the Company does not consider the disclosure of fair value of the investment properties to be relevant.

The property rental income earned by the Group and Company for the year ended 31 March 2012 from its investment properties which are leased out under operating leases, amounted to $3,119,000 and $46,534,000 (2011: $2,663,000 and $46,360,000) respectively.

Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties amounted to $428,000 and $35,464,000 (2011: $416,000 and $35,405,000) for the Group and Company respectively.

16. INTANGIBLE ASSETS

GROUP	Software development $'000 (Restated)	Advance and progress payment $'000 (Restated)	Goodwill $'000 (Restated)	Licences $'000	Brand name $'000	Customer relationships $'000 (Restated)	Total $'000 (Restated)
Cost							
At 1 April 2010	45,944	4,408	247,147	27,320	121,677	75,415	521,911
Acquisition of subsidiaries ^	2,030	616	24,232	–	–	18,824	45,702
Additions	277	4,919	–	–	–	–	5,196
Reclassifications	1,351	184	–	–	–	–	1,535 *
Translation	(72)	(22)	–	(158)	(4,684)	(2,007)	(6,943)
At 31 March 2011 and 1 April 2011	49,530	10,105	271,379	27,162	116,993	92,232	567,401
Additions	36	9,711	–	–	–	–	9,747
Reclassifications	6,436	(6,407)	–	–	–	–	29 *
Translation	46	6	–	158	(1,873)	(1,720)	(3,383)
Disposals	–	–	(122,113)	–	(115,120)	(48,029)	(285,262)
At 31 March 2012	56,048	13,415	149,266	27,320	–	42,483	288,532
Accumulated depreciation							
At 1 April 2010	38,838	–	–	2,235	215	18,671	59,959
Translation	–	–	–	–	(11)	(178)	(189)
Reclassifications	50	–	–	–	–	–	50 *
Amortisation	2,750	13	–	1,915	179	15,879	20,736
At 31 March 2011 and 1 April 2012	41,638	13	–	4,150	383	34,372	80,556
Translation	23	2	–	–	–	(242)	(217)
Reclassifications	15	(15)	–	–	–	–	–
Amortisation	5,175	–	–	1,915	101	15,650	22,841
Disposals	–	–	–	–	(484)	(27,130)	(27,614)
At 31 March 2012	46,851	–	–	6,065	–	22,650	75,566
Carrying amount							
At 31 March 2011	7,892	10,092	271,379	23,012	116,610	57,860	486,845
At 31 March 2012	9,197	13,415	149,266	21,255	–	19,833	212,966

^ Upon completion of purchase price allocation, the Group has restated the intangible assets relating to the TFK Corporation acquisition as disclosed in Note 17(b).

* Reclassification from property, plant and equipment (Note 14).

16. INTANGIBLE ASSETS (cont'd)

Brands, customer relationships and licences

Brands relate to the "New Covent Garden", "Johnsons" and "Farmhouse Fare" brand names (acquired in January 2009) for the Group's food preparation, manufacturing and processing operations that were acquired in the acquisition of SFI Group. These brands were sold together with the disposal of the Daniels Group.

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

Licences refer to the abattoir licence granted by the Agri-Food & Veterinary Authority of Singapore and transferable fishing licence in Australia.

Amortisation expense

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

Impairment testing of goodwill and brands

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

- Food Solutions
- TFK Corporation

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

	Food Solutions 31 March		New Covent Garden Products 31 March		Johnsons Products 31 March		TFK Corporation 31 March	
	2012	2011	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Goodwill	**125,034**	247,147	**–**	–	**–**	–	**24,232**	24,232
New Covent Garden brand	**–**	–	**–**	96,393	**–**	–	**–**	–
Johnson brand	**–**	–	**–**	–	**–**	17,595	**–**	–

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

	Food Solutions 31 March		New Covent Garden Products 31 March		Johnsons Products 31 March		TFK Corporation 31 March	
	2012	2011	2012	2011	2012	2011	2012	2011
	%	%	%	%	%	%	%	%
Growth rate	**1**	1	**–**	1	**–**	1	**1**	1
Discount rate	**9**	9	**–**	9	**–**	10	**8**	8

16. INTANGIBLE ASSETS (cont'd)

Impairment testing of goodwill and brands (cont'd)

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

Forecasted revenue and gross margins – Revenue and gross margins are based on average values achieved in the recent years preceding the start of the forecast period. These are increased over the forecast period for anticipated retention of customers, expansion in business, synergies and efficiency improvements. The forecasted revenue is dependent on the demand from key customers. Whilst a reasonable possible change in demand from key customers would not have an impact to the carrying amount of goodwill in the Food Solutions CGU, a 50% reduction in demand from a key customer in the TFK Corporation CGU would result in the estimated recoverable amount of the goodwill to be equal to its carrying amount.

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

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

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

COMPANY	Software $'000	Others $'000	Total $'000
Cost			
At 1 April 2010	8,671	–	8,671
Reclassification (Note 14)	(226)	–	(226)
Additions	1,898	268	2,166
At 31 March 2011 and 1 April 2011	10,343	268	10,611
Reclassification (Note 14)	(863)	882	19
Additions	–	7,933	7,933
At 31 March 2012	9,480	9,083	18,563
Accumulated amortisation			
At 1 April 2010	2,650	–	2,650
Amortisation	947	6	953
At 31 March 2011 and 1 April 2011	3,597	6	3,603
Reclassification	6	(6)	–
Amortisation	1,311	–	1,311
Balance at 31 March 2012	4,914	–	4,914
Carrying amount			
At 31 March 2011	6,746	262	7,008
At 31 March 2012	4,566	9,083	13,649

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

17. INVESTMENT IN SUBSIDIARIES

	COMPANY 31 March 2012 $'000	2011 $'000
Unquoted shares, at cost	**541,030**	540,950

The subsidiaries are:

Name of companies (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2012 $'000	2011 $'000	Percentage of equity held 2012 %	2011 %
Held by the Company					
SATS Airport Services Pte Ltd * (Singapore)	Airport ground handling services (Singapore)	**16,500**	16,500	**100**	100
SATS Catering Pte Ltd * (Singapore)	Inflight catering services (Singapore)	**14,000**	14,000	**100**	100
SATS Security Services Private Limited * (Singapore)	Security handling services (Singapore)	**3,000**	3,000	**100**	100
Aero Laundry And Linen Services Private Limited * (Singapore)	Providing and selling laundry and linen services (Singapore)	**2,515**	2,515	**100**	100
Aerolog Express Pte Ltd * (Singapore)	Airport cargo delivery management services (Singapore)	**1,340**	1,260	**100**	70
Country Foods Pte. Ltd. * (Singapore)	Manufacturing and sale of chilled and frozen food, and providing food catering services (Singapore)	**11,030**	11,030	**100**	100
Asia-Pacific Star Private Limited * (Singapore)	Airport ground handling services and inflight catering services (Singapore)	#	#	**100**	100
SATS HK Limited ^ (Hong Kong)	Airport ramp, handling and passenger services (Hong Kong)	**5,157**	5,157	**100**	100
Singapore Food Industries Pte. Ltd. * (Singapore)	Food processing and distribution services (Singapore)	**487,260**	487,260	**100**	100
SATS Investment Pte. Ltd. * (Singapore)	Investment holding (Singapore)	#	#	**100**	100
SATS (India) Co. Private Limited (formerly known as Singapore Airport Terminal Services (India) Co. Private Limited) ^ (India)	Business development and marketing and product development (India)	**228**	228	**100**	100
		541,030	540,950		

17. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	COMPANY 31 March Cost of investment 2012 $'000	2011 $'000	Percentage of equity held 2012 %	2011 %
Held through Country Foods Pte. Ltd.					
Country Foods Macau, Limited ^ (Macau)	Food Catering and Food Services (Macau)	**–**	–	**51**	51
Held through SATS Airport Services Pte. Ltd.					
SATS-Creuers Cruise Services Pte. Ltd. * (Singapore)	Management of International Cruise Terminal (Singapore)	**–**	–	**60**	–
Held through Singapore Food Industries Pte. Ltd.					
International Cuisine Limited and its subsidiaries ^@ (United Kingdom)	Production and marketing of chilled ready cooked food (United Kingdom)	**–**	–	**–**	100
Singfood Pte. Ltd. * (Singapore)	Contract manufacturing of food products and food distribution (Singapore)	**–**	–	**100**	100
Myanmar ST Food Industries Limited & (Myanmar)	Liquidated (Myanmar)	**–**	–	**–**	100
Primary Industries Private Limited and its subsidiaries * (Singapore)	Provision of abattoir services (Singapore)	**–**	–	**78.5**	78.5
– Farmers Abattoir Pte Ltd * (Singapore)	Meat processing and other related activities (Singapore)	**–**	–	**78.5**	78.5
– Hog Auction Market Pte Ltd * (Singapore)	Auctioneers of pigs (Singapore)	**–**	–	**78.5**	78.5
Primary Industries (Qld) Pty Ltd and its subsidiary ^ (Australia)	Provision of land logistics and food solutions (Australia)	**–**	–	**100**	100
– Urangan Fisheries Pty Ltd ^ (Australia)	Processing and sale of seafood (Australia)	**–**	–	**51**	51

17. INVESTMENT IN SUBSIDIARIES (cont'd)

		COMPANY 31 March			
		Cost of investment		Percentage of equity held	
Name of companies	Principal activities	2012	2011	2012	2011
(Country of incorporation)	(Place of business)	$'000	$'000	%	%
Held through Singapore Food Industries Pte. Ltd. (cont'd)					
Shanghai ST Food Industries Co., Limited @@ (People's Republic of China)	Manufacture and sale of frozen foodstuffs (People's Republic of China)	**–**	–	**96**	96
Singapore Food Development Pte Ltd * (Singapore)	Investment holding (Singapore)	**–**	–	**100**	100
SFI Food Pte. Ltd. * (Singapore)	Provision of technical and management services for agri-food business (Singapore)	**–**	–	**100**	100
SFI Manufacturing Private Limited * (Singapore)	Supply of food products and catering services (Singapore)	**–**	–	**100**	100
SATS Investments (Middle East I) Pte. Ltd. * (Singapore)	Inactive (Singapore)	**–**	–	**100**	100
S Daniels Plc and its subsidiaries ^@ (United Kingdom)	Investment holding (United Kingdom)	**–**	–	**–**	100
Held through SATS Investment Pte. Ltd.					
TFK Corporation ^ (Japan)	Inflight catering services (Japan)	**–**	–	**53.8 ##**	53.8 ##
Food And Allied Support Services Corporation Pte. Ltd. * (Singapore)	Remote catering (Singapore)	**–**	–	**51**	–

17. INVESTMENT IN SUBSIDIARIES (cont'd)

		COMPANY 31 March			
		Cost of investment		Percentage of equity held	
Name of companies (Country of incorporation)	Principal activities (Place of business)	2012 $'000	2011 $'000	2012 %	2011 %
Held through TFK Corporation					
Inflight Foods Co., Ltd (Japan)	Preparation and sale of inflight meals, frozen foods, seafood, meat and rice products and vegetables and fruits (Japan)	**–**	–	**53.8 ##**	53.8 ##
Narita Dry Ice Co., Ltd (Japan)	Manufacture and sale of dry ice, ice cubes and sale of refrigerant and packaging material (Japan)	**–**	–	**53.8 ##**	53.8 ##
Narita Tokyo Service Co., Ltd (Japan)	Inflight catering services, despatch of workers to Inflight catering operators (Japan)	**–**	–	**53.8 ##**	53.8 ##
Tokyo Flight Kitchen Restaurantes LTDA (Brazil)	Real estate management (Brazil)	**–**	–	**53.8 ##**	53.8 ##
TFK International (N.Z.) Limited (Japan)	Restaurant and inflight meal (in process of liquidation) (Japan)	**–**	–	**53.8 ##**	53.8 ##

\# Amount is $2.
* Audited by Ernst & Young LLP, Singapore.
^ Audited by member firms of Ernst & Young Global in the respective countries.
@@ Shanghai YMD Certified Public Accountants (LLP).
\#\# Excluding Treasury Shares held by TFK Corporation.
& Dissolved on 2 May 2011.
@ Divested on 25 October 2011.

(a) Loan to subsidiaries

Loan to a subsidiary – current, refers to an amount of $592,000 (2011: $467,000) which is unsecured, bears interest at 1 month SIBOR + 1.7% per annum and is repayable by 31 March 2013.

Loan to subsidiaries – non-current, comprise of:

(i) An amount of $5,720,564 (2011: $3,400,000) which is unsecured, bears interest at 3 months SIBOR + 1.7% per annum and is repayable on 26 June 2014 and 11 September 2014;

(ii) An amount of $14,328,469 (2011: $1,828,738) which is unsecured, bears interest at 3 months HIBOR per annum and no fixed terms of repayment; and

(iii) The remaining loans are unsecured, non-interest bearing, repayable on demand and not expected to be paid in the next twelve months.

17. INVESTMENT IN SUBSIDIARIES (cont'd)

(b) Acquisition of Subsidiaries

On 20 December 2010, the Group, through its subsidiary, SATS Investment Pte. Ltd. acquired 53.8% equity interest in TFK Corporation ("TFK"). Upon the acquisition, TFK and its subsidiaries (collectively known as TFK Group) became subsidiaries of the Group. As at 31 March 2011, purchase price allocation for the acquisition of TFK was not completed and the goodwill was accounted for on a provisional basis.

The Group completed the purchase price allocation review during the financial year and retrospectively adjusted the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The adjusted fair values of the identifiable assets and liabilities of TFK Group as at the date of acquisition are presented in the following table:

	Amount as at 31 December 2010		
	Provisional amount as previously reported $'000	Fair value adjustments * $'000	Adjusted amount $'000
Property, plant and equipment	161,683	9,925	171,608
Investment property	10,034	289	10,323
Intangible assets	19,624	1,846	21,470
Other non-current assets	14,159	–	14,159
Trade and other receivables	51,439	–	51,439
Other current assets	7,643	–	7,643
Cash and bank balances	63,295	–	63,295
Deferred tax asset, net	30,497	(4,924)	25,573
	358,374	7,136	365,510
Borrowings	(52,232)	–	(52,232)
Defined benefit plan	(57,905)	–	(57,905)
Other long-term liabilities	(9,696)	–	(9,696)
Current liabilities	(63,973)	–	(63,973)
	(183,806)	–	(183,806)
Total net identifiable assets at fair value	174,568	7,136	181,704
Non-controlling interest measured at the non-controlling interest's proportionate share of TFK Group's net identifiable assets	(80,650)	(3,297)	(83,947)
Goodwill	28,071	(3,839)	24,232
Purchase consideration paid in cash	121,989	–	121,989

* Fair value adjustments made during measurement period.

(c) Discontinued Operations

On 25 October 2011, the Company disposed of its UK subsidiaries ("Daniels Group"), which is previously reported under the Food Solutions segment.

Daniels Group's results are presented separately in the consolidated income statement as "(Loss)/Profit from discontinued operations, net of tax".

17. INVESTMENT IN SUBSIDIARIES (cont'd)

(c) Discontinued Operations (cont'd)

Income statement disclosures

The results of Daniels Group included in the consolidated income statement for the years ended 31 March are as follows:

	GROUP	
	2011-12 $'000	2010-11 $'000
Revenue	**186,188**	371,283
Expenditure	**(189,472)**	(355,763)
Operating (loss)/profit	**(3,284)**	15,520
Interest on borrowings	**(461)**	(893)
Interest income	**–**	2
Gain/(Loss) on disposal of property, plant and equipment	**1**	(100)
Loss on disposal of subsidiaries	**(5,500)**	–
(Loss)/Profit before tax from discontinued operations	**(9,244)**	14,529
Income tax expense	**(833)**	(2,493)
(Loss)/Profit from discontinued operations, net of tax	**(10,077)**	12,036

Statements of cash flows disclosures

The cash flows attributable to Daniels Group are as follows:

	GROUP	
	2011-12 $'000	2010-11 $'000
Operating	**1,248**	24,895
Investing	**(5,725)**	(10,478)
Financing	**188**	(6,153)
Net cash (outflows)/inflows	**(4,289)**	8,264

(Loss)/Profit per share from discontinued operations attributable to owners of the Company (cents)

	GROUP	
	2011-12	2010-11
Basic	**(0.9)**	1.1
Diluted	**(0.9)**	1.1

The basic and diluted (loss)/profit per share from discontinued operations are calculated by dividing the loss or profit from discontinued operations, net of tax, attributable to owners of the Company by the weighted average of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively. The share data is presented in Note 10.

18. INVESTMENT IN ASSOCIATES

	GROUP 31 March		COMPANY 31 March	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Unquoted shares, at cost	**301,168**	278,341	**275,554**	275,554
Impairment loss	**(3,313)**	(3,313)	**(4,735)**	(4,735)
Share of post-acquisition results of associates	**171,819**	159,753	**–**	–
Accumulated amortisation of goodwill and intangible assets	**(39,944)**	(39,087)	**–**	–
Share of statutory reserves of associates	**6,627**	6,405	**–**	–
Foreign currency translation adjustments	**(88,668)**	(80,851)	**–**	–
	347,689	321,248	**270,819**	270,819

Intangible assets

The customer-related intangible assets arose from the acquisition of associates. The Company engaged an independent third party to perform a fair valuation of these separately identified intangible assets. Apart from goodwill, the useful life of these intangible assets with definite useful life was determined to be 5 to 15 years and the assets are amortised on a straight-line basis over the useful life. The amortisation expense is included in the "share of results of associates, net of tax" account in the consolidated income statement.

Amount due from associates (current account)

The amount due from associates are unsecured, trade-related and are repayable on demand.

The associates are:

		GROUP 31 March			
		Cost of investment		Percentage of equity held	
Name of companies (Country of incorporation)	Principal activities (Place of business)	2012 $'000	2011 $'000	2012 %	2011 %
Held by the Company					
Maldives Inflight Catering Private Limited * (Republic of Maldives)	Inflight catering services (Republic of Maldives)	**287**	287	**35.0**	35.0
Beijing Airport Inflight Kitchen Ltd ** ^ (Peoples' Republic of China)	Inflight catering services (Peoples' Republic of China)	**13,882**	13,882	**40.0**	40.0
Beijing Aviation Ground Services Co., Ltd ** ^ (Peoples' Republic of China)	Airport ground handling services (Peoples' Republic of China)	**5,710**	5,710	**40.0**	40.0
Aviserv Limited *** ^ (Ireland)	Inflight catering services (Pakistan)	**3,313**	3,313	**49.0**	49.0
Tan Son Nhat Cargo Services Ltd + ^ (Vietnam)	Air cargo handling services (Vietnam)	**1,958**	1,958	**30.0**	30.0
Asia Airfreight Terminal Co Ltd ++ (Hong Kong)	Air cargo handling services (Hong Kong)	**92,662**	92,662	**49.0**	49.0

18. INVESTMENT IN ASSOCIATES (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	GROUP 31 March Cost of investment 2012 $'000	2011 $'000	Percentage of equity held 2012 %	2011 %
Held by the Company (cont'd)					
Servair-SATS Holding Company Pte Ltd +++ ^ (Singapore)	Investment holding company (Singapore)	**509**	509	**49.0**	49.0
MacroAsia Catering Services, Inc # ^ (Philippines)	Inflight catering services (Philippines)	**2,027**	2,027	**20.0**	20.0
Taj Madras Flight Kitchen Private Limited ## (India)	Inflight catering services (India)	**1,901**	1,901	**30.0**	30.0
Singapore Airport Duty-Free Emporium (Pte) Ltd ### (Singapore)	Inactive (Singapore)	**1,560**	1,560	**24.0**	24.0
Evergreen Airline Services Corporation ◊ ^ (Taiwan)	Airport ground handling services (Taiwan)	**5,404**	5,404	**20.0**	20.0
Evergreen Air Cargo Services Corporation ◊◊ ^ (Taiwan)	Air cargo handling services (Taiwan)	**16,163**	16,163	**25.0**	25.0
Taj SATS Air Catering Limited ## (India)	Catering services (India)	**24,646**	24,646	**49.0**	49.0
PT Jasa Angkasa Semesta, Tbk ◊◊◊ ^ (Indonesia)	Ground and cargo handling (Indonesia)	**105,532**	105,532	**49.8**	49.8
		275,554	275,554		
Held through SATS Investments Pte. Ltd.					
Adel Abuljadayel Flight Catering Company Limited @ (Saudi Arabia)	Inflight catering services (Saudi Arabia)	**22,827**	–	**40.0**	–
Held through TFK Corporation					
Tasco Foods Co., Ltd (Japan)	Production and sales of confectionery (Japan)	**2,748**	2,748	**26.8**	26.8
International Airport Cleaning Co., Ltd (Japan)	Providing laundry services (Japan)	**39**	39	**14.9^^**	14.9^^
		301,168	278,341		

^^ International Airport Cleaning Co., Ltd is held through TFK Corporation (a subsidiary) who has an equity stake of 27.7% in the associate.
* Audited by KPMG Ford, Rhodes, Thornton & Co., Maldives.
** Audited by Zhongrui Yuehua Certified Public Accountants Co., Ltd.
*** Audited by Messrs Riaz Ahmed, Saqib, Gohar and Co, Pakistan.
+ Audited by Deloitte Vietnam Co. Limited.
++ Audited by KPMG, Hong Kong.
+++ Audited by Deloitte and Touche LLP, Singapore.
# Audited by Sycip Gorres Velayo & Co.
Audited by Deloitte Haskins & Sells.
Audited by Ernst & Young LLP, Singapore.
◊ Audited by Deloitte and Touche, Taiwan.
◊◊ Audited by PricewaterhouseCoopers, Taiwan.
◊◊◊ Audited by Osman Ramli Satrio and Rekan - Member Firm of Deloitte Touche Tohmatsu, Indonesia.
@ Audited by Ernst & Young, Jeddah, Saudi Arabia.
^ Financial years end on 31 December.

18. INVESTMENT IN ASSOCIATES (cont'd)

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

	GROUP 31 March	
	2012 $'000	2011 $'000
Assets and liabilities		
Current assets	**462,750**	434,445
Non-current assets	**450,600**	528,516
Total assets	**913,350**	962,961
Current liabilities	**256,241**	236,404
Non-current liabilities	**35,071**	46,568
Total liabilities	**291,312**	282,972
	2011-12 $'000	2010-11 $'000
Results		
Revenue	**757,654**	706,374
Profit for the year	**85,218**	106,792

19. INVESTMENT IN JOINT VENTURES

	GROUP 31 March	
	2012 $'000	2011 $'000
Unquoted shares, at cost	**18,809**	13,898
Share of post-acquisition reserves	**6,744**	3,009
Foreign currency translation	**(4,922)**	(2,824)
	20,631	14,083

Details of the joint ventures are as follows:

Name of joint venture – Air India SATS Airport Services Private Limited *
Principal activities – Provision of ground handling and cargo handling services.
Place of incorporation and business – India
Effective equity held by the Group and the Company – 50% (2011: 50%)

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

Name of joint venture – Jilin CSD Food Co., Ltd #
(f.k.a. Jilin Zhong Xin Cheng Food Co., Ltd)
Principal activities – Operate and manage pig farming, abattoir, pork-processing, feed mill and other projects.
Place of incorporation and business – People's Republic of China
Effective equity held by the Group – 30% (2011: 30%)

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

19. INVESTMENT IN JOINT VENTURES (cont'd)

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

	GROUP 31 March	
	2012 $'000	2011 $'000
Assets and liabilities:		
Current assets	**64,161**	59,886
Non-current assets	**15,715**	19,590
Total assets	**79,876**	79,476
Current liabilities	**36,612**	47,703
Non-current liabilities	**–**	438
Total liabilities	**36,612**	48,141
	2011-12 $'000	2010-11 $'000
Income and expenses:		
Income	**110,348**	103,542
Expenses	**97,181**	94,340

20. LONG-TERM INVESTMENT

	GROUP 31 March		COMPANY 31 March	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Unquoted equity investment, at cost	**8,382**	8,355	**7,886**	7,886

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

21. DEFERRED TAXATION

	GROUP			
	Statement of Financial Position 31 March		Consolidated Income Statement	
	2012 $'000	2011 $'000 (Restated)	2012 $'000	2011 $'000 (Restated)
Deferred tax liabilities, net				
Differences in depreciation and amortisation	**71,019**	71,810	**(5,713)**	(1,934)
Identified intangible assets	**7,936**	44,095	**4,485**	(5,779)
Unremitted foreign dividend and interest income	**6,222**	5,883	**(339)**	–
Other temporary differences	**28**	430	**3**	(325)
Provisions	**(11,023)**	(2,437)	**6,227**	–
Defined benefit plan	**(18,580)**	(22,533)	**(4,077)**	(3,664)
Unutilised tax losses/capital allowances	**(1,805)**	(228)	**1,543**	–
Undistributed earnings of associates	**8,387**	7,052	**(1,335)**	–
Balance at end of year	**62,184**	104,072		
Deferred tax assets, net				
Provisions	**3,368**	4,149	**2,775**	8,137
Unutilised tax losses/capital allowances	**–**	140	**140**	183
Differences in depreciation and amortisation	**23,500**	30,170	**(6,086)**	–
Balance at end of year	**26,868**	34,459		
Deferred income tax expense			**(2,377)**	(3,382)

	COMPANY	
	Statement of Financial Position 31 March	
	2012 $'000	2011 $'000
Deferred tax liabilities		
Differences in depreciation and amortisation	**25,003**	24,797
Unremitted foreign dividend and interest income	**6,222**	6,221
Other taxable temporary differences	**–**	(2,943)
Balance at end of year	**31,225**	28,075

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses and capital allowances of approximately $12,530,000 (2011: $4,547,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

22. OTHER NON-CURRENT ASSETS

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

23. TRADE AND OTHER RECEIVABLES

	GROUP 31 March		COMPANY 31 March	
	2012 $'000	2011 $'000 (Restated)	2012 $'000	2011 $'000
Trade and other receivables:				
Trade receivables	**99,137**	130,451	**3,607**	5,586
Staff loans	**601**	1,084	**30**	95
Sundry receivables	**25,897**	17,615	**662**	847
Amounts due from related companies	**168,098**	154,057	**45,821**	38,574
	293,733	303,207	**50,120**	45,102

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

	GROUP 31 March		COMPANY 31 March	
	2012 $'000	2011 $'000 (Restated)	2012 $'000	2011 $'000
Not past due and not impaired	**223,253**	242,763	**–**	409
Past due but not impaired *	**43,982**	46,803	**3,607**	5,177
	267,235	289,566	**3,607**	5,586
Impaired trade receivables - collectively assessed	**286**	438	**–**	–
Less: Accumulated impairment losses	**(286)**	(542)	**–**	–
	–	(104)	**–**	–
Other impaired trade receivables - individually assessed	**1,270**	1,986	**198**	1
Less: Accumulated impairment losses	**(1,270)**	(1,986)	**(198)**	(1)
	–	–	**–**	–
Less: Allowance for trade discount	**–**	(4,954)	**–**	–
Total trade receivables, net	**267,235**	284,508	**3,607**	5,586

* Aging of trade receivables that are past due but not impaired:

Less than 30 days	**26,190**	23,103	**82**	1,295
30 days to 60 days	**9,995**	9,642	**115**	487
61 days to 90 days	**1,578**	5,089	**30**	324
More than 90 days	**6,219**	8,969	**3,380**	3,071
	43,982	46,803	**3,607**	5,177

23. TRADE AND OTHER RECEIVABLES (cont'd)

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

	GROUP		COMPANY	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Euro	**25**	1,591	**–**	–
United States Dollar	**8,394**	4,932	**–**	3,497

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

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

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

	GROUP 31 March		COMPANY 31 March	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Balance at 1 April	**2,528**	4,366	**1**	1,666
Acquisition of a subsidiary	**–**	41	**–**	–
Disposal of subsidiaries	**(1,428)**	–	**–**	–
Exchange differences	**(27)**	(29)	**–**	–
Write-off against provisions	**(347)**	–	**–**	–
Charge/(Write-back) to income statement	**830**	(1,850)	**197**	(1,665)
Balance at 31 March	**1,556**	2,528	**198**	1
Bad debts write-off directly to income statement	**20**	861	**–**	–

Staff loans

These loans were granted in accordance with schemes approved by the shareholders of the Company. The interest rate on the staff loans is 1.475% to 3% (2011: 1.475% to 3%).

Sundry receivables

Sundry receivables are unsecured, interest-free and they included $17,040,875 (2011: Nil) relating to deferred consideration arising from the disposal of subsidiaries (Note 17).

Amounts due from related companies

The amounts due to the Group are trade related, with a credit term of 45 days. The amounts due the Company are unsecured, interest-free and are repayable on demand.

24. INVENTORIES

	GROUP 31 March		COMPANY 31 March	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Statements of Financial Position:				
Food supplies and dry stores	**35,198**	49,112	**–**	–
Technical spares	**7,708**	8,877	**–**	–
Other consumables	**812**	1,394	**310**	267
Total inventories at lower of cost or net realisable value	**43,718**	59,383	**310**	267

	GROUP		COMPANY	
	2011-12 $'000	2010-11 $'000	2011-12 $'000	2010-11 $'000
Income Statement:				
Inventories recognised as an expense	**390,323**	290,900	**–**	–
Inclusive of the following charge/(credit):				
– Inventories written down	**1,288**	289	**–**	–
– Reversal of write-down of inventories	**–**	(79)	**–**	–

25. CASH AND SHORT-TERM DEPOSITS

(a) Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts in statements of financial position:

	GROUP 31 March		COMPANY 31 March	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Fixed deposits	**374,710**	206,288	**332,000**	170,354
Cash and bank balances	**96,933**	97,588	**23,961**	10,789
Cash and short-term deposits	**471,643**	303,876	**355,961**	181,143
Bank overdraft	**(1,530)**	(7,759)	**–**	–
	470,113	296,117	**355,961**	181,143

(b) Analysis of capital expenditure cash flows:

	GROUP	
	2011-12 $'000	2010-11 $'000
Addition of property, plant and equipment	**54,562**	62,879
Addition of intangible assets	**9,747**	5,196
Cash invested in property, plant and equipment and intangible assets	**64,309**	68,075

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.01% to 3% (2011: 0.01% to 3%) per annum. Short-term deposits are made for varying periods of between one day and one year depending on the expected cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate for short-term deposits is 0.081% to 0.433% (2011: 0.082% to 0.115%) per annum.

The bank overdraft is part of the secured banking facilities of the Group and it is secured on the property of certain subsidiaries with a total carrying amount of $213,233,590 (2011: $220,555,000) as at 31 March 2012.

25. CASH AND SHORT-TERM DEPOSITS (cont'd)

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

	GROUP 2012 $'000	GROUP 2011 $'000	COMPANY 2012 $'000	COMPANY 2011 $'000
Australian Dollar	**3,150**	5,082	**–**	–
Euro	**–**	1,501	**–**	–
Great Britain Pound	**42**	556	**–**	–
United States Dollar	**2,908**	2,343	**–**	7,381
Renminbi	**44**	–	**44**	67

26. TRADE AND OTHER PAYABLES

	GROUP 31 March 2012 $'000	GROUP 31 March 2011 $'000 (Restated)	COMPANY 31 March 2012 $'000	COMPANY 31 March 2011 $'000
Trade payables	**107,808**	159,748	**15,846**	21,490
Other payables:				
Tender deposits	**2,509**	2,150	**1,515**	1,342
Accrued expenses	**80,231**	98,106	**2,892**	1,980
Purchase of property, plant and equipment	**–**	–	**312**	292
Staff costs	**9,670**	22,291	**7,839**	12,052
Others	**2,912**	3,345	**–**	–
	95,322	125,892	**12,558**	15,666
Amounts due to related companies	**110**	363	**86**	101
Deposits placed by subsidiaries	**–**	–	**129,161**	85,808
	110	363	**129,247**	85,909
Trade and other payables	**203,240**	286,003	**157,651**	123,065

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

	GROUP 2012 $'000	GROUP 2011 $'000	COMPANY 2012 $'000	COMPANY 2011 $'000
Australian Dollar	**520**	703	**–**	–
Euro	**175**	1,834	**–**	–
United States Dollar	**3,979**	1,162	**–**	–

27. TERM LOANS

	GROUP 31 March 2012 $'000	GROUP 31 March 2011 $'000	COMPANY 31 March 2012 $'000	COMPANY 31 March 2011 $'000
Unsecured:				
Repayable within one year	**5,660**	140,314	**–**	118,673
Repayable after one year	**120,395**	4,096	**119,324**	–
	126,055	144,410	**119,324**	118,673
Secured:				
Repayable within one year	**16,305**	11,106	**–**	–
Repayable after one year	**5,704**	8,655	**–**	–
	22,009	19,761	**–**	–
Total term loans	**148,064**	164,171	**119,324**	118,673

There are four unsecured loans held by the Group as at 31 March 2012. The terms and interest rates are as follows:

	Effective interest rate	Maturity date	Outstanding as at 31 March 2012 $'000	Outstanding as at 31 March 2011 $'000
Unsecured term loans:				
JPY fixed rate	1.15% to 1.7%	September 2012 to January 2017	**124,525**	3,195
JPY floating rate	1.475%	August 2012	**1,530**	138,452
SGD fixed rate	4.2%	December 2012	**–**	499
SGD floating rate	4.5%	December 2023	**–**	2,264
			126,055	144,410

There are eleven secured term loans held by the Group as at 31 March 2012 and they are secured on the property, plant and equipment and other assets of certain subsidiaries with a total carrying amount of $121,957,000 (2011: $35,084,000) as at 31 March 2012.

The terms and interest rates are as follows:

	Effective interest rate	Maturity date	Outstanding as at 31 March 2012 $'000	Outstanding as at 31 March 2011 $'000
Secured term loans:				
GBP floating rate	1.5% to 2.5%	June 2011 to May 2020	**–**	9,285
AUD fixed rate	9.2%	February 2016	**1,045**	1,280
JPY fixed rate	0.85% to 2.845%	March 2014 to March 2017	**7,196**	9,196
JPY floating rate	1.475% to 1.85%	July 2012 to March 2013	**13,768**	–
			22,009	19,761

27. TERM LOANS (cont'd)

Hedge of net investments in foreign operations

Included in loans as at 31 March 2012 was a term loan of JPY7.8 billion, which has been designated during the financial year as a hedge of the net investment in its subsidiary, TFK Corporation in Japan, and is being used to hedge the Group's exposure to foreign exchange risk on this investment. Gains or losses on the retranslation of this term loan are transferred to equity to offset any gains or losses on translation of the net investment in the subsidiary. There is no ineffective portion transferred to profit or loss in the year ended 31 March 2012.

28. FINANCE LEASES

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

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

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

	GROUP 31 March			
	2012		2011	
	Minimum payments $'000	Present value of payments $'000	Minimum payments $'000	Present value of payments $'000
Not later than one year	**3,573**	**3,209**	5,041	4,572
Later than one year but not later than five years	**5,084**	**4,343**	7,467	6,427
Later than five years	**917**	**873**	1,665	1,480
Total future lease payments	**9,574**	**8,425**	14,173	12,479
Less: Amounts representing interest	**(1,149)**	**–**	(1,694)	–
Present value of minimum lease payments	**8,425**	**8,425**	12,479	12,479

The average discount rate implicit in the leases is 9.45% (2011: 9.45%) per annum for the lease of tractors, 1.2% – 4.8% (2011: 1.2% – 10.2%) per annum for the lease of plant, machinery and equipment.

29. DEFINED BENEFIT PLAN

The subsidiaries in Japan operate a defined benefit plan which require contributions to be made to separately administered funds. The plan provides a pension and the amount of benefit is calculated using a combination of final salary and total service years. The benefit plan will vest to the employees after 3 years of service as lump-sum distribution or will vest after 15 years of service as annual payment of plan benefit, and require contributions to be made to separately administered funds.

During the year, TFK Corporation reached an agreement with its employees to amend the terms of their retirement benefit plan. The retirement benefit was changed from a 100% defined benefit pension plan to a plan that consist of defined benefit plan, a defined contribution plan and a lump sum payment. The change has resulted in a reduction of defined benefit obligation of the Group as at 31 March 2012.

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

	GROUP 31 March	
Funded Pension Plans	2012 $'000	2011 $'000 (Restated)
Net benefit expense		
Current service cost	**2,356**	1,200
Interest cost on benefit obligation	**2,601**	820
Expected return on plan assets	**(1,907)**	(1,035)
Net benefit expense	**3,050**	985
Defined benefit plan asset/(liability)		
Defined benefit obligation	**(106,672)**	(148,999)
Fair value of plan assets	**91,009**	93,178
Defined benefit liability	**(15,663)**	(55,821)
Change in present value of defined benefit obligations are as follows:		
As at 1 April/on acquisition of subsidiaries	**148,999**	155,372
Interest cost	**2,601**	820
Current service cost	**2,356**	1,200
Benefits paid	**(8,086)**	(2,833)
Change of pension benefit plan	**(41,534)**	–
Exchange differences	**2,336**	(5,560)
As at 31 March	**106,672**	148,999

29. DEFINED BENEFIT PLAN (cont'd)

Funded Pension Plans	GROUP 31 March 2012 $'000	GROUP 31 March 2011 $'000 (Restated)
Change in fair value of plan assets are as follows:		
As at 1 April/on acquisition of subsidiaries	**93,178**	96,499
Expected return on plan assets	**1,907**	1,035
Contributions by employer	**2,032**	1,930
Benefits paid	**(6,714)**	(2,833)
Exchange differences	**606**	(3,453)
As at 31 March	**91,009**	93,178

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

	GROUP 31 March 2012 %	GROUP 31 March 2011 %
Japan equities	**39.0**	35.7
Offshore equities	**23.3**	22.7
Japan bonds	**11.1**	9.9
Offshore bonds	**9.3**	9.1
Fixed deposit	**17.3**	22.6
	100.0	100.0

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

	GROUP 31 March 2012 %	GROUP 31 March 2011 %
Discount rates	**2.0**	2.4
Expected rate of return on assets	**2.0**	4.5
Future salary increases	**2.0**	2.0
Future pension increases	**2.0**	2.0
Post retirement mortality for pensioners at age 60		
- Male	**0.8**	0.8
- Female	**0.8**	0.8

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

30. DEFERRED INCOME

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

	GROUP AND COMPANY 31 March	
	2012 $'000	2011 $'000
Balance as at 1 April	**17,312**	19,134
Amount recognised as income during the financial year	**(1,503)**	(1,822)
Early retirement of obligations related to sale and leaseback arrangement	**(15,809)**	–
Balance as at 31 March	**–**	17,312

In the year 2002, two subsidiaries of the Group entered into a sale and leaseback arrangement for certain fixed ground support equipment. The gain arising from the sale and leaseback was deferred and amortised over the lease period of 18 years commencing on October 2002. During the financial year, the sale and leaseback arrangement was terminated. Based on the external counsel's view, no residual liability is likely to occur.

31. RELATED PARTY TRANSACTIONS

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

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

	GROUP	
	2011-12 $'000	2010-11 $'000
Services rendered by:		
Related companies	**31,885**	27,241
	31,885	27,241
Sales to:		
Related companies	**633,462**	582,844
Associates	**7,773**	5,259
	641,235	588,103

31. RELATED PARTY TRANSACTIONS (cont'd)

Directors' and key executives' remuneration:

	GROUP AND COMPANY 2011-12 $'000	GROUP AND COMPANY 2010-11 $'000
Directors		
Directors' fees (Note 6)	**965**	1,030
Key executives		
Salary, bonuses and other costs	**2,071**	2,519
CPF and other defined contributions	**30**	51
Share-based compensation expense	**554**	478
	2,655	3,048

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

Name of participant	Aggregate options granted since commencement of scheme to end of financial year	Aggregate options exercised since commencement of scheme to end of financial year	Aggregate options outstanding at end of financial year
Tan Chuan Lye	624,500	(350,000)	274,500
Yacoob Bin Ahmed Piperdi	377,950	(104,800)	273,150

Shares awarded to key executives of the Company during the financial year and since the commencement of the Restricted Share Plan and Performance Share Plan are as follows:

Name of participant	Shares granted during financial year	Aggregate shares granted since commencement of plan to end of financial year	Aggregate shares vested/adjusted since commencement of plan to end of financial year	Aggregate shares not released at end of financial year
Tan Chuan Lye	100,800	274,868	(52,615)	222,253
Lim Chuang	45,900	151,100	(39,600)	111,500
Ferry Chung Qing An	180,000	180,000	(45,000)	135,000
Yacoob Bin Ahmed Piperdi	29,700	134,861	(48,761)	86,100
Poon Choon Liang	46,800	105,500	(9,900)	95,600

32. CAPITAL AND OTHER COMMITMENTS

(a) The Group and the Company have commitments for capital expenditure. Such commitments aggregated to $79.0 million (2011: $53.0 million) for the Group and $18.5 million (2011: $9.0 million) for the Company. In aggregate, these commitments are not at prices in excess of current market prices.

(b) The Group has entered into operating lease agreements for ground support equipment and leasehold land and buildings. The Group leases several pieces of leasehold land under lease agreements with lease periods ranging from 1 to 60 years. The remaining lease periods ranged from 8 months to 39 years. The leases of the leasehold properties contain provision for rental adjustments. The future minimum lease payments under non-cancellable operating leases are as follows:

	GROUP 31 March		COMPANY 31 March	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Within one year	**12,073**	14,408	**1,515**	1,515
After one year but not more than five years	**25,792**	33,410	**6,062**	6,062
Later than five years	**35,150**	54,289	**9,411**	10,927
	73,015	102,107	**16,988**	18,504

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group operates principally in Singapore and generates revenue mainly in Singapore Dollars. The Group also has investments outside of Singapore and it operates in more than ten countries. The Group's operations carry certain financial and commodity risks, including the effects of changes in foreign exchange rates and interest rates. The Group's overall risk management approach is to minimise the effects of such volatility on its financial performance. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments for specific exposures where appropriate and cost-efficient.

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

(a) Foreign Currency Risk

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

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

(a) Foreign Currency Risk (cont'd)

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

	GROUP 31 March		COMPANY 31 March	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Effect of strengthening of SGD				
Profit before tax	**4,621**	5,493	**5,566**	5,934
Equity	**3,835**	4,559	**4,620**	4,925
Effect of weakening of SGD				
Profit before tax	**(4,621)**	(5,493)	**(5,566)**	(5,934)
Equity	**(3,835)**	(4,559)	**(4,620)**	(4,925)

(b) Interest Rate Risk

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

The Group's interest-bearing assets and interest-bearing liabilities are predominantly denominated in SGD and JPY. Fixed deposits earned interest rates ranging from 0.081% to 0.433% (2011: 0.082% to 0.115%). Information relating to other interest-bearing assets and liabilities are disclosed in the notes on associates, cash and bank balances and term loans.

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

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

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

	GROUP 31 March		COMPANY 31 March	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Effect of an increase in 50 basis points in market interest rates				
Profit before tax	**2,282**	780	**–**	–
Equity	**1,894**	647	**–**	–
Effect of a decrease in 50 basis points in market interest rates				
Profit before tax	**(2,282)**	(780)	**–**	–
Equity	**(1,894)**	(647)	**–**	–

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

(c) Counter-Party Risk

The Group's maximum exposure to credit risk in the event that counter-parties fail to perform their obligations as at 31 March 2012 in relation to each class of recognised financial assets was the carrying amount of those assets as indicated in the statement of financial position.

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

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

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

GROUP	Outstanding balance		Percentage of total Financial assets	
	2012	2011	2012	2011
Counter-party profiles	$'000	$'000	%	%
By Industry				
Airlines	**227,311**	201,649	**29.1**	32.5
Financial institutions	**472,881**	299,879	**60.5**	48.3
Others	**81,339**	119,169	**10.4**	19.2
	781,531	620,697	**100.0**	100.0
By Region				
Singapore	**622,950**	405,563	**79.7**	65.3
Japan	**97,048**	105,753	**12.4**	17.0
Others	**61,533**	109,381	**7.9**	17.7
	781,531	620,697	**100.0**	100.0
By Moody's Credit Ratings				
Investment grade (A to AAA)	**459,682**	316,402	**58.8**	51.0
Investment grade (Baa)	**958**	3,170	**0.1**	0.5
Non-rated	**320,891**	301,125	**41.1**	48.5
	781,531	620,697	**100.0**	100.0

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

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

At the end of the reporting period, approximately:

- 63% (2011: 54%) of the Group's trade receivables were due from a major customer located in Singapore.
- 63% (2011: 54%) of the Group's trade receivables were due from related parties.

COMPANY

	Outstanding balance 31 March		Percentage of total Financial assets 31 March	
	2012	2011	2012	2011
Counter-party profiles	$'000	$'000	%	%
By Industry				
Airlines	**130**	5,167	**–**	1.4
Financial institutions	**356,067**	181,143	**60.7**	49.8
Others	**230,322**	177,449	**39.3**	48.8
	586,519	363,759	**100.0**	100.0
By Region				
Singapore	**552,663**	337,473	**94.2**	92.8
Europe	**–**	121	**–**	–
Others	**33,856**	26,165	**5.8**	7.2
	586,519	363,759	**100.0**	100.0
By Moody's Credit Ratings				
Investment grade (A to AAA)	**356,067**	181,143	**60.7**	49.8
Non-rated	**230,452**	182,616	**39.3**	50.2
	586,519	363,759	**100.0**	100.0

(d) Liquidity Risk

As at 31 March 2012, the Group had at its disposal, cash and cash equivalents amounting to $470.1 million (2011: $296.1 million). In addition, the Group has available short-term credit facilities of approximately $160.6 million (2011: $175.4 million) from open-ended revolving credit facilities granted by commercial banks. The Group also has an alternative facility to issue notes up to $500 million (2011: $500 million), with maturity dates between one month to ten years, under the Medium Term Note Programme.

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

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

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

(d) Liquidity Risk (cont'd)

GROUP	Within 1 year $'000	1–2 years $'000	2–3 years $'000	3–4 years $'000	4–5 years $'000	More than 5 years $'000	Total $'000
2012							
Financial assets:							
Trade and other receivables	293,733	–	–	–	–	–	293,733
Cash and short-term deposits	471,643	–	–	–	–	–	471,643
Total undiscounted financial assets	765,376	–	–	–	–	–	765,376
Financial liabilities:							
Other long-term liability	2,749	2,734	2,703	2,703	2,703	11,178	24,770
Term loans	24,339	5,616	3,686	3,206	121,723	–	158,570
Finance lease commitments	3,573	2,368	1,159	882	674	918	9,574
Trade and other payables	203,240	–	–	–	–	–	203,240
Bank overdraft	1,530	–	–	–	–	–	1,530
Total undiscounted financial liabilities	235,431	10,718	7,548	6,791	125,100	12,096	397,684
Total net undiscounted financial assets/(liabilities)	529,945	(10,718)	(7,548)	(6,791)	(125,100)	(12,096)	376,692
2011							
Financial assets:							
Trade and other receivables	303,207	–	–	–	–	–	303,207
Cash and short-term deposits	303,876	–	–	–	–	–	303,876
Total undiscounted financial assets	607,083	–	–	–	–	–	607,083
Financial liabilities:							
Other long-term liability	–	58	57	24	10	8,412	8,561
Term loans	152,125	3,976	3,962	2,043	1,559	2,371	166,036
Finance lease commitments	5,041	3,251	2,178	1,157	881	1,665	14,173
Trade and other payables	286,003	–	–	–	–	–	286,003
Bank overdraft	7,759	–	–	–	–	–	7,759
Total undiscounted financial liabilities	450,928	7,285	6,197	3,224	2,450	12,448	482,532
Total net undiscounted financial assets/(liabilities)	156,155	(7,285)	(6,197)	(3,224)	(2,450)	(12,448)	124,551

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

(d) Liquidity Risk (cont'd)

COMPANY

	Within 1 year $'000	1–2 years $'000	2–3 years $'000	3–4 years $'000	4–5 years $'000	More than 5 years $'000	Total $'000
2012							
Financial assets:							
Trade and other receivables	50,120	–	–	–	–	–	50,120
Loan to subsidiaries	797	3,552	108	2,396	55	158,522	165,430
Cash and short-term deposits	355,961	–	–	–	–	–	355,961
Total undiscounted financial assets	406,878	3,552	108	2,396	55	158,522	571,511
Financial liabilities:							
Term loans	1,933	1,933	1,933	1,933	120,865	–	128,597
Trade and other payables	157,651	–	–	–	–	–	157,651
Total undiscounted financial liabilities	159,584	1,933	1,933	1,933	120,865	–	286,248
Total net undiscounted financial assets/(liabilities)	247,294	1,619	(1,825)	463	(120,810)	158,522	285,263
2011							
Financial assets:							
Trade and other receivables	45,102	–	–	–	–	–	45,102
Loan to subsidiaries	610	81	3,451	5	5	120,507	124,659
Cash and short-term deposits	181,143	–	–	–	–	–	181,143
Total undiscounted financial assets	226,855	81	3,451	5	5	120,507	350,904
Financial liabilities:							
Term loans	118,673	–	–	–	–	–	118,673
Trade and other payables	123,065	–	–	–	–	–	123,065
Total undiscounted financial liabilities	241,738	–	–	–	–	–	241,738
Total net undiscounted financial assets/(liabilities)	(14,883)	81	3,451	5	5	120,507	109,166

34. FINANCIAL INSTRUMENTS

(a) Classification of Financial Instruments

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

GROUP	Loans and receivables $'000	Available-for-sale financial assets $'000	Financial liabilities at amortised costs $'000	Total $'000
2012				
Assets				
Long-term investment	–	8,382	–	8,382
Trade and other receivables	293,733	–	–	293,733
Amount due from associates	7,773	–	–	7,773
Cash and short-term deposits	471,643	–	–	471,643
	773,149	8,382	–	781,531
Total non-financial assets				1,340,989
Total assets				2,122,520
Liabilities				
Other long-term liability	–	–	24,770	24,770
Term loans	–	–	148,064	148,064
Finance lease commitments	–	–	8,425	8,425
Trade and other payables	–	–	203,240	203,240
Bank overdrafts	–	–	1,530	1,530
	–	–	386,029	386,029
Total non-financial liabilities				120,269
Total liabilities				506,298
2011				
Assets				
Long-term investment	–	8,355	–	8,355
Trade and other receivables	303,207	–	–	303,207
Amount due from associates	5,259	–	–	5,259
Cash and short-term deposits	303,876	–	–	303,876
	612,342	8,355	–	620,697
Total non-financial assets				1,699,170
Total assets				2,319,867
Liabilities				
Other long-term liability	–	–	8,561	8,561
Term loans	–	–	164,171	164,171
Finance lease commitments	–	–	12,479	12,479
Trade and other payables	–	–	286,003	286,003
Bank overdrafts	–	–	7,759	7,759
	–	–	478,973	478,973
Total non-financial liabilities				221,046
Total liabilities				700,019

34. FINANCIAL INSTRUMENTS (cont'd)

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

COMPANY	Loans and receivables $'000	Available-for-sale financial assets $'000	Financial liabilities at amortised costs $'000	Total $'000
2012				
Assets				
Long-term investment	–	7,886	–	7,886
Trade and other receivables	50,120	–	–	50,120
Loan to subsidiaries	164,779	–	–	164,779
Amount due from associates	7,773	–	–	7,773
Cash and short-term deposits	355,961	–	–	355,961
	578,633	7,886	–	586,519
Total non-financial assets				1,185,324
Total assets				1,771,843
Liabilities				
Term loans	–	–	119,324	119,324
Trade and other payables	–	–	157,651	157,651
	–	–	276,975	276,975
Total non-financial liabilities				36,077
Total liabilities				313,052
2011				
Assets				
Long-term investment	–	7,886	–	7,886
Trade and other receivables	45,102	–	–	45,102
Loan to subsidiaries	124,369	–	–	124,369
Amount due from associates	5,259	–	–	5,259
Cash and short-term deposits	181,143	–	–	181,143
	355,873	7,886	–	363,759
Total non-financial assets				1,198,782
Total assets				1,562,541
Liabilities				
Term loans	–	–	118,673	118,673
Trade and other payables	–	–	123,065	123,065
	–	–	241,738	241,738
Total non-financial liabilities				52,937
Total liabilities				294,675

34. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair Values

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

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

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

The carrying value of the unquoted equity instrument held as a long-term investment is stated at a cost of $8,382,000 (2011: $8,355,000) because the fair value cannot be measured reliably. These equity instruments represent ordinary shares in a company that is not quoted on any market and does not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of this investment in the foreseeable future. The fair value of this investment is expected to be above its carrying values.

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

Trade and other receivables (Note 23), Amount due from associates (Note 18), Amounts due from related companies (Note 23), Loan to subsidiaries (Note 17(a)), Cash and cash equivalents (Note 25), Trade and other payables (Note 26), Term loans – floating rate (Note 27), Finance leases – current (Note 28) and Other long-term liabilities.

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

Term loans – fixed rate (Note 27) and Finance leases – non-current (Note 28).

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

35. CAPITAL MANAGEMENT

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

The Directors have reviewed the Group's capital structure. The Directors will continue to regularly review the Group's capital structure in line with this objective. For the financial years ended 31 March 2012 and 31 March 2011, no changes were made in the objectives, policies or processes relating to the management of the Group's capital structure.

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

	GROUP 31 March		COMPANY 31 March	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Term loans (Note 27)	**148,064**	164,171	**119,324**	–
Finance leases (Note 28)	**8,425**	12,479	**–**	–
Bank overdraft (Note 25)	**1,530**	7,759	**–**	–
Total debt	**158,019**	184,409	**119,324**	–
Equity attributable to owners of the Company	**1,509,420**	1,521,256	**1,458,791**	1,267,866
Total debt equity ratio	**0.10**	0.12	**0.08**	–

36. SEGMENT REPORTING

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

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

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

Segment accounting policies are the same as the policies described in Note 2. Segment assets comprise primarily of inventories, receivables, prepayments, amount due from associates, cash and short-term deposits, other non-current assets and other long-term investment.

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

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

36. SEGMENT REPORTING (cont'd)

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

BY BUSINESS

	Food Solutions $'000	Gateway Services $'000	Corporate $'000	Eliminations $'000	Total $'000
Financial year ended 31 March 2012					
Revenue					
External revenue	1,076,951	602,731	5,731	–	1,685,413
Operating profit	116,670	44,790	7,531	–	168,991
Write-back of retirement benefit plan obligations	10,147	–	–	–	10,147
Interest on borrowings	(1,051)	(3)	(1,401)	–	(2,455)
Interest income	553	–	507	–	1,060
Dividend from long-term investment, gross	–	–	1,250	–	1,250
Gain on early retirement of obligations related to sale and leaseback arrangement	–	–	826	–	826
Amortisation of deferred income, net of expenses	–	–	677	–	677
(Loss)/Gain on disposal of property, plant and equipment	(10)	78	–	–	68
Share of results of associates/joint ventures, net of tax	142	41,091	–	–	41,233
Gain on liquidation of a subsidiary	–	–	15	–	15
Profit before tax from continuing operations	126,451	85,956	9,405	–	221,812
Income tax expense	(22,218)	(9,830)	(4,687)	–	(36,735)
Profit from continuing operations, net of tax	104,233	76,126	4,718	–	185,077
As at 31 March 2012					
Segment assets	394,721	158,152	294,164	–	847,037
Non-current assets	388,534	263,879	14,916	–	667,329
Associates/joint ventures	93,679	274,440	201	–	368,320
Deferred tax assets	24,728	2,140	–	–	26,868
Intangibles	193,275	6,043	13,648	–	212,966
Total assets	1,094,937	704,654	322,929	–	2,122,520
Current liabilities	150,504	50,939	28,501	–	229,944
Long-term liabilities	55,198	37,931	78,619	–	171,748
Tax liabilities	49,112	19,418	36,076	–	104,606
Total liabilities	254,814	108,288	143,196	–	506,298
Capital expenditure	27,469	23,910	12,930	–	64,309
Depreciation and amortisation charges	55,022	38,126	4,221	–	97,369

36. SEGMENT REPORTING (cont'd)

BY BUSINESS (cont'd)

	Food Solutions $'000 (Restated)	Gateway Services $'000 (Restated)	Corporate $'000	Eliminations $'000	Total $'000 (Restated)
Financial year ended 31 March 2011					
Revenue					
External revenue	796,743	551,010	10,095	–	1,357,848
Operating profit	115,352	51,678	1,936	–	168,966
Interest on borrowings	(424)	(7)	(1,432)	–	(1,863)
Interest income	288	–	231	–	519
Dividend from long-term investment, gross	–	–	957	–	957
Amortisation of deferred income, net of expenses	–	–	870	–	870
Gain on disposal of property, plant and equipment	174	59	82	–	315
Share of results of associates/ joint ventures, net of tax	3,422	43,485	–	–	46,907
Profit before tax from continuing operations	118,812	95,215	2,644	–	216,671
Income tax expense	(19,725)	(10,289)	(6,868)	–	(36,882)
Profit/(Loss) from continuing operations, net of tax	99,087	84,926	(4,224)	–	179,789
As at 31 March 2011					
Segment assets	431,811	140,873	132,411	–	705,095
Non-current assets	466,583	278,708	12,846		758,137
Associates/joint ventures	71,780	263,350	201	–	335,331
Deferred tax assets	32,027	2,432	–	–	34,459
Intangibles	474,384	5,452	7,009	–	486,845
Total assets	1,476,585	690,815	152,467	–	2,319,867
Current liabilities	234,861	65,054	149,839	–	449,754
Long-term liabilities	81,551	3,489	17,312	–	102,352
Tax liabilities	91,264	21,024	35,625	–	147,913
Total liabilities	407,676	89,567	202,776	–	700,019
Capital expenditure	30,908	30,877	6,290	–	68,075
Depreciation and amortisation charges	39,302	35,403	2,643	–	77,348

36. SEGMENT REPORTING (cont'd)

BY GEOGRAPHICAL LOCATION

Revenue, total assets and capital expenditure information based on the geographical location of the subsidiaries deriving the revenue and owning the assets respectively are as follows:

	Singapore $'000	UK $'000	Others $'000	Total $'000
Financial year ended 31 March 2012				
Revenue	1,298,528	–	386,885	1,685,413
As at 31 March 2012				
Segment assets	710,630	–	136,407	847,037
Other non-current assets	491,256	–	176,073	667,329
Associates/Joint ventures	–	–	368,320	368,320
Deferred tax assets	541	–	26,327	26,868
Intangibles	173,839	–	39,127	212,966
Total assets	1,376,266	–	746,254	2,122,520
Capital expenditure	46,631	–	17,678	64,309
Financial year ended 31 March 2011				
Revenue	1,206,162	–	151,686	1,357,848
As at 31 March 2011				
Segment assets	463,751	94,674	146,670	705,095
Non-current assets	520,648	61,743	175,746	758,137
Associates/Joint ventures	201	–	335,130	335,331
Deferred tax assets	440	722	33,297	34,459
Intangibles	296,029	145,019	45,797	486,845
Total assets	1,281,069	302,158	736,640	2,319,867
Capital expenditure	53,798	10,484	3,793	68,075

Information about a major customer

Revenue from one major customer amount to $633 million (2011: $583 million), arising from sales by all segments.

37. COMPARATIVES

On 20 December 2010, the Group acquired TFK Corporation. As at 31 March 2011, purchase price allocation review for the acquisition of TFK Corporation was not finalised and the goodwill was accounted for on a provisional basis.

During the financial year, the purchase price allocation review has been completed. The Group retrospectively adjusted the fair value attributable to TFK Corporation (Note 17(b) for details).

	GROUP 31 March 2011	
	As restated	As previously reported
Statement of Financial Position	$'000	$'000
Property, plant and equipment	741,897	731,972
Investment properties	16,240	15,951
Intangible assets	486,845	488,838
Deferred tax assets	34,459	37,981
Deferred tax liabilities	(104,072)	(95,618)
Non-controlling interest	(98,592)	(95,295)

Additional Information

Required by the Singapore Exchange Securities Trading Limited

1. INTERESTED PERSON TRANSACTIONS

The interested person transactions entered into during the financial year ended 31 March 2012 are as follows:

Name of interested person	Aggregate value of all interested person transactions entered into during the financial year below (excluding transactions of value less than S$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) $'000	Aggregate value of all interested person transactions entered into during the financial year below under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions of value less than S$100,000) $'000
Singapore Airlines Limited	–	35,035
Tradewinds Tours & Travel Private Limited	–	130
ST Electronics (Info-Software Systems) Pte. Ltd.	–	1,045
Tiger Airways Singapore Pte. Ltd.	–	30,890
Mapletree Logistics Trust Management Ltd.*	–	1,588
Singapore Technologies Kinetics Ltd	–	170
Silkair (Singapore) Private Limited	–	127,000
Singapore Telecommunications Limited	–	46,260
Singapore Airlines Cargo Pte Ltd	–	1,000
Total	–	243,118

* (as attorney for HSBC Institutional Trust Services as trustee of Mapletree Logistics Trust)

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

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

2. MATERIAL CONTRACTS

Except as disclosed above and in the financial statements for the financial year ended 31 March 2012, there were no material contracts entered into by the Company and its subsidiaries involving the interests of its President and Chief Executive Officer, Directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

3. APPOINTMENT OF AUDITORS

The Company confirms that it has complied with Rule 712 and Rule 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited in relation to its auditing firms.

Information on Shareholdings

As at 23 May 2012

Number of Issued Shares	:	1,109,237,910
Number of Issued Shares (excluding Treasury Shares)	:	1,108,392,333
Class of shares	:	Ordinary shares
Number / Percentage of Treasury Shares	:	845,577 / 0.08%*
Voting rights	:	1 vote per share

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of shares (excluding Treasury Shares)	%*
1 – 999	7,392	19.95	4,188,601	0.38
1,000 – 10,000	26,200	70.71	77,008,788	6.95
10,001 – 1,000,000	3,437	9.28	110,724,004	9.99
1,000,001 AND ABOVE	23	0.06	916,470,940	82.68
TOTAL	37,052	100.00	1,108,392,333	100.00

MAJOR SHAREHOLDERS

No.	Name	No. of shares held	%*
1	Venezio Investments Pte. Ltd.	479,096,858	43.22
2	DBS Nominees (Private) Limited	135,262,042	12.20
3	Citibank Nominees Singapore Pte Ltd	108,614,178	9.80
4	DBSN Services Pte. Ltd.	54,388,689	4.91
5	HSBC (Singapore) Nominees Pte Ltd	43,676,488	3.94
6	United Overseas Bank Nominees (Private) Limited	28,878,174	2.61
7	Raffles Nominees (Pte.) Limited	18,721,668	1.69
8	BNP Paribas Securities Services	18,331,628	1.65
9	Bank Of Singapore Nominees Pte. Ltd.	5,187,372	0.47
10	OCBC Nominees Singapore Private Limited	2,766,071	0.25
11	DBS Vickers Securities (Singapore) Pte Ltd	2,359,989	0.21
12	Tan Leng Yeow	2,262,470	0.20
13	BNP Paribas Nominees Singapore Pte Ltd	2,138,998	0.19
14	Heng Siew Eng	2,123,000	0.19
15	Merrill Lynch (Singapore) Pte. Ltd.	1,811,695	0.16
16	DB Nominees (Singapore) Pte Ltd	1,780,381	0.16
17	UOB Kay Hian Private Limited	1,758,048	0.16
18	Phillip Securities Pte Ltd	1,609,725	0.15
19	Sing Chung Hui @ Sing Chung Sui	1,265,000	0.12
20	OCBC Securities Private Limited	1,170,833	0.11
		913,203,307	82.39

* The shareholding percentage has been calculated based on the number of issued ordinary shares of the Company as at 23 May 2012, excluding any ordinary shares held in treasury as at that date. The ordinary shares held in treasury as at 23 May 2012 includes the 620,000 ordinary shares purchased or acquired by the Company on or before 23 May 2012 which, on settlement, are held as treasury shares after that date.

SUBSTANTIAL SHAREHOLDERS

As at 23 May 2012, the substantial shareholders of the Company and their direct and deemed interests, as shown in the Company's Register of Substantial Shareholders, were as follows:

Name of substantial shareholder	No. of shares in which the substantial shareholder has a direct interest (representing percentage* of total shareholding)	No. of shares in which the substantial shareholder has a deemed interest (representing percentage* of total shareholding)	Total no. of shares in which the substantial shareholder is interested (representing percentage* of total shareholding)
Temasek Holdings (Private) Limited	–	479,577,172** (approximately 43.27%*)	479,577,172 (approximately 43.27%*)
Tembusu Capital Pte. Ltd.	–	479,096,858** (approximately 43.22%*)	479,096,858 (approximately 43.22%*)
Napier Investments Pte. Ltd.	–	479,096,858** (approximately 43.22%*)	479,096,858 (approximately 43.22%*)
Venezio Investments Pte. Ltd.	479,096,858 (approximately 43.22%*)	–	479,096,858 (approximately 43.22%*)

* The shareholding percentage has been calculated based on the number of issued ordinary shares of the Company as at 23 May 2012, excluding any ordinary shares held in treasury as at that date. The ordinary shares held in treasury as at 23 May 2012 includes the 620,000 ordinary shares purchased or acquired by the Company on or before 23 May 2012 which, on settlement, are held as treasury shares after that date.

** Derived mainly through the direct interest of Venezio Investments Pte. Ltd.

SHAREHOLDINGS HELD BY THE PUBLIC

Based on information available to the Company as at 23 May 2012, approximately 56% of the issued ordinary shares of the Company are held by the public (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**")). The Company hence confirms that Rule 723 of the Listing Manual of the SGX-ST has been complied with.

Notice of Annual General Meeting

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

NOTICE IS HEREBY GIVEN that the 39th Annual General Meeting of SATS Ltd. (the "**Company**") will be held at the Grand Mandarin Ballroom, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867, on Thursday 26 July 2012 at 2.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts for the financial year ended 31 March 2012 and the Auditors' Report thereon.

2. To declare a final ordinary tax-exempt (one-tier) dividend of 6 cents per share and a special tax-exempt (one-tier) dividend of 15 cents per share for the financial year ended 31 March 2012.

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

4. To re-elect Mr Edmund Cheng Wai Wing, who will retire by rotation in accordance with Article 83 of the Company's Articles of Association and who, being eligible, will offer himself for re-election as Director.

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

6. To re-elect Mr Koh Poh Tiong, who will retire in accordance with Article 90 of the Company's Articles of Association and who, being eligible, will offer himself for re-election as Director.

7. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company to hold office until the next Annual General Meeting and to authorise the Directors to fix their remuneration.

8. To approve payment of Directors' fees of up to S$1,300,000 for the financial year ending 31 March 2013 (2012: up to S$1,300,000).

SPECIAL BUSINESS

ORDINARY RESOLUTIONS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:

9. That authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force, provided that:

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 percent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 5 percent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(aa) new shares arising from the conversion or exercise of any convertible securities or employee share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(bb) any subsequent bonus issue, consolidation or subdivision of shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(iv) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

10. That the Directors be and are hereby authorised to:

(a) grant awards in accordance with the provisions of the SATS Performance Share Plan ("**Performance Share Plan**") and/or the SATS Restricted Share Plan ("**Restricted Share Plan**"); and

(b) allot and issue from time to time such number of ordinary shares in the capital of the Company ("**Shares**") as may be required to be issued pursuant to the exercise of options under the SATS Employee Share Option Plan ("**Share Option Plan**") and/or such number of fully paid Shares as may be required to be issued pursuant to the vesting of awards under the Performance Share Plan and/or the Restricted Share Plan (the Share Option Plan, the Performance Share Plan and the Restricted Share Plan, together the "**Share Plans**"),

provided that:

(i) the aggregate number of new Shares to be allotted and issued pursuant to the Share Plans shall not exceed 15 percent of the total number of issued Shares (excluding treasury shares) from time to time; and

(ii) the aggregate number of Shares under awards to be granted pursuant to the Performance Share Plan and/or the Restricted Share Plan during the period commencing from the date of this Annual General Meeting of the Company and ending on the date of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, shall not exceed 1 percent of the total number of issued Shares (excluding treasury shares) from time to time.

11. That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of the SGX-ST, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in Appendix 1 to the Letter to Shareholders dated 21 June 2012 (the "**Letter to Shareholders**") with any party who is of the class of interested persons described in Appendix 1 to the Letter to Shareholders, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

(b) the approval given in paragraph (a) above (the "**IPT Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

12. That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the SGX-ST; and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Maximum Limit**" means that number of issued Shares representing 2 percent of the issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed, in the case of both a market purchase of a Share and an off-market purchase of a Share, 105 percent of the Average Closing Price of the Shares;

where:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the five consecutive trading days on which the Shares are transacted on the SGX-ST immediately preceding the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action that occurs after the relevant five-day period; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the basis set out herein) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

13. To transact any other business which may arise and can be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Andrew Cheong Fook Onn
Company Secretary

Dated this 21st day of June 2012
Singapore

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

EXPLANATORY NOTES

1. (a) In relation to Ordinary Resolution No. 3, Mr David Zalmon Baffsky will be retiring from office at the Annual General Meeting pursuant to Section 153 of the Companies Act, and will be standing for re-appointment at the Annual General Meeting. Please refer to the sections on "Board of Directors" and "Corporate Governance" in the SATS Annual Report for FY2011-12 for more information relating to Mr Baffsky. Mr Baffsky will, upon re-appointment, continue to serve as the Chairman of the Nominating Committee and a member of the Audit Committee. Mr Baffsky is considered to be an independent Director.

   (b) In relation to Ordinary Resolution No. 4, Mr Edmund Cheng Wai Wing will be retiring from office at the Annual General Meeting pursuant to Article 83 of the Company's Articles of Association, and will be standing for re-election at the Annual General Meeting. Please refer to the sections on "Board of Directors" and "Corporate Governance" in the SATS Annual Report for FY2011-12 for more information relating to Mr Cheng. Mr Cheng is the Chairman of the Board, the Board Executive Committee and the Remuneration and Human Resource Committee. Mr Cheng is considered to be an independent Director.

   (c) In relation to Ordinary Resolution No. 5, Mr David Heng Chen Seng will be retiring from office at the Annual General Meeting pursuant to Article 83 of the Company's Articles of Association, and will be standing for re-election at the Annual General Meeting. Please refer to the sections on "Board of Directors" and "Corporate Governance" in the SATS Annual Report for FY2011-12 for more information relating to Mr Heng. Mr Heng is a member of the Board Executive Committee and the Board Risk Committee. Mr Heng is considered to be a non-independent Director.

   (d) In relation to Ordinary Resolution No. 6, Mr Koh Poh Tiong will be retiring from office at the Annual General Meeting pursuant to Article 90 of the Company's Articles of Association, and will be standing for re-election at the Annual General Meeting. Please refer to the sections on "Board of Directors" and "Corporate Governance" in the SATS Annual Report for FY2011-12 for more information relating to Mr Koh. Mr Koh is a member of the Audit Committee and the Board Risk Committee. Mr Koh is considered to be an independent Director.

   (e) Mr Ng Kee Choe is due to retire by rotation under Article 83 of the Company's Articles of Association, but has given notice to the Company that he will not be offering himself for re-election.

   (f) Mr Yeo Chee Tong has elected to retire from office at the 39th Annual General Meeting.

2. Ordinary Resolution No. 8 is to approve the payment of an aggregate sum of up to S$1,300,000 as Directors' remuneration for the Directors of the Company for the current financial year ("**FY2012-13**"). If approved, the proposal will facilitate the payment of Directors' remuneration during the financial year in which such fees are incurred. The amount of Directors' remuneration has been computed on the basis of the anticipated number of Board and Board Committee meetings for FY2012-13, assuming attendance in person by all the Directors at such meetings, at the scale of fees set out in the section on "Corporate Governance" in the SATS Annual Report for FY2011-12, and also caters for additional fees (if any) which may be payable due to additional Board or Board Committee members being appointed in the course of FY2012-13. If, for unforeseen reasons, payments are required to be made to the Directors in excess of the amount proposed, the Company will revert to shareholders for approval at the subsequent Annual General Meeting before any such payments are made.

3. Ordinary Resolution No. 9, if passed, will empower Directors to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, from the date of this Annual General Meeting until the date of the next Annual General Meeting. The number of shares which the Directors may issue under this Ordinary Resolution will not exceed 50 percent of the issued shares (excluding treasury shares) in the capital of the Company with a sub-limit of 5 percent for issues other than on a *pro rata* basis. The 5 percent sub-limit for non-*pro rata* issues is lower than the 20 percent sub-limit allowed under the Listing Manual of the SGX-ST and the Articles of Association of the Company. For the purpose of determining the aggregate number of shares which may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible instruments or share options or vesting of share awards which are outstanding at the time this Ordinary Resolution is passed and (b) any subsequent bonus issue, consolidation or subdivision of shares.

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4. Ordinary Resolution No. 10, if passed, will empower the Directors to grant awards pursuant to the Performance Share Plan and/or the Restricted Share Plan and to allot and issue Shares pursuant to the Share Option Plan, the Performance Share Plan and the Restricted Share Plan, provided that:

    (a) the aggregate number of new Shares which may be issued under the Share Option Plan, the Performance Share Plan and the Restricted Share Plan is limited to 15 percent of the total number of issued Shares (excluding treasury shares) from time to time; and

    (b) the aggregate number of Shares under awards which may be granted pursuant to the Performance Share Plan and/or the Restricted Share Plan from this Annual General Meeting to the next Annual General Meeting shall not exceed 1 percent of the total number of issued Shares (excluding treasury shares) from time to time.

    The Share Option Plan was adopted by the Company in February 2000 and the last grant of options thereunder was made on 1 July 2008. The Performance Share Plan and the Restricted Share Plan were adopted at an Extraordinary General Meeting of the Company held on 19 July 2005 and were amended in 2006 and 2010.

5. Ordinary Resolution No. 11 is to renew the mandate to allow the Company, its subsidiaries and associated companies that are entities at risk (as the term is used in Chapter 9 of the Listing Manual) or any of them, to enter into certain interested person transactions with certain classes of interested persons as described in the Letter to Shareholders. The authority will, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company. Please refer to the Letter to Shareholders for more details.

6. Ordinary Resolution No. 12 is to renew the mandate to allow the Company to purchase or otherwise acquire Shares, on the terms and subject to the conditions set out in the Resolution.

    The Company intends to use its internal sources of funds to finance the purchase or acquisition of the Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of Shares purchased or acquired, the price at which such Shares were purchased or acquired and whether the Shares purchased or acquired are held in treasury or cancelled.

    Based on the existing issued Shares as at 23 May 2012 (the "**Latest Practicable Date**"), the purchase by the Company of 2 percent of its issued Shares (excluding Shares which are held as treasury Shares) will result in the purchase or acquisition of a maximum number of 22,167,846 Shares.

    In the case of both market purchases and off-market purchases by the Company and assuming that the Company purchases or acquires the maximum number of 22,167,846 Shares at the maximum price of S$2.75 for one Share (being the price equivalent to 5 percent above the average closing prices of the Shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 22,167,846 Shares is approximately S$60,961,576.50.

    The financial effects of the purchase or acquisition of such Shares by the Company pursuant to the proposed Share Purchase Mandate on the audited financial statements of the Company and its subsidiaries for the financial year ended 31 March 2012, based on certain assumptions, are set out in paragraph 3.7 of the Letter to Shareholders.

    Please refer to the Letter to Shareholders for more details.

SATS Ltd.
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NOTES

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited, 138 Robinson Road #17-00, The Corporate Office, Singapore 068906 not less than 48 hours before the time appointed for the Meeting.

CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN that, subject to the approval of shareholders of the proposed final and special dividends being obtained at the 39th Annual General Meeting of the Company to be held on 26 July 2012, the Transfer Books and Register of Members of the Company will be closed on 3 August 2012 for the preparation of dividend warrants.

Duly completed and stamped transfers together with all relevant documents of or evidencing title received by the Company's Share Registrar, M & C Services Private Limited, at 138 Robinson Road #17-00, The Corporate Office, Singapore 068906, up to 5.00 p.m. on 2 August 2012 will be registered to determine shareholders' entitlements to the proposed final and special dividends. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 2 August 2012 will be entitled to the proposed final and special dividends.

The proposed final and special dividends, if approved by shareholders, will be paid on 15 August 2012.

Proxy Form

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

IMPORTANT
1. For investors who have used their CPF monies to buy the Company's shares, this Report is forwarded to them at the request of their CPF approved nominees and is sent solely FOR THEIR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We ______________________________ (NRIC/Passport No. ______________)

of ____ (Address)

being a *member/members of SATS Ltd. (the "**Company**") hereby appoint

Name	Address	NRIC/ Passport No.	No. of Shares Represented	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	No. of Shares Represented	Proportion of Shareholdings (%)

or failing *him/her, the Chairman of the Annual General Meeting ("**AGM**") of the Company as *my/our *proxy/proxies to attend and to vote for *me/us and on *my/our behalf and, if necessary, to demand a poll, at the AGM of the Company, to be held on 26 July 2012 and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the AGM and at any adjournment thereof. If no person is named in the above boxes, the Chairman of the AGM shall be *my/our proxy to vote, for or against the Resolutions to be proposed at the AGM as indicated hereunder, for *me/us and on *my/our behalf and, if necessary, to demand a poll, at the AGM and at any adjournment thereof.

No.	Resolution	**For	**Against
	Ordinary Business		
1	Adoption of the Directors' Report, Audited Accounts and the Auditors' Report		
2	Declaration of a final dividend and a special dividend		
3	Re-appointment of Mr David Zalmon Baffsky as Director		
4	Re-election of Mr Edmund Cheng Wai Wing as Director		
5	Re-election of Mr David Heng Chen Seng as Director		
6	Re-election of Mr Koh Poh Tiong as Director		
7	Re-appointment and remuneration of Auditors		
8	Approval of Directors' fees for the financial year ending 31 March 2013		
	Special Business		
9	Authority for Directors to issue additional shares and convertible instruments pursuant to Section 161 of the Companies Act, Cap. 50		
10	Authority for Directors to grant awards and issue shares in accordance with the provisions of the SATS Performance Share Plan and SATS Restricted Share Plan; and to allot and issue shares pursuant to the SATS Employee Share Option Plan		
11	To approve the proposed renewal of the Mandate for Interested Person Transactions		
12	To approve the proposed renewal of the Share Purchase Mandate		
13	Any other business		

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

Dated this ________ day of ____________________ 2012.

Total Number of Shares Held

____
Signature(s) of Member(s) or Common Seal

Important: Please read notes on the reverse side

Notes:

1. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member appoints two proxies, he must specify the proportion of his shareholding to be represented by each proxy, failing which the appointments will be deemed to have been made in the alternative.
3. The instrument appointing a proxy or representative must be signed by the appointor or his duly authorised attorney or if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.
4. A corporation which is a member may also appoint by resolution of its Directors or other governing body an authorised representative or representatives in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore, to attend and vote on its behalf.
5. The instrument appointing a proxy or proxies (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited, 138 Robinson Road #17-00, The Corporate Office, Singapore 068906 at least 48 hours before the time appointed for the AGM.
6. On a show of hands, the Chairman of the AGM, who may be appointed as proxy by one or more members and who may also be a member in his own name, may vote as he deems fit, subject to applicable law.
7. A member should insert the total number of Shares held. If the member has Shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of Shares. If the member has Shares registered in his name in the Register of Members, he should insert that number of Shares. If the member has Shares entered against his name in the Depository Register as well as Shares registered in his name in the Register of Members, he should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by the member.
8. The Company shall be entitled to reject this instrument of proxy if it is incomplete, or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of a member whose Shares are entered in the Depository Register, the Company shall be entitled to reject this instrument of proxy which has been lodged if such member is not shown to have Shares entered against his name in the Depository Register at least 48 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

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3rd fold along this line and glue overleaf. Do not staple

Please
Affix
Postage
Stamp

The Company Secretary
SATS Ltd.
c/o M & C Services Private Limited
138 Robinson Road #17-00
The Corporate Office
Singapore 068906

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Corporate Information

As at 23 May 2012

BOARD OF DIRECTORS

Edmund Cheng Wai Wing (Chairman)
David Zalmon Baffsky
David Heng Chen Seng
Alexander Charles Hungate
Nihal Vijaya Devadas Kaviratne CBE
Koh Poh Tiong
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
Koh Poh Tiong

Board Executive Committee

Edmund Cheng Wai Wing (Chairman)
David Heng Chen Seng
Ng Kee Choe
Keith Tay Ah Kee

Board Risk Committee

Yeo Chee Tong (Chairman)
David Heng Chen Seng
Nihal Vijaya Devadas Kaviratne CBE
Koh Poh Tiong

Nominating Committee

David Zalmon Baffsky (Chairman)
Yeo Chee Tong
Leo Yip Seng Cheong

Remuneration and Human Resource Committee

Edmund Cheng Wai Wing (Chairman)
Alexander Charles Hungate
Ng Kee Choe
Leo Yip Seng Cheong

COMPANY SECRETARY

Andrew Cheong Fook Onn
Tan Wan Hoon (Assistant Company Secretary)

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

Tan Chuan Lye
President & Chief Executive Officer

Lim Chuang
Chief Financial Officer

Ferry Chung Qing An
Executive Vice President,
Enterprise Development

Yacoob Bin Ahmed Piperdi
Executive Vice President,
Food Solutions

Chang Seow Kuay
Senior Vice President,
Gateway & Food,
Overseas Operations

Tony Goh Aik Kwang
Senior Vice President,
Sales & Marketing

Leong Kok Hong
Senior Vice President,
Corporate Business Development

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

Poon Choon Liang
Chief Operating Officer,
Singapore Food Industries Pte. Ltd.

Tan Li Lian
Senior Vice President,
Human Capital

Peter Tay Kay Phuan
Senior Vice President,
Catering Services

Ronald Yeo Yoon Choo
Senior Vice President,
Cargo Services

Registered Office
SATS Ltd.
20 Airport Boulevard
SATS Inflight Catering Centre 1
Singapore 819659

Company Registration No.
197201770G

www.sats.com.sg

General Line
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Investor Relations
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