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

	Note	GROUP 31.3.2012 $'000	GROUP 31.3.2011 $'000 (Restated) *	COMPANY 31.3.2012 $'000	COMPANY 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	Treasury Shares	Share-Based Compensation Reserve	Statutory Reserve *	Fair Value Reserve	Foreign Currency Translation Reserve	Revenue Reserve	Total	Non-controlling Interests [1]	Total Equity
		Attributable to Owners of the Company									
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
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	Attributable to Owners of the Company								Non-controlling Interests (1)	Total Equity
		Share Capital	Treasury Shares	Share-Based Compensation Reserve	Statutory Reserve *	Fair Value Reserve	Foreign Currency Translation Reserve	Revenue Reserve	Total		
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
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 $'000	2010-11 $'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	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)								(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)

		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 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)

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 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	GROUP 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	GROUP 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	GROUP 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	Cost of investment 2011 $'000	Percentage of equity held 2012 %	Percentage of equity held 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	GROUP 31 March 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	GROUP 31 March 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 2012 $'000	GROUP 31 March 2011 $'000 (Restated)	COMPANY 31 March 2012 $'000	COMPANY 31 March 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 2012 $'000	GROUP 31 March 2011 $'000 (Restated)	COMPANY 31 March 2012 $'000	COMPANY 31 March 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:

	GROUP 2012	GROUP 2011	COMPANY 2012	COMPANY 2011
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 2012 $'000	GROUP 31 March 2011 $'000	COMPANY 31 March 2012 $'000	COMPANY 31 March 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 2011-12 $'000	GROUP 2010-11 $'000	COMPANY 2011-12 $'000	COMPANY 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 2012 $'000	GROUP 31 March 2011 $'000	COMPANY 31 March 2012 $'000	COMPANY 31 March 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	GROUP 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		COMPANY	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'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		COMPANY 31 March	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
		(Restated)		
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		COMPANY	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Australian Dollar	**520**	703	**–**	–
Euro	**175**	1,834	**–**	–
United States Dollar	**3,979**	1,162	**–**	–

27. TERM LOANS

	GROUP 31 March		COMPANY 31 March	
	2012 $'000	2011 $'000	2012 $'000	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	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	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	
	2012	2011
Funded Pension Plans	$'000	$'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

Counter-party profiles	Outstanding balance 31 March 2012 $'000	Outstanding balance 31 March 2011 $'000	Percentage of total Financial assets 31 March 2012 %	Percentage of total Financial assets 31 March 2011 %
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	
Statement of Financial Position	As restated $'000	As previously reported $'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.