UP

sats

SATS LTD.

Annual Report 2014-15

SATS is Asia's leading food solutions and gateway services company.

Our state-of-the-art facilities and comprehensive suite of services give us scale advantages as we serve both the existing and emerging needs of our customers.

Seamless co-ordination across our extensive operations enables us to better connect our customers and passengers at different gateways throughout Asia.

New technologies, our culture of innovation and the passion of our people are creating new opportunities to invent new ways of working and drive greater efficiencies.

Contents

Power Up is a phrase that encapsulates the transformation of SATS. The transformation starts by Powering Up our heartware – every single one of us – with the Passion to Delight. When we Power Up, we bring energy to our work, a sense of urgency and creativity that has real impact on our customers and the business. Our collective energy drives the successful implementation of strategy to use our scale and connectivity to increase productivity and new revenues.

Five-Year Group Financial and Operational Summary

	FY2014-15	FY2013-14	FY2012-13	FY2011-12	FY2010-11
Income Statement ($ million)					
Total revenue	**1,753.2**	1,786.7	1,819.0	1,871.6	1,729.1
Operating profit	**178.0**	171.0	192.3	165.7	184.5
Share of results of associates/joint venture, net of tax	**48.1**	47.2	52.7	41.2	46.9
Profit after tax	**190.7**	182.1	184.8	175.0	191.8
Profit attributable to owners of the Company	**195.7**	180.4	184.8	170.9	191.4
Statement of Financial Position ($ million)					
Equity holders' funds	**1,441.1**	1,416.8	1,403.4	1,508.3	1,523.0
Non-controlling interests	**76.5**	97.6	96.8	105.8	100.1
Total Equity	**1,517.6**	1,514.4	1,500.2	1,614.1	1,623.1
Property, plant and equipment	**551.7**	567.9	592.2	653.9	741.9
Investment properties	**7.0**	9.2	11.3	13.5	16.2
Other non-current assets	**668.3**	718.1	619.5	625.0	872.4
Current assets	**792.7**	724.6	780.3	831.2	687.6
Total assets	**2,019.7**	2,019.8	2,003.3	2,123.6	2,318.1
Non-current liabilities	**156.3**	175.9	193.0	237.2	201.4
Current liabilities	**345.8**	329.5	310.1	272.3	493.6
Total liabilities	**502.1**	505.4	503.1	509.5	695.0
Net Assets	**1,517.6**	1,514.4	1,500.2	1,614.1	1,623.1
Financial Ratios					
Return on equity (%)	**13.7**	12.8	12.7	11.3	12.7
Return on total assets (%)	**9.4**	9.1	9.0	7.9	9.1
Net margin (%)	**10.9**	10.2	10.2	9.4	11.1
Debt-equity ratio (times)	**0.07**	0.08	0.09	0.10	0.12
Economic value added (EVA) ($ million)	**49.9**	39.9	68.5	42.7	68.3
Productivity and Employee Data					
Value added ($ million)	**1,022.0**	1,011.4	1,018.3	1,014.7	916.9
Value added per employee ($)	**71,704**	69,222	70,732	69,475	69,200
Value added per $ employment cost (times)	**1.43**	1.43	1.48	1.50	1.60
Revenue per employee ($)	**123,004**	122,284	126,354	128,148	130,500
Staff costs per employee ($)	**50,134**	48,254	47,705	46,305	43,212
Average number of employees	**14,253***	14,611	14,396	14,605	13,250

* This is the number of full time equivalent employees, including participants in the flexible-hour work scheme that was introduced in FY2014-15.

	FY2014-15	FY2013-14	FY2012-13	FY2011-12	FY2010-11
Per Share Data					
Earnings after tax					
- Basic (cents)	**17.5**	16.1	16.6	15.4	17.4
- Diluted (cents)	**17.4**	16.0	16.5	15.4	17.3
Net assets value per share (cents)	**130.4**	126.6	126.0	136.0	137.5
Dividends					
Interim dividend per share (cents)	**5.0**	5.0	5.0	5.0	5.0
Final and special dividends per share (cents)	**9.0**	8.0	10.0	21.0	12.0
Dividend cover (times)	**1.3**	1.2	1.1	0.6	1.0
Dividend payout (%)	**79.3**	80.9	90.7	168.6	98.4
Cash Flows ($ million)					
Cash flows from operations	**272.8**	288.3	277.5	210.7	250.2
Free cash flow	**175.1**	189.8	208.1	103.7	132.1
Capital expenditure	**61.3**	57.1	37.8	64.3	68.1
Operating Statistics					
Cargo/mail processed (million tonnes)	**1.57**	1.50	1.46	1.50	1.49
Passengers handled (million)	**41.60**	43.47	41.23	37.92	35.38
Gross meals produced (million)	**26.44**	26.11	28.26	26.50	25.06
Flights handled (thousand)	**126.11**	134.09	123.01	115.19	103.73

Notes:

1 SATS' financial year is from 1 April to 31 March. Throughout this report, all financial figures are stated in Singapore Dollars and include both continuing and discontinued operations, unless otherwise stated.
2 Return on equity is profit attributable to owners of the Company expressed as a percentage of the average equity holders' funds.
3 Debt-equity ratio is gross debt divided by equity attributable to owners of the Company at 31 March.
4 Basic earnings per share is computed by dividing profit attributable to owners of the Company by the weighted average number of fully paid shares in issue.
5 Diluted earnings per share is computed by dividing profit attributable to owners of the Company by the weighted average number of fully paid shares in issue after adjusting for dilution of shares under the various employee share plans.
6 Net asset value per share is computed by dividing equity attributable to owners of the Company by the ordinary shares (excluding treasury shares) in issue at 31 March.
7 Dividend cover is derived by dividing profit attributable to owners of the Company by total dividend (net of tax).
8 Dividend payout ratio is derived by dividing total dividend (net of tax) by profit attributable to owners of the Company.
9 Free cash flow comprises cash flows from operating activities less cash purchases of capital expenditure.
10 Final dividend for FY2014-15 is subject to Shareholders' approval at the forthcoming Annual General Meeting.
11 Gross meals produced refer to airline meals catered at Singapore Changi Airport but exclude meals sold on board low-cost carriers.

14 ROBOTIC ARMS AND **62** VISION CAMERAS

Our new automated tray assembly line uses the latest robotic arm technology with a 360° vision inspection system to pick, check and place airline service wares and food items onto meal trays.

Embracing Technology

At the Very Heart of Our Business.

Technology advances are opening up new possibilities for us to Power Up previously manual operations. Through investments in technology and more efficient processes, our staff can be deployed to higher value-added activities, creating a scale advantage that makes us more cost competitive. As volumes increase, we benefit from greater productivity and enhanced financial performance.

Developing Innovative Solutions

Through a Culture of Collaboration.

Our engaged people Power Up interactions with their colleagues and customers to deliver seamless service across Asia. One example is in cold-chain handling, where our internationally-certified expertise and network of facilities enable us to continue expanding our share in the fast-growing pharmaceutical handling market.

FROM

-28°c TO +25°c

SATS Coolport is Asia's first on-airport facility, dedicated to the cold-chain handling of premium perishable and pharmaceutical airfreight. Our goal is to build a cold-chain network to serve our customers with uniformly high service standards across Asia.

Creating New Revenue Streams

Through Scale and Connectivity.

We Power Up our revenues by supporting our customers as they expand across Asia and by vertical integration into adjacent activities. We work together with our community of customers and partners to generate new ideas and pioneer new services.

CHOICE OF

>30

MENU OPTIONS

We have applied retort technology to some of our chefs' most popular recipes to create tasty, shelf-stable and cost-effective meal solutions for our customers including low-cost carriers. To date, we have developed more than 30 retort tray meal options.

Chairman's Statement

Dear Shareholders,

For the financial year in review, the external environment remained challenging, with an uncertain global economic outlook and airlines in the region facing overcapacity and margin pressure. Although oil prices and jet fuel costs declined, competitive pressures in regional aviation remained high.

In light of these factors, our revenue declined 1.9% year-on-year to $1.75 billion in FY2014-15. However, our continued efforts to manage cost, improve productivity and invest in new technologies have yielded positive results. Our profit attributable to owners of the Company increased 8.5% to $195.7 million and return on equity was 13.7%, up from 12.8% a year ago.

As at 31 March 2015, our total assets stood at $2.02 billion while free cash flow generated during the year amounted to $175.1 million. Our debt-to-equity ratio remained at a healthy 0.07 times.

Taking into consideration our financial performance as well as capital management and long-term growth objectives, your Board of Directors has proposed a final ordinary dividend of 9 cents per share. Including the interim ordinary dividend of 5 cents per share paid on 12 December 2014, the total dividend of 14 cents per share translates to a dividend payout ratio of 79.3%. If approved at the forthcoming Annual General Meeting on 21 July, the proposed dividend will be paid on 12 August.

We have a strong pipeline of organic and inorganic growth opportunities across the region to strengthen our position as Asia's leading food solutions and gateway services company. However, we will continue to be disciplined in our allocation of capital in order to earn the best returns on a risk-adjusted basis and strike a balance between investing for growth and rewarding our Shareholders through dividends. We will continue to invest in our state-of-the-art facilities, comprehensive suite of services and new technologies to transform our operations to be more productive and cost-efficient in the long run. We will also pursue opportunities in adjacent businesses and new customer segments.

In a move to grow scale and improve the operating leverage of our food business, we formed a 51:49 joint venture in Singapore with global food giant BRF in April this year. To be named SATS BRF Food, the joint venture will specialise in meat processing and the manufacturing of branded food products for distribution to retailers, restaurants, distributors, wholesalers and ship chandlers.

We are very positive about the attractive growth opportunities for this business. A key supplier of SATS, BRF is the world's sixth largest food company by market value and is responsible for 20% of the global poultry trade. Leveraging its capabilities in retail marketing and sales as well as our knowledge of local food distribution and state-of-the-art facilities, SATS BRF Food will focus on expanding supply of higher value, semi-processed meat, and branded food products for the Singapore market. It plans to enter other Southeast Asian markets eventually, catering to the growing middle classes in the region.

Return on Equity

13.7%

Earnings Per Share

17.5¢

We will continue to invest in our state-of-the-art facilities, comprehensive suite of services and new technologies to transform our operations to be more productive and cost-efficient in the long run. We will also pursue opportunities in adjacent businesses and new customer segments.


Edmund Cheng
Chairman

Chairman's Statement

CONNECTING WITH THE COMMUNITY

Our commitment to service goes beyond serving our customers to serving the community too. As a socially responsible organisation, we continue to expand our role in our communities where we live and work. Many of our staff are also active volunteers who participate in our group-wide programmes to reach out to the underprivileged.

For the year in review, the SATS Foundation – our main vehicle for community engagement – continued to support worthwhile causes such as the Assumption Pathway School and RSVP Singapore as part of its objective to create a long-term difference through enablement and empowerment. It also supported new beneficiary organisations including Bizlink Centre, a non-profit organisation that provides employment opportunities for people with disabilities.

At a grassroots level, the SATS Staff Association (SSA) maintained its unflagging efforts to rally our people in channelling their skills, time, and donations towards those in need. Over the last 12 months, the SSA spearheaded nearly 30 different projects, including the SATS-Elderly Sector Network Carnival. Held in October, this event saw our staff hosting some 350 elderly from 20 homes for the aged for a day of fun and games.

OUR VISION

Looking ahead, we have a clear vision to be Asia's leading food solutions and gateway services provider. We want to be the first-choice provider by delighting customers with our innovation and passion. We will continue to drive greater scale advantages and connectivity across our network through our state-of-the-art facilities, comprehensive services and accelerated use of technology.

Management has shared this vision throughout the Group and it is evident that everyone at SATS is committed to achieving it.

OUTLOOK

In the near term, while reduced jet fuel prices will provide our customers some relief, the regional aviation landscape remains challenging. Growth at Changi Airport is expected to stay moderate.

Despite slowing economic growth and rising manpower costs, the structural growth prospects of Asia and the fundamentals of the Singapore air hub remain intact. Demand for efficient travel, quality food and e-commerce will continue to grow, driven by the region's rapid pace of urbanisation. We believe that SATS is well-positioned to capture these exciting and attractive opportunities. We will continue the transformation of our operations to improve productivity and support our future growth.

ACKNOWLEDGEMENTS

I wish to thank my fellow Board members for their wise counsel and invaluable contributions throughout the year. There is no doubt that the collective work of the Board and management on governance and enterprise risk management will serve our Company and Shareholders well. A fitting tribute to their work – and supported in no small part by management and staff – is the bronze award SATS attained in the 'Best Managed Board' category of the Singapore Corporate Awards 2014.

I also wish to express my appreciation to Leo Yip who resigned from the Board on 1 March 2015. Leo served as an independent director for close to five years. He was a member of both the Nominating Committee, and the Remuneration and Human Resource Committee. On behalf of the Board, I thank him for his unstinting service and support.

At the same time, I would like to extend a warm welcome to Michael Kok who joined the Board on 6 March 2015. Michael's wealth of experience in the food industry will be invaluable in steering our growth strategy going forward.

My heartfelt thanks also go to our customers, partners, staff unions and you, our Shareholders, for your continued confidence and support.

Last but not least, I wish to record my deepest appreciation to all our employees. Their passion to innovate and dedication to their work have helped us achieve so much over the past year. They remain the key driving force of our Power Up transformation. I am confident that we can sustain the momentum and continue to create significant value for you, our Shareholders.

Edmund Cheng
Chairman

25 May 2015

PCEO's Statement

Dear Shareholders,

Despite the slowing demand in some of our key markets, we were able to improve our operating and net profits in FY2014-15 by 4.1% and 8.5% respectively, using our scale and new technologies to reduce costs and improve productivity.

Overall expenditure fell 2.5% for the year as we gained benefits from the combined scale of our aviation and non-aviation catering businesses through Group-wide, strategic purchasing arrangements with key suppliers and integrated supply chain improvements.

Falling oil prices in the second half of the year along with initiatives to reduce our carbon footprint also lowered our energy costs, contributing to a reduction in other costs of 8.8%.

In addition, we found sustainable ways of improving productivity by investing in new technologies and in our people to ensure that every one of our colleagues has opportunities to improve their skills and capabilities. We handled volumes similar to the prior year with 500 fewer people; so that despite the sharp increase in labour costs across Asia, we were able to limit growth in staff expenses to 1.5%.

Our progress has also been recognised by the Civil Aviation Authority of Singapore (CAAS) which awarded SATS three out of 16 awards in its Process Innovation Challenge 2 showcase of productivity best practices. These awards were for raising productivity in our airline meal tray assembly through process redesign; reducing man-hours involved in sorting and transferring airlines' cargo pallets between airfreight terminals; and achieving significant reduction in man-hours in the breaking down of inbound cargo pallets and containers.

Further innovations have made aviation catering more productive. For instance, the use of autonomous guided vehicles in our kitchens has eliminated the multiple trips that our meal tray assembly staff need to make between the assembly line and the chiller to replenish food items.

In December last year, we added a flexible assembly line into our inflight catering operations. Where airline meal trays used to be assembled and inspected manually in lines of five to six staff each, the new automated line requires only two to three staff to control the operations. We have also introduced an automated cutlery system using ultrasonic technology to improve cutlery washing while deploying machines to do the tasks of cutlery sorting and packing.

In other cases, we have been the catalyst for technology adoption across the industry. In April 2015, we launched e-Acceptance, a significantly more efficient system for processing export clearances for airfreight. By partnering the Singapore Aircargo Agents Association and CAAS to implement this first-in-Singapore initiative, we can expect to boost productivity by around 30% and reduce the industry's carbon footprint by saving 600,000 sheets of paper annually.

We are working ever closer with our network of JVs and associates across Asia to improve productivity and also to create valuable connectivity for our customers. They contributed $48.1 million or 25% of our net profit and are critical to our growth strategy. The investment that we made in PT Cardig Aero Services in Indonesia in February 2014 performed according to plan, with excellent collaboration creating value for both companies.

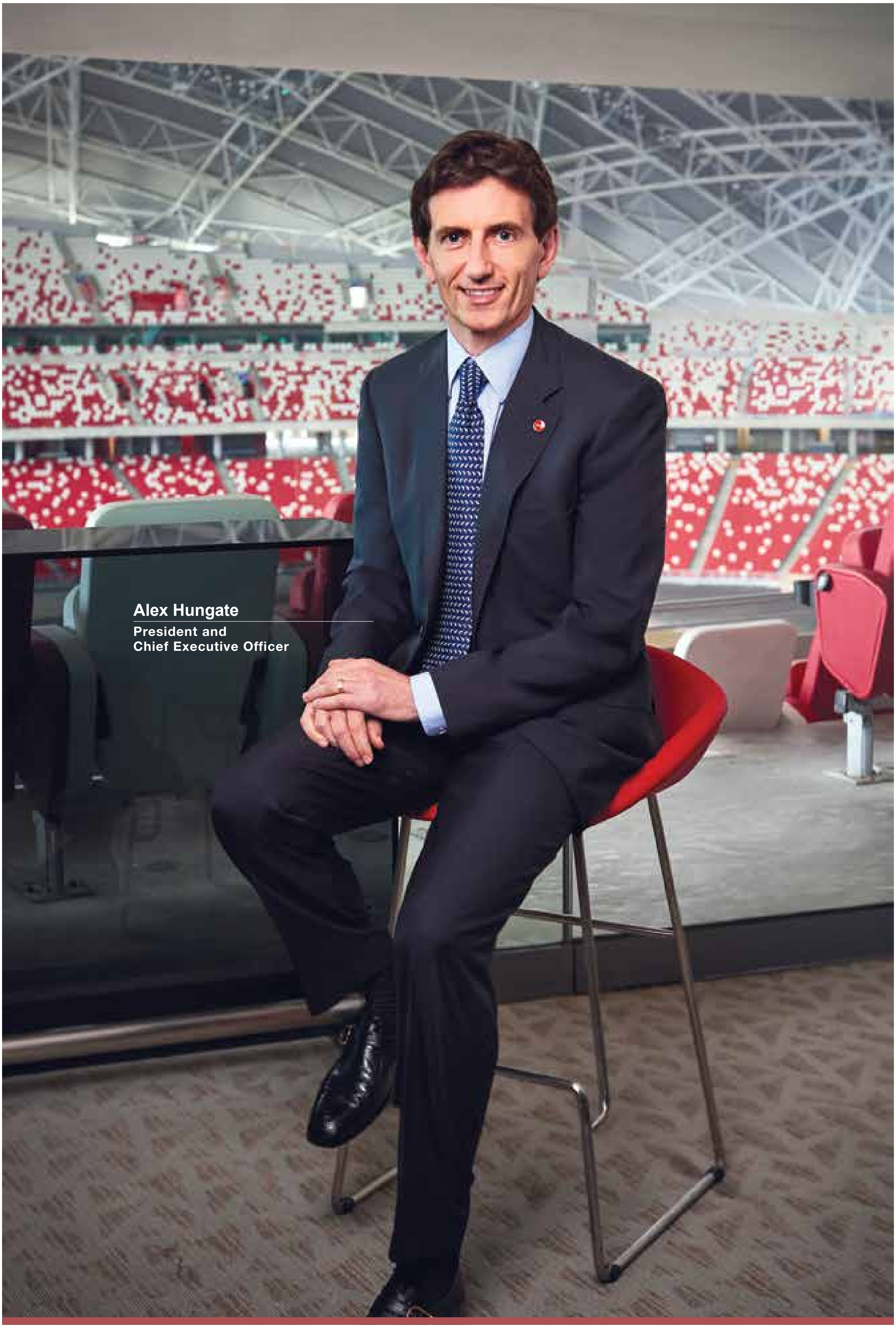
Net Profit

$195.7M

Free Cash Flow

$175.1M

Despite the slowing demand in some of our key markets, we were able to improve our operating and net profits in FY2014-15 by 4.1% and 8.5% respectively, using our scale and new technologies to reduce costs and improve productivity.



Alex Hungate
President and
Chief Executive Officer

PCEO's Statement

TARGETING NEW GROWTH

Our consolidated revenue declined by 1.9%, with 4.7% lower food revenue offset by 2.8% higher gateway revenue. This reduction was due mainly to lower spending by some customers in Japan and Singapore.

While we expect the underlying volumes in both markets to improve over time, we took action to grow non-aviation revenues by using our scale. By targeting new accounts in the catchment area of our large-scale inflight kitchens in Singapore, China, Japan, India and the Philippines, we have created a more diversified revenue stream and improved our scale and cost advantage further.

However, overcapacity at Narita airport and the translation impact of a weaker Japanese Yen continued to affect TFK's performance. Therefore in March this year, we took measures to restructure our cost base with a voluntary severance programme which has left us with a leaner cost structure.

Our cargo volumes hit a new record high of 1.6 million tonnes in FY2014-15. Investments in new high quality services which build valuable linkages for our cargo customers across the region have helped us win market share. In addition, demand for pharmaceutical and other perishable handling has been consistently strong and we expect it to continue to grow.

Last November, our perishable handling centre SATS Coolport was recognised by the International Air Transport Association (IATA) as the world's first Centre of Excellence for Independent Validators in pharmaceutical handling. This certification allows our people to provide consultancy and training to other industry stakeholders in the rigorous requirements of pharmaceutical handling.

Recently in April, we launched the SATS Coolport Academy, an independent training institute offering IATA-certified and other related courses across the region. In conjunction with the launch, IATA appointed the Academy as its first Regional Training Partner in Asia Pacific for pharmaceutical handling.

During the year, we made good progress in upgrading our unique cold-chain network across Asia as our cargo associates in Hong Kong and Indonesia and our joint venture in India were successful in attaining certifications in Good Distribution Practice. Construction of AISATS Coolport, Bengaluru's first dedicated perishable handling facility at Kempegowda International Airport, is now underway. Our goal is to eventually certify our entire network so that we can offer our customers uniformly high service standards across an unbroken cold-chain.

In line with this objective, we concluded a Memorandum of Understanding (MOU) in January this year with our customer Swiss WorldCargo and its partner ground handling company Cargologic.

The aim of this MOU is to enhance all parties' cargo handling services and establish the basis for future collaborations in areas such as e-initiatives, temperature-controlled transport management and specialised handling solutions. Leveraging Cargologic's and SATS' networks across Europe and Asia respectively, the alliance will help to promote end-to-end carriage of premium, care-intensive cargo on Swiss WorldCargo's flights.

The number of ships calling at the Marina Bay Cruise Centre, one of our newer businesses, fell slightly year-on-year, as did the number of passengers passing through the cruise terminal. However, with Royal Caribbean International launching its year-round sailings from Singapore for the first time this year and 20 cruise ships home-porting or turning around at the terminal, both metrics are expected to improve this year.

The opening of the Singapore Sports Hub last June marked our entry into sports catering, adding scale to our overall institutional catering business. We have catered to more than 80 world-class events, including the World Club 10s Rugby and the Women's Tennis Association Finals, held at the venue over the last year. This financial year will see us catering to similar prestigious events such as the Barclays Asia Trophy at the Sports Hub as well as catering to the north cluster at the 28th SEA Games.

POWER UP

Our team of passionate and dedicated employees is our main source of ideas for driving productivity, growth and innovation. Our FY2014-15 results are a testament to their commitment and ingenuity. As our transformation progresses, they are involved in every project right from idea generation, through planning to implementation. With each project, we communicate the rationale for change and continually seek their feedback. There is great energy and commitment amongst them to serve our customers – what we call our 'Passion to Delight'.

Our commitment to service is fundamental to the 'Passion to Delight' that we all share. An outstanding example of this was how our institutional catering team worked selflessly around the clock to deliver 60,000 meals and 450,000 bottles of water to multiple locations during the week of mourning on the passing of Singapore's founding Prime Minister Mr Lee Kuan Yew.

As we Power Up, we also generate more ideas. For example, we filed our first patent for a tow hitch sensor which enhances safety and improves our operating efficiency. This kind of innovation is the key to our long-term productivity and competitiveness.

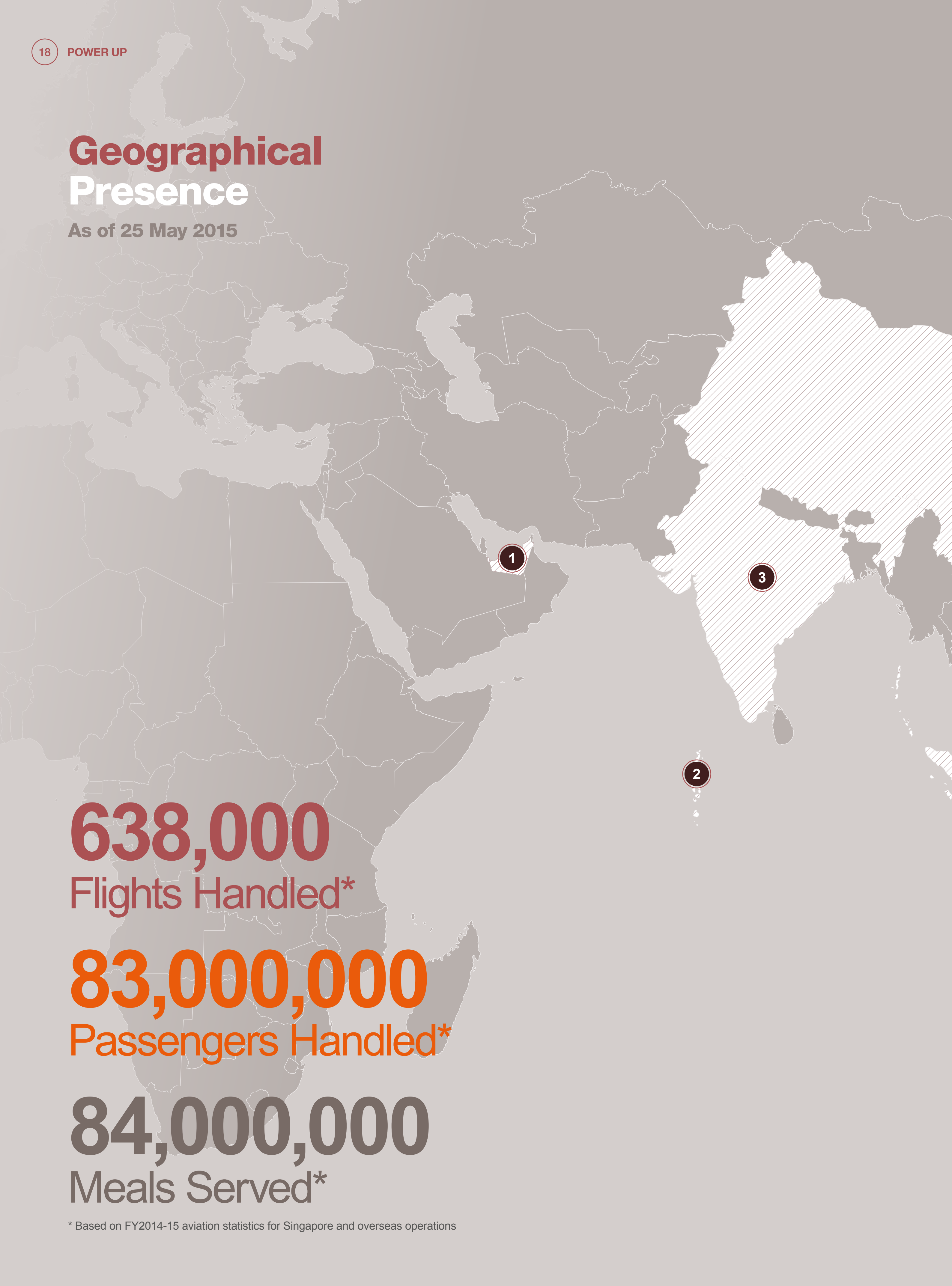
The productivity improvements and cost savings during the past year are the first evidence that the transformation of SATS is underway. Our people across the Company are committed to making further progress. Ahead, there are many opportunities to grow our businesses in order to capitalise on urbanisation across Asia. We are ready to pursue the best of these opportunities with energy and passion.

Alex Hungate
President and Chief Executive Officer

25 May 2015

Geographical Presence

As of 25 May 2015



638,000
Flights Handled*

83,000,000
Passengers Handled*

84,000,000
Meals Served*

* Based on FY2014-15 aviation statistics for Singapore and overseas operations

Spans
43 Airports

Across
11 Countries

1. United Arab Emirates
Abu Dhabi

2. Maldives
Male

3. India
Bangalore
Delhi

Amritsar
Chennai
Goa
Kolkata
Mumbai

Hyderabad
Mangalore
Trivandrum

4. China
Beijing
Tianjin

Jilin
Macau
Shenyang

Hong Kong

5. Japan
Tokyo (Haneda and Narita)

6. Taiwan
Taipei

Kaohsiung
Taichung

7. Vietnam
Ho Chi Minh City

8. Philippines
Manila

9. Singapore
Singapore

10. Indonesia
Denpasar
Jakarta

Asam-Asam
Batu Kajang
Bontang
Muara Teweh
Sesayap, Tarakan

Balikpapan
Bandung
Batam
Halim
Lombok
Makassar
Manado
Medan
Padang
Palembang
Pekanbaru
Semarang
Solo
Surabaya
Timika
Yogyakarta

11. Australia
Brisbane
Rockhampton

Food Solutions
Gateway Services
Gateway Services + Food Solutions

Board of Directors

1. **Michael Kok**
   Non-Executive and Independent Director

2. **David Baffsky**
   Non-Executive and Independent Director

3. **Leo Yip**
   Non-Executive and Independent Director
   (Stepped down on 1 March 2015)

4. **Nihal Kaviratne**
   Non-Executive and Independent Director

5. **Euleen Goh**
   Non-Executive and Independent Director

6. **Edmund Cheng**
   Chairman, Non-Executive and Independent Director

7. **Alex Hungate**
   Executive Director, President and Chief Executive Officer

8. **Yap Chee Meng**
   Non-Executive and Independent Director

9. **Koh Poh Tiong**
   Non-Executive and Independent Director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Operations Review: Food Solutions

Food solutions' revenue decreased 4.7% to $1.05 billion. This was predominantly due to the weaker performance of TFK as well as the loss of revenue arising from the divestment of an Australian subsidiary, Urangan Fisheries.

Events across Southeast Asia also contributed to a challenging environment for aviation. These included political instability in Thailand, the MH370 and MH17 incidents, the depreciation of the Indonesian Rupiah, and a sharp reduction in Chinese visitors. As a result, we recorded a modest growth of 1.2% year-on-year in unit meals at Changi Airport.

Overall, food solutions' operating profit decreased 10.2% to $127.4 million. However, our overseas food associates improved performance to contribute $9.2 million share of after-tax profits, 59.6% higher than last year.

GROWING SCALE

During the year in review, we focused on growing scale in our food business and improving our operating leverage.

At Changi Airport, we strengthened our leading position by securing 11 new and returning customers including Air France, Finnair, Hainan Airlines, KLM Royal Dutch Airlines and Jet Airways. We now cater for 45 airlines in Singapore, serving a total of over 26 million meals during the year, 1.3% more than last year.

We added scale to our overall institutional catering business with the opening of the Singapore Sports Hub last June. The venue hosted more than 80 world-class events including the World Club 10s Rugby and the Women's Tennis Association Finals over the last year. This year will see us catering to new prestigious events such as the 28th SEA Games and the Barclays Asia Trophy.

We also signed new institutional catering contracts with customers in the healthcare and education sectors, as well as with multinational corporations for the provision of staff meals. As an example of scaling up our offerings, we built on the successful launch of our curry and potato sauce for KFC Singapore by exporting it to the fast-food chain's first-ever store in Myanmar.

In Japan, TFK secured new and returning customers such as Etihad Airways, Garuda Indonesia, Jetstar Japan and Singapore Airlines. However, revenues were still disappointing as certain customers reduced their spending. As a result, we have made cost reductions and now we must focus on winning new customers.

During the year, TFK commenced serving Eastern Chiba Medical Center, a non-airline customer operating near the Narita airport. It also opened a new restaurant in Terminal 1 of Narita airport and completed renovations for its halal-certified kitchen, allowing it to serve the increasing numbers of Muslim visitors from the Middle East and Southeast Asia.

The majority of our associates also achieved steady growth in the scale of their operations with the signing of new contracts.

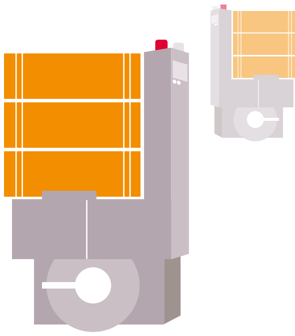
Beijing Airport Inflight Kitchen (BAIK) secured four new airline customers including Mahan Air, and Macau Catering Services (MCS) was awarded a catering contract by Plaza Premium Lounge Services Macau for its airport lounge.

Taj SATS Air Catering (TSAC) added new business from AirAsia India, SilkAir and Vistara, while Evergreen Sky Catering Corporation (EGSC) secured new contracts with SF Airlines and Turkish Airlines.

INNOVATION AND PRODUCTIVITY

Besides growing scale, driving innovation and productivity is also critical to our competitive success. We are accelerating the implementation of technology in our food operations to help manage costs while adapting to changes in our operating environment.

Autonomous Guided Vehicles (AGVs)



- At each meal tray assembly belt, five staff are positioned along the line with one being designated to replenish cold food items from the chiller which is located about 100 metres away from the belt.
- As each belt handles 12 to 14 flights in one shift, previously the designated staff had to make multiple trips to the chiller for replenishments.
- Now, our staff at the belts can radio their colleagues at the chiller for more supplies which will be delivered by AGVs to the belts.
- As a result, there are fewer disruptions to the meal tray assembly process and we have reduced our preparation time by 38%.

We have automated the manual tasks of cutlery washing, sorting and packing. Where airline meal trays used to be assembled and inspected manually in lines of five to six workers each, our new state-of-the-art automated tray assembly line only requires two to three staff to control its operations. Beyond the significant manpower reductions, this automated line also delivers more consistent quality.

We continued the transformation of our inflight catering kitchens by introducing autonomous guided vehicles (AGVs) and installing a flexible tray assembly line. AGVs now transport food items between store and assembly lines, reducing the demands on our staff.

In addition, we have automated the manual tasks of cutlery washing, sorting and packing. Where airline meal trays used to be assembled and inspected manually in lines of five to six workers each, our new state-of-the-art automated tray assembly line only requires two to three staff to control its operations. Beyond the significant manpower reductions, this automated line also delivers more consistent quality.

All these initiatives not only allow our staff to direct their skills to more value-added tasks, they also deliver significant cost savings through increased productivity and reduced manpower needs.

Similarly, our overseas associates have identified new areas that would benefit from the implementation of technology. For instance, BAIK installed an automated packing machine for salad dressing to improve productivity and reduce staff costs. EGSC also installed an automatic cutlery packing machine to enhance its efficiency.

Over the course of the year, our food operations in Singapore successfully implemented 20 LEAN projects to achieve a total savings of $4.1 million. In addition, 36 staff underwent training in operational excellence and 24 were added to our pool of certified yellow and green belt holders.

At TFK, 19 LEAN projects were successfully carried out, which helped to reduce purchasing costs associated with food materials, improve work efficiency and support cross-functional deployment of staff. These projects resulted in savings of approximately $4 million.

Efforts to reduce our energy consumption and our impact on the environment also contributed to substantial savings.

TFK replaced old florescent tubes at the Narita Rest House with LED lights to reduce its energy consumption while BAIK installed energy-saving smoke exhaust fans to make its kitchen a safer workplace for its staff.

Likewise, Taj Madras Flight Kitchen made greater use of renewable energy, reducing its reliance on diesel and saving roughly $10,000 per month.

AWARDS AND ACCOLADES

We are proud that the dedication of our staff and commitment to excellent service was recognised by the industry through a number of major awards and accolades.

SATS Executive Chef Matthew Yim and Executive Sous Chef Anderson Ho were part of the Singapore national team that won overall champion and gold awards in the Hot Cooking and Cold Display categories at the Villeroy & Boch Culinary World Cup 2014, which saw more than 1,000 chefs from 60 countries participating.

At the Asia Pacific On-Board Travel Culinary Challenge, TFK's Chef Stephane Lambert took the top spot while Cook Chai Ming Kent from SATS emerged as one of the six finalists competing for the winning title.

TFK was recognised by Malaysia Airlines for its 100% on-time performance, along with three of our other associates. MacroAsia Catering Services was also recognised as "Best Short Haul Caterer 2013" by All Nippon Airways for the second year in a row and achieved a gold award in Cathay Pacific's Caterer Performance Recognition Program.

TSAC won "Best Inflight Caterer Award" at Delhi airport for the third year in a row, reinforcing its position as a leader in quality and on-time performance.

Operations Review: Gateway Services

Gateway services' revenue increased 2.8% to $697 million. This was largely a result of growth in market share for cargo handling in Singapore and new customer wins by SATS HK which helped to offset a decline in flights and passengers handled arising from the loss of the Jetstar Asia account in Singapore.

With lower operating costs and a favourable shift in business mix towards cargo handling, operating profit increased 187% to $39.6 million. However, pricing pressures and lower cargo volumes reported by some of our gateway associates saw our share of after-tax profits from gateway associates/joint ventures decreasing 6.2% to $38.9 million.

GROWING SCALE, ENHANCING CONNECTIVITY

During the year in review, we continued to improve our operating leverage by growing scale through new offerings across our gateway business and the addition of new customers.

Our operations at Singapore Changi Airport have grown to handle 63 airlines. In the past year, we signed ground handling contracts with nearly all of the new airlines flying to Singapore including Air New Zealand, Oman Air and Tigerair Taiwan. We also renewed ground and cargo handling contracts with several airlines including EVA Air, Japan Airlines, SilkAir, Tiger Airways and United Airlines.

We became the first ground handler in Singapore to attain the European Union Regulated Agents (EU RA3) accreditation, having met the stringent security requirements for screening air cargo and mail entering the European Union. A number of our overseas associates also attained the accreditation, including Asia Airfreight Terminal (AAT) in Hong Kong, PT Jasa Angkasa Semesta (JAS) in Indonesia and Tan Son Nhat Cargo Services in Vietnam.

In November, our perishable handling centre SATS Coolport became the world's first Centre of Excellence for Independent Validators in pharmaceutical handling, certified by the International Air Transport Association (IATA). This certification allows SATS Coolport to train, advise and support other industry stakeholders in the rigorous requirements of pharmaceutical handling.

To raise the standards of cold-chain handling in Singapore and the region, we recently launched SATS Coolport Academy, an independent training institute offering IATA-certified and other related courses. In conjunction with the launch, the Academy was appointed by IATA as its first Regional Training Partner in pharmaceutical handling in Asia Pacific.

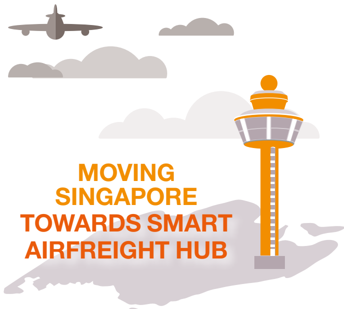
At the Marina Bay Cruise Centre, we welcomed several new vessels including Azamara Quest, MSC Orchestra and Rhapsody of the Seas. During the year, we handled more than 90 ship calls and nearly 393,000 passengers. We completed a comprehensive suite of infrastructure upgrades including the installation of a fourth passenger boarding bridge and new check-in counters on the departure mezzanine level last October. These enhancements improved the passenger flow considerably, in time for the high cruise season which began in November.

Beyond hardware upgrades, we also redesigned some of our processes in partnership with other cruise stakeholders. For instance, we worked with taxi companies to increase taxi supply during peak hours, and with the cruise operators to regulate the debarkation of passengers.

Overseas, our subsidiary and associates maintained momentum with new customer wins. SATS HK added carriers such as Air Busan, American Airlines and Thai Airways to its client roster while Evergreen Airline Services Corporation signed six new contracts for ground handling with airlines including AirAsia X, SilkAir and Vanilla Air.

Air India SATS Airport Services (AISATS) secured Vistara as a new customer for its Delhi and Hyderabad stations while JAS won new airline contracts at multiple airports including Air France, Jet Asia, Lufthansa and Saudi Arabian Airlines.

SATS e-Acceptance



- Currently, the process for cargo acceptance is manual and requires hard copy submission of the export control form. However, the format of this form is not standardised across the airfreight industry, and is susceptible to human error during data entry.
- Cargo agents are required to present paper documents at our acceptance counter for processing before proceeding to the truck dock for the physical freight acceptance.
- By end-2015 when SATS' e-Acceptance is fully implemented, all information will be captured electronically. Cargo agents can bypass our acceptance counter and head straight to the truck dock for freight acceptance.
- This initiative is aligned with IATA's call for the industry to move from paper to electronic processes. It saves time and improves productivity by leveraging data at source.

We took steps to review our processes and ensure we optimise the use of our most valuable resource – our people. In passenger services, we have deployed a pipeline of part-time staff that are on a flexible-hour scheme. Many of them are homemakers or students who cannot otherwise work on regular shifts. By matching their availability against peak hours, we are able to deploy them to supplement our full-time workforce while ensuring consistent, excellent service standards regardless of operational demands.

Our associates also made progress in growing scale and expanding their capabilities. AISATS broke ground in March this year for Bengaluru's first dedicated perishable handling centre, AISATS Coolport. The new facility will provide a secure, end-to-end handling solution for perishables moving within our cold-chain network, hence enhancing regional connectivity for our customers.

AAT has been accredited as an Authorised Economic Operator (AEO) by the Hong Kong Customs and Excise Department, giving it prioritised clearance for customs inspection. It is the only cargo terminal operator in Hong Kong to have attained Tier 2 status, the highest for an AEO.

INNOVATION AND PRODUCTIVITY

We continued to pursue initiatives that would help to transform our operations and raise productivity.

In partnership with the Civil Aviation Authority of Singapore and the Singapore Aircargo Agents Association, we recently pioneered a transformative initiative to digitise the process of export clearance for airfreight. When fully implemented in end-2015, we expect to improve productivity in this area by 30% and to save an estimated 600,000 sheets of paper annually.

In mid-2014, we began the trial test for iTrek personal digital assistants in our aircraft interior cleaning operations. These mobile devices not only help our cleaning staff track different airlines' handling requirements, but also facilitate communications as the staff can seek advice from their supervisors when encountering difficulties during cleaning. The progress of cleaning is also monitored through a digital checklist. This facilitates optimum deployment as staff can quickly be assigned to handle the next flight.

We also took steps to review our processes and ensure we optimise the use of our most valuable resource – our people. In passenger services, we have deployed a pipeline of part-time staff that are on a flexible-hour scheme. Many of them are homemakers or students who cannot otherwise work on regular shifts. By matching their availability against peak hours, we are able to deploy them to supplement our full-time workforce while ensuring consistent, excellent service standards regardless of operational demands.

During the year, our gateway operations implemented 34 operational excellence projects, yielding a total of $4.4 million in savings. In addition, 39 staff underwent training in operational excellence and 26 were added to our pool of certified yellow and green belt holders.

The rest of our network also worked towards improvement in productivity and processes. AAT simplified the import handling processes for express airfreight in its cargo management system, reducing the time taken to check shipment records while simultaneously improving data accuracy. JAS reworked the routing of its ground support equipment and enhanced its refuelling control system. This resulted in a 24% reduction in fuel consumption, translating to an annual savings of approximately US$60,000.

AWARDS AND ACCOLADES

Locally and overseas, we are honoured to have received recognition for our consistent service quality, innovation, reliability and customer relationships.

SATS was named the Best Air Cargo Terminal Operator in Asia for the 16th time at the Asian Freight & Supply Chain Awards 2014. We also took home the Ground Handler of the Year title at the Payload Asia Awards 2014. In addition, two of our staff won the Service Team Award at Changi Airport Group's Annual Airport Celebrations.

Overseas, our subsidiary SATS HK and its staff received several awards from the Hong Kong Airport Authority, in recognition of its high levels of customer service and efficiency. AISATS was conferred the Best Air Cargo Terminal Management Award for the fourth consecutive year by the Indian Chamber of Commerce at the Indian Supply Chain Logistics Summit & Excellence Award 2015.

Beijing Aviation Ground Services was named Station of the Year for the Asia Pacific region by Delta Airlines while JAS was lauded by Singapore Airlines for achieving 100% punctuality at its Denpasar station and best baggage handling score at its Cengkareng station. JAS was also the silver medallist for Public Service Excellence Award conferred by the Indonesian Ministry of Transportation.

Financial Review

HIGHLIGHTS

The Group generated revenue of $1,753.2 million in FY2014-15, a drop of $33.5 million or 1.9% from last financial year. Revenue from food solutions dropped by $52.1 million or 4.7% to $1,051.5 million, largely due to lower contributions from its Japan subsidiary TFK Corporation, absence of revenue contribution from Urangan Fisheries due to divestment and the weakening of the Japanese Yen. Gateway services' revenue, on the other hand, increased by $18.9 million or 2.8% to $697 million, with growth in both the Singapore and Hong Kong entities.

Group's expenses fell by $40.5 million or 2.5% to $1,575.2 million. The drop was mainly in cost of raw materials, depreciation charges as well as other costs. Despite the competitive labour market and the increase in government levies, the Group managed to limit the increase in staff costs to 1.5%. This was achieved through productivity measures including dynamic rostering, the engagement of flexible-hour workers and the deployment of new technology.

The Group achieved operating profit of $178 million in the current financial year, a growth of $7 million or 4.1% over last year. Share of after-tax profits from associates/joint ventures increased by $0.9 million or 1.9% to $48.1 million. Higher contributions came from the food solutions associates, partially offset by lower contributions from gateway associates/joint ventures.

Profit attributable to owners of the company grew $15.3 million or 8.5% to $195.7 million, from $180.4 million in the preceding year. Return on equity was 13.7%, 0.9 percentage point higher than last year. The Group maintained a healthy cash balance with short-term deposits of $410.9 million and free cash flow of $175.1 million. Its debt-to-equity ratio remained healthy at 0.07 times.

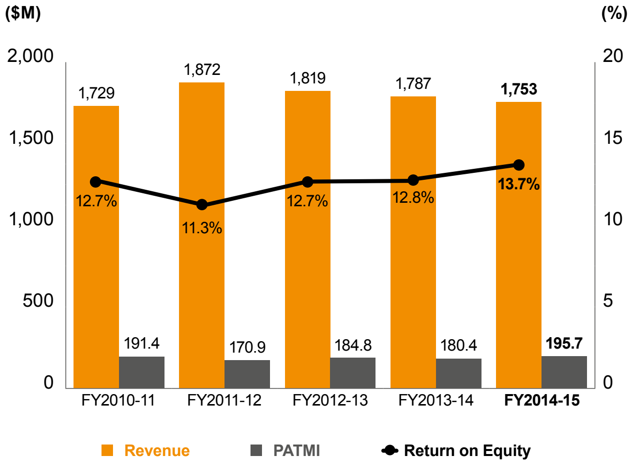
EARNINGS PER SHARE

The Group's earnings per share grew 8.7% to 17.5 cents in the current financial year, compared to 16.1 cents a year ago.

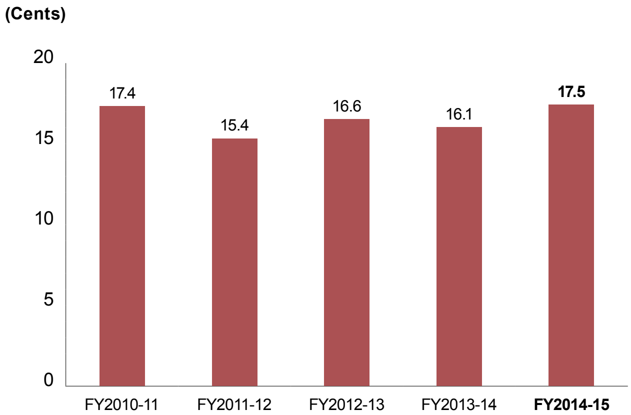
DIVIDENDS

The Company paid an interim dividend of 5 cents per share during the year in respect of FY2014-15 amounting to $55.8 million. The Board of Directors has proposed a final ordinary dividend of 9 cents per share to be paid, subject to Shareholders' approval in the forthcoming Annual General Meeting. The total ordinary dividend for FY2014-15, if approved, will be 14 cents per share. This represents 79.3% payout ratio.

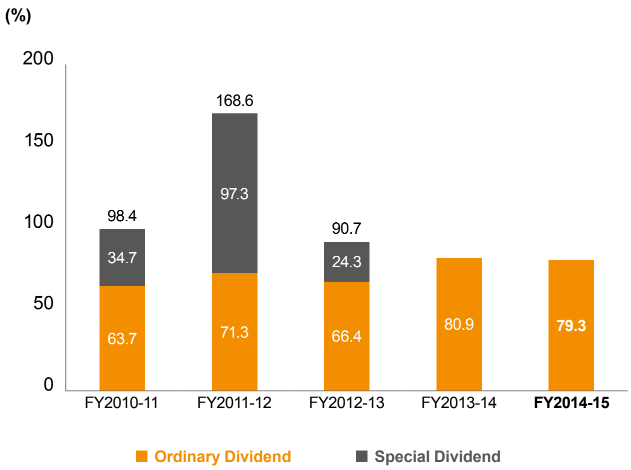
Revenue and Profitability



Earnings Per Share



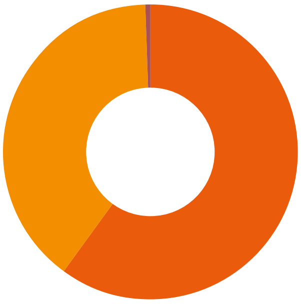
Dividend Payout Ratio



REVENUE - BY BUSINESS, INDUSTRY AND GEOGRAPHICAL LOCATION

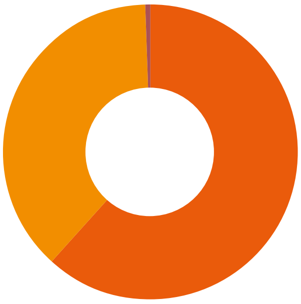
Business

FY2014-15



Food solutions	60.0%
Gateway services	39.7%
Corporate	0.3%

FY2013-14



Food solutions	61.7%
Gateway services	38.0%
Corporate	0.3%

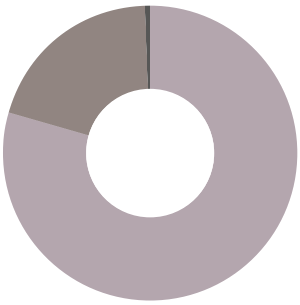
By Business

Revenue ($M)	FY2014-15	FY2013-14	YOY % Change
Food solutions	**1,051.5**	1,103.6	(4.7)
Gateway services	**697.0**	678.1	2.8
Corporate	**4.7**	5.0	(7.9)
Total	**1,753.2**	1,786.7	(1.9)

Notes:
- Food solutions: revenue from inflight catering, institutional catering, remote catering, food distribution and logistics, chilled, frozen and retort food manufacturing, hospitality services and airline linen and laundry services.
- Gateway services: revenue from airport and cruise terminal services, including ground and cargo handling, passenger and security services, baggage handling, apron services and cargo logistics services.
- Corporate: revenue from the corporate arm.

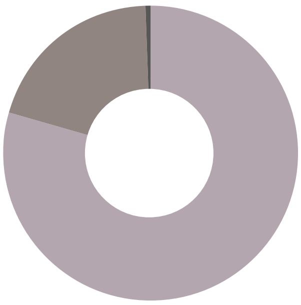
Industry

FY2014-15



Aviation	79.6%
Non-aviation	20.1%
Corporate	0.3%

FY2013-14



Aviation	79.7%
Non-aviation	20.0%
Corporate	0.3%

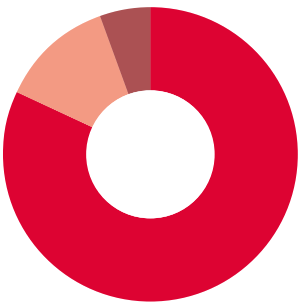
By Industry

Revenue ($M)	FY2014-15	FY2013-14	YOY % Change
Aviation	**1,395.4**	1,424.2	(2.0)
Non-aviation	**353.1**	357.5	(1.2)
Corporate	**4.7**	5.0	(7.9)
Total	**1,753.2**	1,786.7	(1.9)

Notes:
- Aviation: revenue from aviation-related businesses in food solutions and gateway services.
- Non-aviation: revenue from Singapore Food Industries group, Food and Allied Support Services Corporation group and SATS-Creuers Cruise Services.
- Corporate: revenue from the corporate arm.

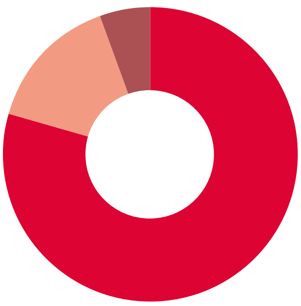
Geographical Location

FY2014-15



Singapore	82.1%
Japan	12.6%
Others	5.3%

FY2013-14



Singapore	79.5%
Japan	15.0%
Others	5.5%

By Geographical Location

Revenue ($M)	FY2014-15	FY2013-14	YOY % Change
Singapore	**1,439.9**	1,421.0	1.3
Japan	**220.9**	268.1	(17.6)
Others	**92.4**	97.6	(5.3)
Total	**1,753.2**	1,786.7	(1.9)

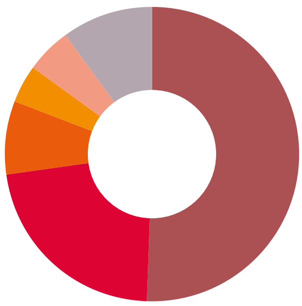
Notes:
- Singapore: revenue from food solutions and gateway services within Singapore.
- Japan: revenue from TFK.
- Others: revenue from Singapore Food Industries group (Australia), Food and Allied Support Services Corporation group (Abu Dhabi and India) and SATS HK.

Financial Review

EXPENDITURE

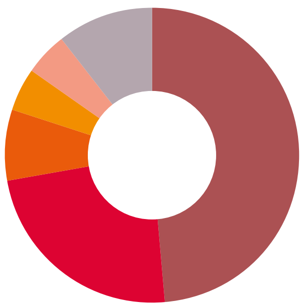
The Group's operating expenditure in FY2014-15 was $1,575.2 million, a drop of $40.5 million or 2.5%. The drop was mainly in cost of raw materials, depreciation and amortisation charges as well as other costs. Staff costs and cost of raw materials continue to make up bulk of the expenditure, amounting to 73% of the total expenses of the Group.

FY2014-15



Staff costs	50.8%
Cost of raw materials	22.2%
Company premise and utilities	7.9%
Depreciation and amortisation	4.3%
Licence fees	5.0%
Other costs	9.8%

FY2013-14



Staff costs	48.8%
Cost of raw materials	23.5%
Company premise and utilities	7.7%
Depreciation and amortisation	4.8%
Licence fees	4.8%
Other costs	10.4%

CASH FLOWS AND FINANCIAL POSITION

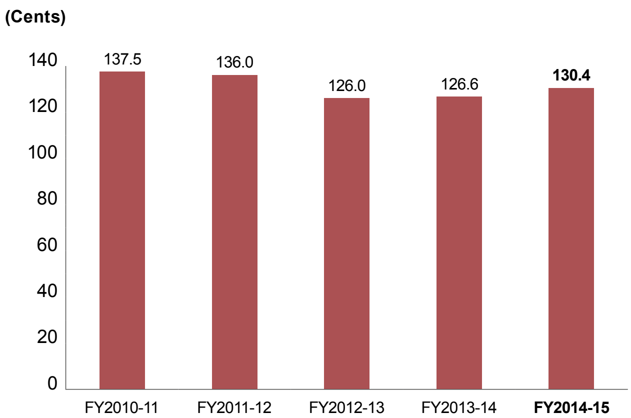
As at 31 March 2015, the equity attributable to the owners of the Company was $1,441.1 million, an increase of 1.7% compared to $1,416.8 million a year ago. The increase was mainly due to profit generated during the year, partly offset by the dividend payment of $145.6 million to Shareholders and the purchase of treasury shares amounting to $54.9 million during the financial year. Total Group assets of $2,019.7 million as at 31 March 2015 were around the same level a year ago.

The Group had ending cash and cash equivalents of $429.7 million as at 31 March 2015, which was $90.1 million higher than the same period last year. This included $18.8 million cash balances classified as assets held for sale. On 16 April 2015, the Group entered into a joint venture agreement with BRF GmbH to set up a company food distribution business. The Group had classified certain assets under its food distribution business to be transferred to this new joint venture company as "Assets of disposal groups classified as held for sale".

Net cash from operating activities was $236.4 million, a drop of $10.5 million from last financial year. Net cash generated from investing activities was $58.1 million, an increase of $204 million, attributed mainly to higher dividends received from the associates/joint ventures, proceeds from its disposal of interest in its associates and subsidiary, as well as the absence of cash outflow from investment versus last year. Last financial year, the Group invested $118.3 million in an associate, PT Cardig Aero Services.

Cash used in financing activities was $199.6 million, $37 million higher than the prior year due mainly to purchase of treasury shares and lower proceeds from the exercise of share options, partly offset by lower dividends paid to Shareholders. The Group's free cash flow generated during the financial year was $175.1 million. Group gearing (as measured by gross debt/equity) remained healthy at 0.07 times, compared to 0.08 times a year ago.

Net Asset Value Per Share



VALUE ADDED

The value added of the Group was $1,022 million, an increase of $10.6 million or 1% compared to the preceding year. The value distribution for FY2014-15 is reflected in the chart below.

Value Added Statement ($ million)	FY2014-15	FY2013-14	FY2012-13	FY2011-12	FY2010-11
Total Revenue	**1,753.2**	1,786.7	1,819.0	1,871.6	1,729.1
Less: Purchase of goods and services	**792.4**	833.4	847.0	920.9	876.0
	960.8	953.3	972.0	950.7	853.1
Add/(less):					
Interest income	**1.6**	1.1	1.1	1.1	0.5
Share of profits before tax of associates/ joint venture	**61.3**	57.9	64.2	55.5	61.2
Amortisation of deferred income	**–**	–	–	0.7	0.9
(Loss)/Gain on disposal of property, plant and equipment	**(2.2)**	–	(2.5)	0.1	0.2
Income from long term investments	**0.7**	1.9	1.3	1.2	1.0
Exceptional items *	**(0.2)**	(2.8)	(17.8)	5.4	–
Total value added available for distribution	**1,022.0**	1,011.4	1,018.3	1,014.7	916.9
Applied as follows:					
To employees					
- Salaries and other staff costs	**714.6**	705.0	686.8	676.3	572.5
To government					
- Corporate taxes **	**47.3**	44.2	51.3	51.8	53.7
To supplier of capital					
- Dividends	**145.6**	168.4	288.6	188.5	143.5
- Interest on borrowings	**1.2**	2.9	2.6	2.9	2.8
Retained for future capital requirements					
- Depreciation and amortisation	**68.2**	77.2	92.9	108.6	96.1
- Non-controlling interests	**(5.0)**	1.7	–	4.1	0.4
- Retained profits	**50.1**	12.0	(103.9)	(17.5)	47.9
Total value added	**1,022.0**	1,011.4	1,018.3	1,014.7	916.9
Value added per $ revenue	**0.58**	0.57	0.56	0.54	0.53
Value added per $ employment cost	**1.43**	1.43	1.48	1.50	1.60
Value added per $ investment in fixed assets	**0.67**	0.67	0.67	0.67	0.58

Notes:

* Exceptional items refer to (i) Impairment loss on carrying value of Assets Held for Sale (FY2014-15: $0.2 million, FY2013-14: $2.6 million) (ii) Other non-operating expenses (FY2014-15: nil, FY2013-14: $0.2 million).

** Includes share of tax of associates/joint venture.

Financial Review

STAFF STRENGTH AND PRODUCTIVITY

The average number of employees in the Group over the current financial year was 14,253, a drop of 2.5% from the preceding year. This is the full time equivalent employees, including those under the flexible-hour work scheme that was introduced in the current financial year. The reduction was achieved as a result of the various productivity measures taken including the embracing of new technology to achieve higher efficiencies.

The breakdown of the average number of employees is as follows:

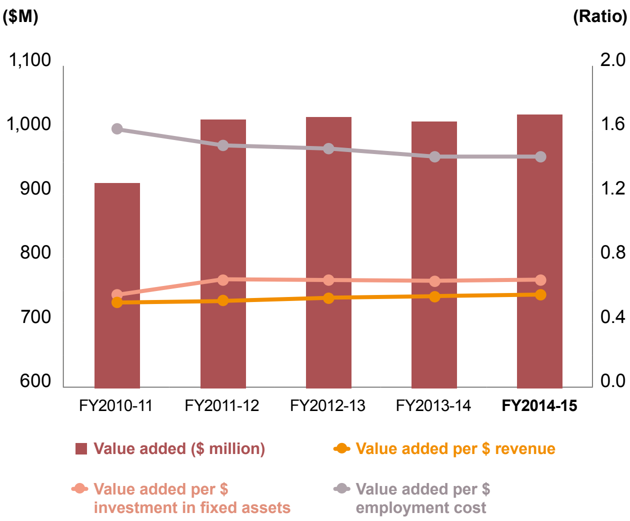
	FY2014-15	FY2013-14	YOY % Change
Food solutions	**5,597**	5,709	(2.0)
Gateway services	**8,376**	8,607	(2.7)
Corporate	**280**	295	(5.1)
Total	**14,253**	14,611	(2.5)

The staff productivity, measured by value added per employee, grew by 3.6% to $71,704. This was achieved through productivity initiatives and cost controls, despite wage inflation and a competitive landscape. Value added per dollar of employment cost remained at the same level as last year at 1.43 times.

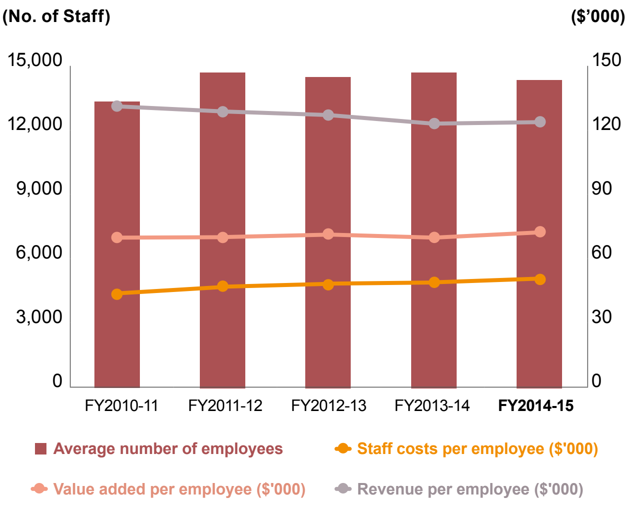
Productivity Analysis	FY2014-15	FY2013-14	FY2012-13	FY2011-12	FY2010-11
Value added ($ million)	**1,022.0**	1,011.4	1,018.3	1,014.7	916.9
Value added per employee ($)	**71,704**	69,222	70,732	69,475	69,200
Value added per $ employment cost (times)	**1.43**	1.43	1.48	1.50	1.60
Revenue per employee ($)	**123,004**	122,284	126,354	128,148	130,500
Staff costs per employee ($) **	**50,134**	48,254	47,705	46,305	43,212

Note:
** Staff costs exclude cost of contract labour.

Group Value Added Productivity Ratios



Group Staff Strength and Productivity



ECONOMIC VALUE ADDED (EVA)

The Group achieved EVA of $49.9 million in the current financial year. This is a significant improvement of $10 million or 25.1% over the preceding financial year.

Board of Directors

As at 25 May 2015

EDMUND CHENG WAI WING

CHAIRMAN
NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Date of first appointment as a Director
22 May 2003
Date of last re-election as a Director
26 July 2012
Length of service as a Director
12 years 0 month

Board committee(s) served on:

- Chairman, Board Executive Committee
- Chairman, Remuneration and Human Resource Committee
- Member, Nominating Committee

Present directorships

Listed companies

- Deputy Chairman, Wing Tai Holdings Limited
- Executive Director, Wing Tai Malaysia Berhad

Others

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

Major appointments (other than directorships)

- Member, Presidential Council of Real Estate Developers' Association of Singapore (REDAS)
- Member, Global Council for Asia Society

Past directorships in listed companies held over the preceding three years

Nil

Past key appointments

- Founding Chairman, DesignSingapore Council
- Chairman, National Arts Council
- Chairman, Singapore Tourism Board
- Chairman, The Esplanade Co Ltd
- Director, Singapore Airlines Limited
- Authority Member, Urban Redevelopment Authority
- Director, Construction Industry Development Board
- Member, Board of Trustees, Nanyang Technological University

Achievements

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

Academic and professional qualification(s)

- Bachelor of Science degree in Civil Engineering, Northwestern University, USA
- Master of Architecture, Carnegie Mellon University, USA

ALEXANDER CHARLES HUNGATE

EXECUTIVE DIRECTOR, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Date of first appointment as a Director
27 July 2011
Date of last re-election as a Director
26 July 2013
Length of service as a Director
3 years 10 months

Board committee(s) served on

- Member, Board Executive Committee
- Member, Board Risk and Safety Committee

Present directorships

Listed companies

Nil

Others

- Chairman, Asia Airfreight Terminal Company Limited
- Chairman, SATS-Creuers Cruise Services Pte. Ltd.
- Chairman, SATS HK Limited
- Air India SATS Airport Services Private Limited
- Food and Allied Support Services Corporation Pte. Ltd.
- SATS (India) Co. Private Limited
- SATS Investments Pte. Ltd.
- SATS Investments (II) Pte. Ltd.
- Singapore International Chamber of Commerce
- TFK Corporation
- SATS BRF Food Pte. Ltd.

Major appointments (other than directorships)

- Council Member, National Youth Achievement Award Association Advisory Board

Past directorships in listed companies held over the preceding three years

Nil

Past key appointments

- Chairman, Factiva
- Chairman, HSBC Bank Turkey A.S.
- Chief Executive Officer, The Hongkong and Shanghai Banking Corporation Limited, Singapore
- Global Head of Personal Financial Services and Marketing, HSBC
- Member, HSBC's Group Management Board and Risk Management Committee
- Director, The Hongkong and Shanghai Banking Corporation Limited and its group of companies
- Director, HSBC Bank Egypt S.A.E
- Council Member, The Association of Banks in Singapore
- Managing Director, Reuters, Asia Pacific

Academic and professional qualification(s)

- Master of Arts in Engineering, Economics and Management, Oxford University, UK
- Master of Business Administration (Baker Scholar), Harvard Business School, USA

DAVID ZALMON BAFFSKY

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Date of first appointment as a Director
15 May 2008
Date of last re-appointment as a Director
23 July 2014
Length of service as a Director
7 years 0 month

Board committee(s) served on

- Chairman, Nominating Committee
- Member, Remuneration and Human Resource Committee

Present directorships

Listed companies

- Chairman, Ariadne Australia Limited

Others

- Chairman, Food and Allied Support Services Corporation Pte. Ltd.
- Chairman, Investa Funds Management Limited
- FASSCO International (Australia) Pty Ltd
- Sydney Olympic Park Authority
- Australian Brandenburg Orchestra
- Destination NSW

Major appointments (other than directorships)

- Honorary Chairman, Accor Asia Pacific
- Trustee and Chairman of Risk Management Committee, Art Gallery of New South Wales
- Deputy Chairman of Audit, Risk & Compliance Committee, Sydney Olympic Park Authority
- Founding Director and Life Member, Australian Tourism Task Force
- Member, Australian Government's Advisory Group on National Security

Past directorships in listed companies held over the preceding three years

Nil

Past key appointments

- Executive Chairman, Accor Asia Pacific
- Chairman, Citistate Corporation Limited
- Chairman, Voyages Indigenous Tourism Australia Limited
- Founder and Director, Tourism Asset Holdings Limited
- Director, Edenred Pte Ltd
- Director, Indigenous Land Corporation
- Director, Singapore Tourism Board

Achievements

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

Academic and professional qualification(s)

- Bachelor of Law, University of Sydney, Australia

Board of Directors

As at 25 May 2015

EULEEN GOH YIU KIANG

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Date of first appointment as a Director
1 August 2013
Date of last re-election as a Director
23 July 2014
Length of service as a Director
1 year 9 months

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

Present directorships
Listed companies
- CapitaLand Limited
- DBS Group Holdings Ltd
- Royal Dutch Shell plc

Others
- Chairman, DBS Foundation Ltd
- Chairman, Singapore Chinese Girls' School
- DBS Bank Ltd
- Singapore Health Services Pte Ltd

Major appointments (other than directorships)
- Chairperson, NorthLight School Board of Governors
- Trustee, Singapore Institute of International Affairs Endowment Fund

Past directorships in listed companies held over the preceding three years
- Director, Aviva Plc
- Director, Singapore Airlines Limited
- Director, Singapore Exchange Limited

Past key appointments
- Group Head, Corporate & Institutional Banking Sales, Standard Chartered Bank
- Chief Executive Officer, Standard Chartered Bank Singapore

Achievements
- Her World Woman of the Year 2005
- Public Service Medal at the Singapore National Day awards 2005
- Public Service Star at the Singapore National Day awards 2012

Academic and professional qualification(s)
- Associate member, Institute of Chartered Accountants in England & Wales
- Member, The Chartered Institute of Taxation, UK
- Fellow, Institute of Singapore Chartered Accountants
- Associate member, Institute of Financial Services, UK
- Fellow, Singapore Institute of Directors

NIHAL VIJAYA DEVADAS KAVIRATNE CBE

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Date of first appointment as a Director
30 July 2010
Date of last re-appointment as a Director
23 July 2014
Length of service as a Director
4 years 10 months

Board committee(s) served on
- Member, Audit Committee
- Member, Board Risk and Safety Committee

Present directorships
Listed companies
- Chairman, Akzo Nobel India Limited
- DBS Group Holdings Ltd
- GlaxoSmithKline Pharmaceuticals Limited
- Olam International Limited
- Starhub Limited

Others
- Chairman, Caraway Pte. Ltd.
- President Commissioner, PT TVS Motor Company
- DBS Bank Ltd
- DBS Foundation Ltd
- TVS Motor (Singapore) Pte. Limited

Major appointments (other than directorships)
- Founder, St Jude India ChildCare Centres
- Founder President, The International Wine & Food Society, Bombay Branch
- Member, Bain & Company SEA/Indonesia Advisory Board
- Member, UK Government's Department for International Development (DFID) Private Sector Portfolio Advisory Committee for India
- Governing Board Member, The Bombay Mothers and Children Welfare Society
- Patron, The Indian Cancer Society

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

Past key appointments
- Chairman and Chief Executive Officer of PT Unilever, Indonesia
- Chairman, Home & Oral Care, Unilever Asia
- Managing Director, Unilever Argentina
- Director, TVS Motor Company (Europe) BV
- Director, Wildlife Reserves Singapore Pte Ltd

Achievements
- BusinessWeek Stars of Asia Award, one of the "25 leaders at forefront of change"
- Queen's 2004 New Year Honours List and conferred the Commander of the British Empire (CBE), UK
- Chevalier du Tastevin

Academic and professional qualification(s)
- BA (Honours), Bombay University, India
- Advanced Management Program, Harvard Business School, USA
- AEP, Northwestern University, USA

KOH POH TIONG

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Date of first appointment as a Director
1 November 2011
Date of last re-election as a Director
23 July 2014
Length of service as a Director
3 years 6 months

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

Present directorships
Listed companies
- Chairman and Senior Adviser, Ezra Holdings Limited
- Director and Adviser, Fraser and Neave Limited
- Petra Foods Limited
- Raffles Medical Group Ltd
- United Engineers Limited

Others
- Chairman, Times Publishing Limited
- The Great Eastern Life Assurance Company

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

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

Past key appointments
- Chairman, Agri-Food & Veterinary Authority
- Chairman of Advisory Committee, Gan Eng Seng School
- Chief Executive Officer, Food and Beverage, Fraser and Neave Limited
- Chief Executive Officer, Asia Pacific Breweries Limited
- Director, National Healthcare Group Pte Ltd
- Director, PSA International Pte Ltd
- Director, PSA Corporation Pte Ltd
- Member of Resource Panel, Government Parliamentary Committee (Finance, Trade & Industry)

Achievements
- Public Service Star Award from the Singapore Government (Singapore Kindness Movement)
- The Public Service Medal from the Singapore Government (Agri-food & Veterinary Authority)
- Service to Education Award by the Ministry of Education
- Outstanding CEO Award from DHL/The Business Times

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

MICHAEL KOK PAK KUAN

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Date of first appointment as a Director
6 March 2015
Date of last re-election as a Director
N.A.
Length of service as a Director
2 months

Board committee(s) served on
- Member, Board Executive Committee

Present directorships
Listed companies
- Dairy Farm International Holdings Limited
- Jardine Cycle and Carriage Limited
- Mapletree Greater China Commercial Trust Management Ltd

Others
- KPK & Son Realty Pte Ltd

Major appointments (other than directorships)
Nil

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

Past key appointments
- Giant Hypermarket (Ulu Kelang) Sdn Bhd
- Teng Mini Market Centre Sdn Bhd
- Giant South Asia (Vietnam) Ltd
- Trustee, Dairy Farm Education Trust
- Dairy Farm Management Services Limited
- Foodworld Supermarkets Private Ltd *(Formerly known as Foodworld Supermarkets Ltd)*
- GCH Retail (Malaysia) Sdn Bhd
- Hayselton Enterprises Limited
- Health and Glow Retailing Private Ltd *(Formerly known as RPG Guardian Private Ltd)*
- Maxim's Caterers Ltd
- Mindset Limited
- The Dairy Farm Company, Limited
- The Consumer Goods Forum
- SINO-Singapore Jilin Food Zone Development and Management Co. Ltd

Achievements
- Outstanding Chief Executive Officer (Overseas) 2008 by the Singapore Business Awards
- Lifetime Achievement Award and World Retail Hall of Fame by the World Retail Congress

Academic and professional qualification(s)
- Senior Executive Programme, London Business School, UK
- Advanced Management Program, Harvard Business School, USA
- Member, Chartered Institute of Marketing, UK

YAP CHEE MENG

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Date of first appointment as a Director
1 October 2013
Date of last re-election as a Director
23 July 2014
Length of service as a Director
1 year 7 months

Board committee(s) served on
- Chairman, Board Risk and Safety Committee
- Member, Audit Committee

Present directorships
Listed companies
- Keppel Land Limited *(will be delisted on 16 July 2015)*
- SMRT Corporation Ltd

Others
- AXA Insurance Singapore Pte Ltd
- The Esplanade Co Ltd
- Pavilion Gas Pte Ltd

Major appointments (other than directorships)
- Board Member, National Research Foundation

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

Past key appointments
- Chief Operating Officer for the Asia Pacific Region, KPMG International
- Member, KPMG International's Global Executive Team
- Regional Head of Financial Services, KPMG Asia Pacific
- Senior Partner / Leadership Team, KPMG Singapore
- Country Head of Financial Services & Real Estates, KPMG Singapore
- Member, various Committees, ACRA and ICPAS

Academic and professional qualification(s)
- Fellow, Institute of Chartered Accountants in England & Wales
- Fellow, Institute of Singapore Chartered Accountants

Executive Management

1. Goh Siang Han
2. Wong Chee Meng
3. Denis Marie
4. Helen Chan
5. Ronald Yeo
6. Wong Hong
7. Alex Hungate
8. Yacoob Piperdi
9. Andrew Lim
10. Pauline Tan

11. Thomas Ching
12. Tony Goh
13. Ferry Chung
14. Tan Chuan Lye
15. Cho Wee Peng
16. Prema Subramaniam
17. Chang Seow Kuay
18. Tan Li Lian
19. Nazri Othman

Executive Management

TAN CHUAN LYE

Mr Tan is the Chairman, Food Solutions of SATS since January 2014. Prior to this, he was its Chief Executive Officer from April 2012 to December 2013.

Mr Tan joined SATS in May 1976. In a career spanning 39 years, he has held managerial positions in SIA Ground Services and SATS Airport Services Pte Ltd, and was responsible for both SIA and SATS' Changi Airport Terminal 2 operations. He was SATS' Executive Vice President, Food Solutions from October 2009 to March 2012, overseeing and growing its aviation and non-aviation food businesses.

Mr Tan is the Chairman of Singapore Food Industries Pte. Ltd., SFI Manufacturing Private Limited, and Sports Catering Services Pte. Ltd. He is also the Vice Chairman of Beijing Airport Inflight Kitchen Ltd.

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

CHO WEE PENG

Mr Cho is SATS' Chief Financial Officer since July 2013. He oversees finance, treasury, insurance, investor relations and corporate communications functions of the Group. He will also oversee corporate strategy planning and business development from July 2015.

Mr Cho has experience in finance in both local and multinational companies in Singapore and the US. Before joining SATS, he was the Group Executive Vice President and Chief Financial Officer of Hyflux Ltd, where he was responsible for finance, investments, treasury and information technology functions of the Group. He was also with The Dow Chemical Company, holding roles in treasury, financial planning, corporate finance, credit and financial risk management in its corporate headquarters in Michigan, and its Asia Pacific office in Singapore.

Mr Cho sits on various Boards of SATS' subsidiaries. He graduated from the Nanyang Technological University with a Bachelor of Accountancy (2nd upper honours) and also holds a Master of Science (Applied Finance) from the National University of Singapore. He is a Chartered Financial Analyst since 2001.

FERRY CHUNG QING AN

Mr Chung joined SATS in August 2011 as Executive Vice President, Enterprise Development. He oversees its corporate strategy and planning, business development and investment portfolio, technology innovation, information technology, centre of excellence for lean management, general administration (facility and central purchasing) and enterprise risk management.

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

Mr Chung sits on the various Boards of SATS' subsidiaries and associated companies. He is the Vice Chairman of PT Cardig Aero Services Tbk, Vice President Commissioner of PT Jasa Angkasa Semesta Tbk, Vice Chairman of Tan Son Nhat Cargo Services Ltd, and a Director of Taj-SATS Air Catering Limited. He graduated from the University of Auckland with a Bachelor of Computer Science degree. Mr Chung has resigned and his last with SATS is 31 July.

YACOOB BIN AHMED PIPERDI

Mr Piperdi is SATS' Executive Vice President, Gateway Services since January 2014. Prior to this, he was Executive Vice President, Food Solutions.

Mr Piperdi joined SATS in April 1981. He has assumed various positions including Senior Vice President, Cargo Services; Vice President, Apron Services; Vice President, Cargo Services; and Vice President, Inflight Catering Centre 2. He also held other managerial positions in apron and baggage, passenger services, marketing and SIA Ground Services, where he was responsible for network procedures and ground handling contracts.

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

WONG HONG

Mr Wong is the Executive Vice President, Food Solutions of SATS since April 2014. He joined in July 2012 as Executive Vice President, Gateway Services.

Prior to this, Mr Wong was the Regional Director, Asia Pacific for Industry Distribution & Financial Services at the International Air Transport Association (IATA). He was responsible for managing its airline settlement systems and accreditation programme covering passenger and cargo agents across the Asia Pacific region. Before IATA, he spent three years with MasterCard International and 13 years with Singapore Airlines, holding various senior appointments.

Mr Wong sits on various Boards of SATS' subsidiaries and associated companies. A Singapore Airlines Scholar, he holds a Bachelor in Engineering (Honours) degree, majoring in Electrical from the National University of Singapore. He is also a Harvard Business School alumni, having completed the General Management Program (2011).

HELEN CHAN YIN FOONG

Ms Chan is SATS' Senior Vice President, Finance. She joined in August 2011 as the Group Financial Controller and was promoted to her current position in October 2013. She manages both corporate and regional finance functions of the Group.

Ms Chan has more than 20 years of experience in the field of finance. Prior to joining SATS, she was the Finance Director of NCS Pte Ltd and the Financial Controller of Singapore Computer Systems Limited.

Ms Chan sits on the Board of a SATS' subsidiary. She graduated from the National University of Singapore with a Bachelor Degree in Accountancy. She is a Chartered Accountant (Singapore) and a member of the Institute of Singapore Chartered Accountants.

CHANG SEOW KUAY

Mr Chang is the General Manager of SATS BRF Food Pte. Ltd. since June 2015. Prior to this, he was Senior Vice President, Institutional Catering of SATS' subsidiary, Singapore Food Industries Pte. Ltd., from November 2012 to April 2015.

Mr Chang joined SATS in June 1990 and has held various appointments including Senior Vice President, Gateway and Food (Overseas Operations); Senior Vice President, Food Solutions (Overseas Operations); Chief Executive Officer of Country Foods Pte. Ltd.; Senior Vice President, Special Projects; Vice President, Business Planning & Development, and other managerial positions in catering production and marketing. He was seconded to Beijing Airport Inflight Kitchen Ltd in May 1995 to start up its catering operations.

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

THOMAS CHING CHUN FONG

Mr Ching is the Senior Vice President, Institutional Catering of Singapore Food Industries Pte. Ltd. since June 2015. Prior to this, he was SATS' Vice President, Catering Marketing and was responsible for expanding the customer base of its aviation catering business.

Mr Ching joined SATS in March 1992, starting his career in its subsidiary, SATS Aero Laundry Pte. Ltd. He held various managerial positions there and was responsible for managing its operations and growing its aviation and non-aviation customer base.

Mr Ching graduated from the National University of Singapore with a Bachelor of Business Administration degree.

GOH SIANG HAN

Mr Goh is the Senior Vice President, Inflight Catering of SATS. He joined in January 1991 and was promoted to his current position in July 2014.

Prior to this, Mr Goh was Vice President, Catering Operations, overseeing meals production at Inflight Catering Centre 1. He has also assumed various positions in

Executive Management

passenger services, apron, baggage operations and industrial relations.

Mr Goh is the Alternate Director of Servair-SATS Holding Company Pte Ltd and sits on various Boards of SATS' subsidiaries and associated companies. He graduated from the National University of Singapore with Bachelor of Business Administration (Honours) degree.

TONY GOH AIK KWANG

Mr Goh is the Senior Vice President, Sales & Marketing of SATS. He is responsible for airline network marketing, and management of key accounts and ground handling contracts in Singapore.

Mr Goh joined SATS in July 1978 and was appointed to his current position since July 2008. Prior to this, he has held various executive and managerial positions in the Group.

Mr Goh sits on the Board of a SATS' subsidiary. He graduated from the University of Singapore with a Bachelor of Business Administration (Honours) degree.

ANDREW LIM CHENG YUEH

Mr Lim is SATS' Senior Vice President, Greater China since June 2015. Prior to this, he was the Senior Vice President, Passenger Services.

Mr Lim joined SATS in May 1979 and has assumed various positions including Senior Vice President, Greater China; Senior Vice President, Apron and Passenger Services; as well as other managerial positions covering cargo, security services, passenger services, human resources and training, and in SIA Cargo.

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

DENIS SURESH KUMAR MARIE

Mr Marie is the Senior Vice President, Apron Services of SATS since June 2012. He concurrently oversees the operations of SATS Security Services Private Limited. Prior to this, he was the Senior Vice President, Passenger Services. He joined SATS in October 2001 as General Manager of SATS Security Services Private Limited.

Mr Marie has a wealth of experience in security and law enforcement. Before joining SATS, he held senior positions in training and security management, including appointment as Deputy Assistant Commissioner with CISCO.

Mr Marie sits on various Boards of SATS' subsidiaries. He graduated from the Oklahoma City University in the US with a Bachelor of Science degree, majoring in Business Administration.

NAZRI BIN OTHMAN

Mr Nazri is the Senior Vice President, Passenger Services of SATS since June 2015. Prior to this, he was seconded to PT Jasa Angkasa Semesta Tbk from July 2004 to May 2015, where he held the position of Vice President Director and Chief Operating Officer.

Mr Nazri joined SATS in July 1994 and took on various positions in baggage and apron transport, passenger services, and cargo services.

Mr Nazri is a Board member of PT Jasa Angkasa Semesta Tbk. He graduated from the National University of Singapore with a Bachelor of Social Science (Honours) degree, majoring in Sociology.

PREMA D/O K SUBRAMANIAM

Ms Subramaniam is SATS' General Counsel and Senior Vice President, Legal and Secretariat since July 2012. She is concurrently the Company Secretary of SATS and its various subsidiaries. She is responsible for the legal and corporate secretarial affairs of SATS and supports the Board of Directors and the various Board Committees in ensuring that all legal, corporate governance and regulatory matters are in compliance with the Listing Manual of the Singapore Exchange Securities Trading Limited as well as the Companies Act.

Ms Subramaniam brings with her a wealth of experience in the legal and corporate secretarial fields. She was formerly the General Counsel of Fortis Healthcare International Pte Limited; Vice President, Corporate Secretariat & Legal of SMRT Corporation Ltd; and Vice President, Legal of Singapore Technologies Kinetics Ltd.

Ms Subramaniam graduated from the National University of Singapore with a Bachelor of Laws (Honours) degree and is a member of the Singapore Academy of Law.

TAN LI LIAN

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

Before joining SATS, Ms Tan held various senior Human Capital appointments in KPMG Consulting Asia Pacific, Singapore Computer Systems Limited, and Singapore Telecommunications Ltd.

Ms Tan has a wealth of experience in the field of human capital and is currently the Treasurer in the Human Capital Board of Singapore. She graduated from Texas A&M University with a Bachelor's degree in Business Administration, majoring in Finance.

PAULINE TAN POH LIN

Ms Tan is SATS' Senior Vice President, Technology since August 2014. She is responsible for the overall technology re-engineering activities and delivery of the technology roadmap for SATS which includes process and product innovation. She will also oversee information technology services and centre of excellence from July 2015.

Prior to this, Ms Tan was the Senior Vice President, Group Information Technology of Neptune Orient Lines Limited and the Senior Director at Infocomm Development Authority of Singapore.

Ms Tan graduated from the National University of Singapore with a Bachelor of Science degree.

WONG CHEE MENG

Mr Wong is SATS' Senior Vice President, Cargo Services since April 2015. Prior to this, he was the Senior Vice President, Company Planning and Projects.

Mr Wong joined SATS in April 1989 and has assumed various positions in catering, human resources and airport services. In January 2011, he was seconded to SATS' subsidiary, TFK Corporation, as its Executive Vice President and Representative Director, overseeing its inflight catering operations in Narita and Haneda airports. He was also previously posted to Bejing Airport Inflight Kitchen Ltd. and Air Macau.

Mr Wong graduated from the University of Singapore with a Bachelor of Science (Honours) degree, majoring in Building.

RONALD YEO YOON CHOO

Mr Yeo is SATS' Senior Vice President, Planning and Support Services from July 2015. He oversees risk and safety management, company planning and projects, and corporate administration such as central purchasing and tender management, property management and staff transport. Prior to this, he was the Senior Vice President, Cargo Services and Senior Vice President, Gateway Services (Overseas Operations), where he was responsible for the performance of SATS' overseas operating units.

Mr Yeo joined SATS in 1978 and has assumed various positions in business planning and development, marketing, cargo, passenger and baggage services, and SIA Ground Services.

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

Corporate Social Responsibility

SATS is committed to being a socially responsible organisation through connecting with the communities we touch, and minimising the impact our activities have on the environment.

DRIVING SOCIAL CHANGE THROUGH PARTNERSHIP

SATS Foundation, our main vehicle for community engagement, aims to support the underprivileged through initiatives that focus on enabling and empowering them for the long-term, rather than just providing monetary and transient assistance.

The Foundation's objectives are to:

- enable change by supporting individuals and families in need;
- empower achievement by offering training and other opportunities to help beneficiaries realise their aspirations; and
- rebuild lives by helping disadvantaged individuals and families integrate with society and aid retirees in their career transition.

Upholding our belief in driving social change through enablement and empowerment, we deepened our relationship with the Assumption Pathway School (APS).

APS is an educational institute that provides secondary-level education and vocational training for students who are unable to access or complete mainstream secondary schooling.

We continued our support for the school's training restaurant through culinary programmes as well as sponsorship of its marketing and advertising activities. We also provided financial assistance to needy students along with two awards to recognise academic success. Furthermore, we offered internships to some of the students to help them gain relevant work experience, and we hired some graduates of APS directly into SATS.

RSVP Singapore - The Organisation of Senior Volunteers, is a non-profit organisation that provides opportunities for seniors to serve the community and enrich lives through volunteerism. SATS' support for RSVP Singapore focuses on training senior volunteers in social service, so as to motivate and equip them with the skills they need to effectively contribute to the community.

In total, we contributed approximately $270,000 in funding to APS and RSVP Singapore, which was distributed and administered by Community Foundation Singapore – an independent, philanthropic organisation.

We also supported Bizlink Centre, a non-profit organisation that provides employment and job assessment services for the disabled and disadvantaged. Last August, we commissioned a special project that involved our senior management working with its beneficiaries, to

design tealight holders for our staff in celebration of Deepavali.

To help raise funds and promote social service programmes, we supported a number of charity runs including the POSB PAssion Run for Kids and the Singapore Airlines Charity Run. A team of 191 staff also participated in the Singapore Airlines Charity Run held in November.

FOCUSING ON THE COMMUNITY

As well as volunteering for events organised by SATS Foundation, our people organised other community activities themselves. Through the SATS Staff Association (SSA), they contributed more than $140,000 and a significant amount of their time during the year to nearly 30 SSA initiatives and events.

These include:

- monthly donations to the National Kidney Foundation (NKF) to cover the costs of artificial kidneys for 50 patients from its dialysis centre in Tampines;
- raising $40,000 for disaster relief efforts in the wake of the major earthquake in Nepal;
- monthly distribution of food packages and provision of basic housekeeping for needy families;
- daily provision of lunch for Arc Children's Centre, an independent day-care facility for children undergoing treatment for life-threatening illnesses;
- a treat for 100 patients from Wong Sui Ha Edna-NKF Dialysis Centre in celebration of International Chefs Day, where our multinational culinary team prepared a nutritious spread for them;
- hosting 28 children from Arc Children's Centre for an afternoon of fun activities; and
- a Chinese New Year celebration for more than 300 beneficiaries at Society for the Aged Sick.

In October, 180 staff also volunteered at the SATS-Elderly Sector Network Carnival held at the Marina Bay Cruise Centre. Our people hosted some 350 beneficiaries from 20 elderly homes in the largest ever community event organised by SSA.

Overseas, our subsidiaries and associates did their part too. SATS HK continued its involvement with the community by organising a number of visits to elderly centres while staff of Asia Airfreight Terminal volunteered at a children's home, organising a painting day and bringing mooncakes to them as well.

Air India SATS Airport Services (AISATS) distributed reusable clothing to the Uday Foundation, a non-profit organisation based in Delhi that seeks to improve the lives of children. It also donated stationery to disadvantaged school children in Bangalore. Maldives Inflight Catering supported a children's home, providing building maintenance and laundry service as well as organising an outing for the children.

MINIMISING OUR FOOTPRINT

An important part of our role as a socially responsible organisation is contributing to a greener future for all. The efficient use of our resources not only helps to minimise our impact on the environment, but also provides benefits for our business.

Acknowledging this, we implemented a number of initiatives – both large and small-scale – that increased the efficiency of our systems and delivered a total savings of more than $250,000 arising from reduced utilities consumption.

One of these initiatives was the installation of a heat pump energy recovery system. This system allowed us to reuse waste energy from our kitchen and in turn reduce the load being placed on our air-conditioning system.

We also upgraded the refrigeration and chiller systems at our airfreight terminals with newer and more energy-efficient ones; and installed split-unit chillers in the Marina Bay Cruise Centre in order to realise savings through more localised cooling of this large space.

TFK replaced its existing lightings with more energy-efficient fixtures, contributing to a reduction of more than 50,000 kilowatt-hours of energy use. Similarly, AISATS replaced 100 old lamps with new LED lights in its cargo terminal, reducing energy consumption by 60%. It also initiated the usage of renewable and clean burning biodiesel for its fleet of forklifts to reduce emission of harmful pollutants.

Corporate Governance Report

SATS Ltd. ("**SATS**" or the "**Company**") strives to maintain high standards of corporate governance within the Company and its subsidiaries (the "**Group**") by promoting performance management and accountability to enhance long-term shareholder value, and by constantly reviewing processes, policies and practices. For example, the Company was early in complying with many of the revised guidelines in the 2012 Code of Corporate Governance ("**2012 Code**") even prior to the commencement of the 2012 Code. This report ("**Report**") describes SATS' corporate governance policies and practices with specific reference to the principles and guidelines set out in the 2012 Code.

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

The Board is responsible for overseeing the business, financial performance and affairs of the Group. Management's role is to ensure that the day-to-day operations and administration of the Group are carried out in accordance with the policies and strategies determined by the Board, and in that respect, Management is fully accountable to the Board.

The key functions of the Board are to:

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

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

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

The complete list of each Director's membership in the Board Committees is set out in the table below:

Board Member	Board Membership	Board Executive Committee	Audit Committee	Nominating Committee	Remuneration and Human Resource Committee	Board Risk and Safety Committee
Mr Edmund Cheng[1]	Chairman & Independent Director	Chairman		Member	Chairman	
Mr Alex Hungate[2]	Executive Director	Member				Member
Mr David Baffsky	Independent Director			Chairman	Member	
Ms Euleen Goh[3]	Independent Director	Member	Chairman	Member		
Mr Nihal Kaviratne	Independent Director		Member			Member
Mr Koh Poh Tiong	Independent Director		Member		Member	
Mr Michael Kok[4]	Independent Director	Member				
Mr Yap Chee Meng[5]	Independent Director		Member			Chairman
Mr Leo Yip[6]	Independent Director			Member	Member	

Notes:
1 Mr Edmund Cheng was appointed as member of the Nominating Committee with effect from 31 October 2014.
2 Mr Alex Hungate is also the President and Chief Executive Officer ("PCEO"). He was appointed as member of the Board Risk & Safety Committee with effect from 31 October 2014.
3 Ms Euleen Goh was appointed as member of the Nominating Committee with effect from 1 May 2015.
4 Mr Michael Kok was appointed to the Board on 6 March 2015 and further appointed as member of the Board Executive Committee with effect from 1 May 2015.
5 Mr Yap Chee Meng was appointed as member of the Audit Committee with effect from 1 May 2015.
6 Mr Leo Yip resigned as Director on 1 March 2015 and relinquished all Board Committee appointments on the same day including his membership on the Nominating Committee and Remuneration and Human Resource Committee.

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

Board meetings are scheduled in advance. In addition, ad hoc Board meetings are convened if and when there are pressing matters requiring the Board's deliberation and decision in between the scheduled meetings. Since 2003, the Board has also conducted annual Board Strategy meetings in order to have more focused discussions on key strategic issues. The General Counsel, the Chief Financial Officer ("**CFO**") and the Executive Vice Presidents ("**EVP**") are usually invited and are present at the meetings of the Board Executive Committee. The Board and Board Committees may invite any member of the Management team to be present at the meetings.

The Company's Articles of Association ("**Articles**") allow Directors to participate in Board and Board Committee meetings by way of telephone or video conference or other similar means of communication equipment whereby all persons participating in the meeting are able to hear each other, without requiring their physical presence at the meeting. The Company has set up telephone and video conference facilities to enable alternative means of participation in Board and Board Committee meetings. To facilitate the effective participation of Directors at Board and Board Committee meetings, papers and materials are made available at least a week prior to the meeting. This enables any Director who is unable to attend a Board or Board Committee meeting to provide input and raise any queries on matters discussed. In FY2014-15, two meetings of the Board and Board Committee were held via telephone conference.

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The Directors' attendance at Board and Board Committee meetings as well as the two-day Board strategy meeting held in FY2014-15 are set out below.

	No. of Board and Board Committee meetings attended in FY2014-15					
	Board Meetings (including Board Strategy Meeting)	**Board Executive Committee ("Exco")**	**Audit Committee ("AC") (including a joint meeting with the BRSC)**	**Nominating Committee ("NC")**	**Remuneration and Human Resource Committee ("RHRC")**	**Board Risk and Safety Committee ("BRSC")**
No. of meetings held	**6**	**4**	**5**	**1**	**2**	**4**
Board Members						
Mr Edmund Cheng[1]	6	4			2	
Mr Alex Hungate[2]	6	4				2/2
Mr David Baffsky	5			1	2	
Ms Euleen Goh[3]	6	4	5			
Mr Nihal Kaviratne	6		4			3
Mr Koh Poh Tiong	6		5		2	
Mr Michael Kok[4]	1/1					
Mr Yap Chee Meng[3]	6					4
Mr Leo Yip[5]	5/5			1	2	

Notes:
1 Mr Edmund Cheng was only appointed as a member of the NC on 31 October 2014 and he has therefore not attended the meeting of the NC held on 20 May 2014.
2 Mr Alex Hungate was appointed as a member of the BRSC on 31 October 2014. He attended two out of two BRSC meetings held during his term as a member of the BRSC.
3 Ms Euleen Goh and Mr Yap Chee Meng were appointed as member of the NC and the AC, respectively on 1 May 2015. Ms Goh and Mr Yap have therefore not attended the meetings of the NC and the AC, respectively held in FY2014-15.
4 Mr Michael Kok was appointed to the Board on 6 March 2015 and further appointed as member of the Exco on 1 May 2015. He attended one out of one Board meeting held during his term as Director.
5 Mr Leo Yip resigned as Director on 1 March 2015 and relinquished all Board Committee appointments on the same day. He attended five out of five Board meetings held during his term as Director in FY2014-15.

All members of the Board participate actively in Board discussions and share their insights on issues and matters tabled. The Board engages with and provides leadership to Management in the development and execution of strategies, stakeholders' engagement as well as a myriad of matters in the areas of business, strategy, operational issues and risk management. Board members meet regularly with and without the presence of Management and review and monitor the performance of Management in meeting the goals and objectives set for them.

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

Board Executive Committee

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

The Board Executive Committee comprises the following four members:

- Mr Edmund Cheng, Chairman
- Mr Alex Hungate, Member
- Ms Euleen Goh, Member
- Mr Michael Kok, Member *(appointed 1 May 2015)*

The Board Executive Committee is required under its terms of reference to meet at least once in each financial year. The Board Executive Committee met four times in FY2014-15. Regular reports are presented at each meeting of the Board Executive Committee on the performance of the Group's subsidiaries, associated companies and joint ventures, and the operational performance of the Group. The General Counsel, the CFO and the EVPs are usually invited and are present at the meetings of the Board Executive Committee.

Orientation and Training for Directors

Newly-appointed Directors undergo a comprehensive and tailored familiarisation programme, which includes visits to major businesses and joint ventures, site visits to the kitchens, apron and cargo terminals, abattoir, etc., as well as presentations by members of Management, to facilitate the Directors' understanding of the Group's objectives, strategic plans, businesses, operations and processes. Each of the newly-appointed Directors is also sent a formal appointment letter setting out directors' duties and obligations, and enclosing the Company's latest Annual Report and copies of the minutes of immediate past Board and Board Committee meetings. They are also provided with other materials relating to the Board and Board Committees, including the terms of reference of the various Board Committees as well as relevant guidelines and policies.

The Directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in the Companies Act, Chapter 50 (the "**Companies Act**"), Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), Securities and Futures Act, etc. to enable them to carry out their statutory and fiduciary duties as well as to update and refresh them on matters that may affect and/or enhance their performance as Board members. Legal advisors are also invited to brief the Board on any new laws and regulations. In FY2014-15, a presentation was made to the Board on cyber security. During the 2014 Board Strategy meeting, external consultants were invited to speak to the Board on technology transformation. As part of the Directors' ongoing training programme, Directors are recommended and encouraged to attend conference, courses and seminars conducted by external organisations on corporate governance, leadership and industry-related subjects. The registration process is facilitated by the Company with course fees borne by the Company.

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

Independent Directors

There is a strong and independent element on the Board, as seven out of the eight Directors on the Board are currently considered by the Nominating Committee and the Board to be independent.

Mr Alex Hungate is the only Executive Director on the Board and is at the same time the PCEO of the Company. He is thus a non-independent Director. The nature of the Company's business and operations merit the continuity of an Executive Director on the Board to provide Independent Directors with the requisite background and knowledge to facilitate their independent judgment and decision making.

Every year, the Nominating Committee determines the independence of each Director, after taking into account the definition of an independent Director under the 2012 Code and guidance as to relationships that may exist of which would deem a director to be non-independent. The Nominating Committee also takes into account the annual confirmation of independence completed by each Director. Directors are required under the annual confirmation to critically assess their independence.

The Nominating Committee and the Board determines that with the exception of Mr Alex Hungate, the Executive Director, the remaining seven Non-Executive Directors are considered as independent.

As of 25 May 2015, Mr Edmund Cheng would have served as Chairman of the Board for approximately 12 years. The Nominating Committee (with the Chairman recusing) has conducted a detailed review of Mr Edmund Cheng's independence which included a self-assessment by Mr Cheng and a substantive assessment by the Nominating Committee. The Nominating Committee takes into account, among other things, whether a Director's long-term relationship with Management could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgment with a view to the best interests of the Company. With respect to Mr Edmund Cheng's independence, the Nominating Committee also considered the following factors:-

- he is the leader of the Board and together with the Board sets the strategic direction for the Company;

- he does not interfere with the day to day management of the business operations nor does he participate in any operational or management meetings but instead he coaches and guides the PCEO in the operational implementation and strategic transformation of the Company;

- in Singapore, which is considered an emerging market in the corporate governance field, it is difficult to find people with his skills and experience and depth of knowledge of the industry and it is to the benefit of the Management and the Board that he continues to lead as an independent Chairman; and

- there has been no increase in Directors' fees for the past few years and the level of remuneration paid to Mr Edmund Cheng would not compromise his independence.

The Board (with the Chairman recusing) taking into account the views of the Nominating Committee, has reviewed the extent to which Mr Cheng remains independent, and is of the firm view that Mr Cheng has contributed effectively by providing impartial and autonomous views, advice and judgment, and in the manner in which he discharges his responsibilities as a Director. The Board is thus satisfied that, despite Mr Cheng's length of tenure, he is considered independent, that his leadership qualities as well as deep knowledge and involvement in the industry remain important for the Board and the Company, that there is no association with Management that could compromise his independence, and that therefore,he remains independent.

Board Composition and Size

The Board, through the Nominating Committee, reviews the diversity of skills, experience, gender, knowledge, size and composition of the Board. The Nominating Committee has developed a set of principles to guide it in carrying out its responsibilities of reviewing and determining an appropriate Board size and composition. The Nominating Committee reviews the composition of the Board to ensure that the Board comprises Directors who as a group provide core competencies, in areas such as accounting, finance, legal, business, management (including human capital development and management) experience, industry knowledge, strategic planning experience, and customer-based experience/knowledge, required for the Board to be effective. The Board taking into account the review and recommendation of the Nominating Committee, has determined that knowledge and experience in supply chain logistics, technology and marketing are required to be added to the core competencies of the Board. Mr Michael Kok, who has extensive regional experience in the retail and food industry, and is also knowledgeable in supply chain management and logistics, was subsequently appointed to the Board on 6 March 2015.

The Board, in concurrence with the Nominating Committee, is of the view that, taking into account the nature and scope of the operations of the Company, the requirements of the Company's businesses and to facilitate effective decision-making, the appropriate size of the Board should range from eight to twelve members, with independent Directors making up at least one-third of the Board. No individual or small groups of individuals dominate the Board's decision-making.

The Company has put in place processes to ensure that non-executive Directors are well supported by accurate, complete and timely information, unrestricted access to Management, and have sufficient time and resources to discharge their oversight function effectively, and to constructively challenge and help develop proposals on strategy. To facilitate open discussion and review of the effectiveness of Management, Board members meet up from time to time for informal discussions prior to the scheduled Board meetings, without Management being present.

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

Mr Edmund Cheng is the non-executive and independent Chairman, and Mr Alex Hungate is the PCEO of the Company. The roles of the Chairman and the PCEO are clearly separated to ensure appropriate checks and balances, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the PCEO are not related to each other.

The responsibilities of the Chairman and PCEO are documented and agreed on by the Board. The Chairman of the Board leads the Board to ensure its effectiveness in all aspects of its role, and sets its agenda, guides the dissemination of accurate, timely and clear information amongst Board members, promotes openness and debate at Board level, facilitates effective communication with Shareholders, encourages constructive relations within the Board and between the Board and Management, facilitates the effective contributions of the Directors, and promotes high standards of corporate governance.

The PCEO, assisted by the EVPs and senior management, makes strategic proposals to the Board and after robust and constructive Board discussions, executes the agreed strategy, manages and develops the Group's businesses and implements the Board's decisions.

PRINCIPLE 4:
FORMAL AND TRANSPARENT PROCESS FOR APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

Nominating Committee
The Board has established a Nominating Committee with written terms of reference clearly setting out its authority and duties, which include the following:

- reviewing and making recommendations to the Board on the diversity of skills, experience, gender, knowledge, size and composition of the Board;
- making recommendations to the Board regarding the process for identification and selection of new Directors, including recommending Directors for appointment to the Board Committees;
- making recommendations to the Board on re-nominations and re-appointments of existing Directors;
- reviewing succession planning of Board and Board Committee members, including for the Chairman of the Board;
- evaluating the independence of Directors on an annual basis, and as and when circumstances require;
- determining if Directors who hold directorships on other boards are able to and have been adequately carrying out their duties as Directors of the Company;
- developing and carrying out the process for assessing the effectiveness of the Board as a whole and the effectiveness of the Board Committees, and assessing the contributions made by the Chairman of the Board. The assessment of each individual Director's contribution to the effectiveness of the Board is a joint responsibility of the Nominating Committee Chairman and the Board Chairman;
- reviewing the training and professional development programmes for the Board; and
- carrying out such other authorities and duties as provided in the 2012 Code.

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

- Mr David Baffsky, Chairman
- Mr Edmund Cheng, Member
- Ms Euleen Goh, Member *(appointed 1 May 2015)*

The Nominating Committee met once in FY2014-15, which met the requirement under its terms of reference.

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RE-NOMINATION AND RE-APPOINTMENT OF DIRECTORS

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

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-appointment/ re-election as a Director
Mr Edmund Cheng[1]	Chairman	22 May 2003 (as Director and Chairman)	26 July 2012
Mr Alex Hungate[2]	Executive Director	27 July 2011	26 July 2013
Mr David Baffsky[3]	Director	15 May 2008	23 July 2014
Ms Euleen Goh[4]	Director	1 August 2013	23 July 2014
Mr Nihal Kaviratne[5]	Director	30 July 2010	23 July 2014
Mr Koh Poh Tiong	Director	1 November 2011	23 July 2014
Mr Michael Kok[6]	Director	6 March 2015	Not Applicable
Mr Yap Chee Meng	Director	1 October 2013	23 July 2014
Mr Leo Yip[7]	Director	1 September 2010	Not Applicable

Notes:

1 Mr Edmund Cheng, who will retire pursuant to Article 83, has indicated his willingness to stand for re-election at the Company's 42nd Annual General Meeting to be held on 21 July 2015 ("**42nd AGM**"). He is currently the Chairman of the Remuneration and Human Resource Committee and a member of the Board Executive Committee and Nominating Committee. Mr Cheng is considered an independent Director.

2 Mr Alex Hungate is also the PCEO of the Company. Pursuant to the Articles of the Company, any Director so appointed as Chief Executive Officer, such Director shall not, while holding that office, be subject to the same provisions as to retirement by rotation, resignation and removal as the other Directors.

3 Mr David Baffsky is above the age of 70 years and will retire pursuant to Section 153(6) of the Companies Act at the 42nd AGM. He has indicated his willingness to stand for re-appointment at the 42nd AGM. Mr Baffsky is the Chairman of the Nominating Committee and a member of the Remuneration and Human Resource Committee. Mr Baffsky is considered an independent Director.

4 Ms Euleen Goh, who will retire pursuant to Article 83, has indicated her willingness to stand for re-election at the 42nd AGM. She is currently the Chairman of the Audit Committee and member of the Board Executive Committee and Nominating Committee. Ms Goh is considered an independent Director.

5 Mr Nihal Kaviratne is above the age of 70 years and will retire pursuant to Section 153(6) of the Companies Act at the 42nd AGM. He has indicated his willingness to stand for re-appointment at the 42nd AGM. Mr Kaviratne is a member of the Audit Committee and the Board Risk and Safety Committee. Mr Kaviratne is considered an independent Director.

6 Mr Michael Kok was appointed to the Board on 6 March 2015 and will retire pursuant to Article 90 at the 42nd AGM. He has indicated his willingness to stand for re-election at the 42nd AGM. Mr Kok is a member of the Board Executive Committee. Mr Kok is considered an independent Director.

7 Mr Leo Yip resigned as Director on 1 March 2015.

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

The Directors standing for re-election pursuant to Article 83 at the 42nd AGM are Mr Edmund Cheng and Ms Euleen Goh, and Mr Michael Kok is standing for re-election pursuant to Article 90. Mr David Baffsky and Mr Nihal Kaviratne are standing for re-appointment pursuant to Section 153(6) of the Companies Act. The Nominating Committee (after having taken into consideration the principles for the determination of the Board size and composition adopted by it) recommends their retirement and re-appointment, after assessing their contribution and performance (including attendance, preparedness, participation and candour) as Directors, and the Board has endorsed the recommendation.

With effect from FY2010-11, newly appointed non-executive Directors are appointed to serve an initial term of three years and such initial term of office may be renewed for a subsequent term or terms of up to a total of three years, expiring at the AGM of the Company closest to the 6th anniversary of their initial appointment. The tenure of each Director would be considered at that juncture, taking into account the recommendations of the Nominating Committee and subject to the Board's approval. However, the Board recognises the contribution of Directors who over time have developed deep insights into the Group's businesses and operations and who are therefore able to provide invaluable contributions to the Board as a whole. In such cases, the Board may exercise its discretion to extend the term and retain the services of the Director.

Independence Review

The Nominating Committee is tasked to determine on an annual basis, and as and when circumstances require, whether or not a Director is independent, bearing in mind the definition of an "independent Director" and guidance as to the types of relationships which would deem a Director not to be independent, under the 2012 Code.

Selection and Appointment of New Directors

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

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

Review of Directors' Time Commitments

The Nominating Committee determines annually whether a Director has been adequately carrying out his duties as a Director of the Company, taking into consideration the number of that Director's other listed company board representations and other principal commitments. In respect of FY2014-15, the Nominating Committee is of the view that the number of each Director's other directorships was in line with the Company's guideline that the maximum number of listed company board representations which any Director may hold should range from five to seven. The Nominating Committee is of the view that each Director has been able to effectively discharge his duties as a Director of the Company.

Key Information Regarding the Directors

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

PRINCIPLE 5:
FORMAL ASSESSMENT OF EFFECTIVENESS OF THE BOARD AND BOARD COMMITTEES AND INDIVIDUAL DIRECTOR'S CONTRIBUTIONS

The Board, with the assistance of the Nominating Committee, has implemented a process for assessing the effectiveness of the Board as a whole and its Board Committees, and for assessing the contributions by the Chairman of the Board.

The Chairman of the Board meets with the Chairman of the Nominating Committee to discuss the assessment of each individual Director to the effectiveness of the Board.

Assessment of Board and Board Committees and individual Director's performance is carried out annually. In FY2014-15, the Nominating Committee conducted the Board assessment by way of a questionnaire (the "**Questionnaire**") developed in conjunction with external consultants, Aon Hewitt. The Questionnaire comprises two sections. Section 1 of the Questionnaire concerns Board and Board Committees assessment and covers areas such as Board composition, information management, Board processes, investor relations and corporate social responsibility, managing the Company's performance, strategic review, individual committee assessments, PCEO performance and succession planning, Directors' development and management, risk management, etc. Section 2 of the Questionnaire requires each Director to assess his/her own performance as well as the performance of his/her peers in areas such as contribution, knowledge, ability, teaming, integrity, personal commitment, etc. with the objective of continuous improvement in the quality of Board discussions.

The Board assessment exercise provides an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes allow him/her to discharge his/her duties effectively and the changes which should be made to enhance the effectiveness of the Board and/or Board Committees. The individual Director's assessment exercise allows for peer review with a view to encouraging the increasing effectiveness of and contribution by Board members.

The relevance and effectiveness of each collective Board evaluation exercise is further enhanced by private session held between the Chairman and each Director to discuss and assess the individual performance of the Director. These one-to-one sessions provide a forum for the Chairman to raise and address with each Director, in a conducive setting, issues or matters pertaining to the Board and the individual Director's performance on the Board, and for free and constructive dialogue on an individual basis. It also enables the Chairman and each Director, respectively, to give mutual feedback on individual performance of the

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Director as well as the Chairman, in order to identify areas for individual improvement as well as to assess how each Director may contribute more effectively to the collective performance of the Board (and, in the case of the Chairman, enhance the leadership of the Board).

PRINCIPLE 6:
BOARD'S ACCESS TO INFORMATION

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

As part of good corporate governance, Board papers or additional information for decision or discussion at Board meetings are circulated, to the extent practicable, a reasonable period in advance of the meetings for Directors' review and consideration, and key matters requiring decision are largely reserved for resolution at Board meetings rather than by circulation to facilitate discussion amongst Board members and with Management. The detailed agenda of each Board meeting sets out clearly matters requiring decision and approval and matters which are for the Board's information.

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

The Board is supported by the Board Secretariat team and has separate and independent access to the Company Secretary. The Company Secretary attends all Board meetings and minutes the proceedings. The role of the Company Secretary has been defined by the Board to include supervising, monitoring and advising on all governance matters, compliance by the Company with its Memorandum and Articles of Association, laws and regulations, the 2012 Code, and the Listing Manual of the SGX-ST; communicating with relevant regulatory authorities and bodies and Shareholders on behalf of the Company; and performing such other duties of a company secretary, as required under laws and regulations or as specified in the Listing Manual of the SGX-ST or the Articles, or as required by the Chairman of the Board or the Chairman of any Board Committee or the Directors (or any of them), as the case may be. In addition, the Company Secretary assists the Chairman to ensure that there is good information flow within the Board and the Board Committees, and between Management and the Directors. The Company Secretary facilitates orientation and assists with professional development of the Directors as may be required. The appointment and removal of the Company Secretary are subject to the approval of the Board.

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

PRINCIPLE 7:
FORMAL AND TRANSPARENT PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Remuneration and Human Resource Committee

The Board has established a Remuneration and Human Resource Committee. The Remuneration and Human Resource Committee comprises the following members, all of whom (including the Chairman) are non-executive and independent Directors:

- Mr Edmund Cheng, Chairman
- Mr David Baffsky, Member
- Mr Koh Poh Tiong, Member

The Remuneration and Human Resource Committee is required by its terms of reference to meet at least twice each financial year, with additional meetings to be convened as and when required. The Committee convened two meetings in FY2014-15.

The written terms of reference of the Remuneration and Human Resource Committee clearly set out its authority and duties, which include the following:

- reviewing and recommending the general remuneration framework for the Board (including Directors' fees and allowances) and key management personnel;
- overseeing the terms of appointment, scope of duties and remuneration of the PCEO, as well as any other appointment of equivalent seniority to the PCEO within the Company, and reviewing and recommending the specific remuneration packages of those occupying the position of EVP and above within the Group to the Board;
- implementing and administering the Company's Employee Share Option Plan, Restricted Share Plan and Performance Share Plan (collectively, the "**Share Plans**") in accordance with the prevailing rules of the Share Plans, requirements of the Listing Manual of the SGX-ST and applicable laws and regulations;
- overseeing the recruitment, promotion and distribution of staff talent within the Group;
- reviewing, overseeing and advising on the structure, organisation and alignment of the functions and management of the Group;
- reviewing succession planning of the Group;
- overseeing industrial relations matters; and
- carrying out such other authorities and duties as provided in the 2012 Code.

The Remuneration and Human Resource Committee has access to expert advice from external consultants. In FY2014-15, the Remuneration and Human Resource Committee sought views on market practices and trends from an external consultant, Aon Hewitt. The Remuneration and Human Resource Committee undertook a review of the independence and objectivity of the external consultants through discussions with them and was satisfied that the external consultant had no relationships with the Company that would affect their independence.

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

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

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

Every Director receives a basic fee. In addition, he receives a Chairman's fee if he is the Chairman of the Board, as well as the relevant Board Committee fee (depending on whether he served in the capacity as the Chairman or as a member of the relevant Board Committee) for each position he held on a Board Committee, during FY 2014-15. Non-Executive Directors, who ceased to be a director during any part of the financial year, are paid pro-rated fees for the term of his office. Each Director also receives an attendance fee for each Board meeting and Board Committee meeting attended by him during the financial year. The attendance fees for Board and Board Committee meetings vary according to whether the meeting is held in the state/country in which the Director is ordinarily resident and whether the Director is attending in person or via teleconference/video conference.

Whilst the Remuneration and Human Resource Committee is mindful that Non-Executive Directors should not be over-compensated, it opined that competitive and equitable remuneration will attract, motivate and retain Directors with the necessary experience and capabilities and desired attributes who can contribute to the Company's future development and growth. In FY2014-15, the Remuneration and Human Resource Committee had considered whether to pay a portion of the Directors' remuneration in the form of shares. The Board, taking into account the recommendation of the Remuneration and Human Resource Committee, opined that all the Non-Executive Directors of the Company have continually acted in the best interest of the Company and are aligned to the interests of Shareholders, and there is therefore no compelling reason to implement any scheme for Directors to hold shares in the Company.

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

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The proposed scale of Directors' fees for the financial year ending 31 March 2016 remains unchanged from that of FY2014-15, and is set out below.

Types of Appointment	Scale of Directors' fees (FY2015-16)
Board of Directors	**S$**
Basic fee	45,000
Board Chairman's fee	40,000
Board Deputy Chairman's fee	30,000
Audit Committee	
Committee Chairman's fee	30,000
Member's fee	20,000
Board Executive Committee	
Committee Chairman's fee	30,000
Member's fee	10,000
Other Board Committees	
Committee Chairman's fee	20,000
Member's fee	10,000
Board Meeting Attendance Fee	
Attendance via teleconference/videoconference	1,000
Attendance in person in home city (up to 4 hours for travel within home city)	2,500
Attendance in person outside home city	5,000
Board Committee Meeting Attendance Fee	
Attendance via teleconference/videoconference	500
Attendance in person in home city (up to 4 hours for travel within home city)	1,200
Attendance in person outside home city	2,500

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

Directors' Remuneration

The Directors' remuneration paid out for FY2014-15 is as indicated in the table below:

Directors	Total Fees Paid (S$)
Mr Edmund Cheng[1]	184,227
Mr David Baffsky[2]	132,000
Ms Euleen Goh	111,800
Mr Nihal Kaviratne	114,000
Mr Koh Poh Tiong	99,400
Mr Michael Kok[3]	5,715
Mr Yap Chee Meng	85,800
Mr Leo Yip[4]	76,744
Mr David Heng[5]	37,643
Mr Keith Tay[6]	75,361

Notes:

1 Mr Edmund Cheng was appointed as a member of the Nominating Committee on 31 October 2014. The fees include retainer and attendance fees paid by TFK Corporation ("**TFK**"), a subsidiary of the Company, to Mr Cheng as its Director.

2 Mr David Baffsky was paid retainer fees and attendance fees as Chairman of SATS joint venture subsidiary, Food and Allied Support Services Corporation Pte. Ltd ("**Fassco**").

3 Mr Michael Kok was appointed as a Director of the Company on 6 March 2015.

4 Mr Leo Yip resigned as a Director of the Company with effect from 1 March 2015 and relinquished all Board Committee appointments on the same day.

5 Mr David Heng retired following the conclusion of the 41st AGM held on 23 July 2014 and relinquished all Board Committee appointments on the same day. The fees include retainer and attendance fees paid by TFK to Mr Heng as its Director until his retirement from the Board of TFK on 23 July 2014.

6 Mr Keith Tay retired following the conclusion of the 41st AGM held on 23 July 2014 and relinquished all Board Committee appointments on the same day. Consequently, he ceased to be a Director of Fassco, where he was paid Board membership and attendance fees. Mr Tay was also paid retainer and attendance fees by TFK until his retirement from the Board of TFK on 23 July 2014.

At the 42nd AGM of the Company, approval of the Shareholders will be sought for Directors' fees of up to S$1,300,000 for the financial year ending 31 March 2016. The additional fees sought are to provide for the appointment of additional Directors, addition to the existing composition of the Board Committees, formation of additional Board Committees and/or fees for appointment to the Board of SATS group of companies, if so required. To facilitate timely payment of Directors' fees, the fees will be paid in arrears on a half-yearly basis in the course of the financial year once the fees have been approved at the 42nd AGM.

Key Executives' Remuneration

The Company's key executives' remuneration framework is designed to link rewards to Company and individual performance, and takes into consideration the risk policies of the Company so as to be symmetric with risk outcomes and sensitive to the time horizon of risks. The framework enables the Company to align key executive compensation with the interests of Shareholders and promotes the long-term success of the Company.

The key executives' remuneration framework includes the components of variable bonus (of which, a portion is tied to Economic Value Added ("**EVA**") performance) and share awards under the SATS Restricted Share Plan ("**SATS RSP**") and/or the SATS Performance Share Plan ("**SATS PSP**"), in addition to fixed basic salary, annual wage supplement ("**AWS**") and fixed allowances. The Company considers the PCEO and his direct reports as its key executives. With the introduction of share awards under the SATS RSP and the SATS PSP for employees of managerial grade and above in the Company, including key executives, in 2006, the Company has phased out the award of employee share options under the Senior Executive Share Option Scheme (one of the two schemes under the SATS Employee Share Option Plan ("**ESOP**") which was adopted by the Company in 2000) as part of the key executives' remuneration framework with effect from FY2007-08. The final grant of share options under the ESOP was made in July 2008. The payment of variable bonuses and grants of share awards under the SATS RSP and the SATS PSP are in turn dependent on the Company's financial performance as well as the key executives' individual performance through their achievement of certain key performance indicators set for them. In FY2014-15, a total of 1,670,000 shares and 1,373,000 shares have been granted under the SATS RSP and SATS PSP respectively.

Details such as the plan description, performance conditions, vesting conditions and payout of each of the SATS RSP and SATS PSP are set out in the Share-Based Payment section of the Director's Report and the corresponding "**Notes to Financial Statements**" section of this Report.

No termination, retirement or post-employment benefits were granted to Directors, the PCEO or the top five key management personnel of the Company (who are not Directors or the PCEO) during FY2014-15.

The aggregate compensation paid to or accrued to the PCEO and top five key management personnel (who are also not Directors or the PCEO as at the date of this Report) for FY2014-15 is indicated in the table below:

President and Chief Executive Officer (PCEO)		**Salary[2] (S$)**	**Bonuses[3] (S$)**	**Benefits (S$)**	**Total (S$)**	**Award under SATS RSP[4]**	**Award under SATS PSP[4]**
Alex Hungate		894,000	705,000	62,000	**1,661,000**	161,000	380,000
Key Management Personnel	**Remuneration Band[1]**	**Salary[2] (S$)**	**Bonuses[3] (S$)**	**Benefits (S$)**	**Total (S$)**	**Award under SATS RSP[4]**	**Award under SATS PSP[4]**
		%	(%)	%	%		
Tan Chuan Lye	$1,000,001 to $1,250,000	74	20	6	**100**	51,000	97,000
Yacoob Bin Ahmed Piperdi	$500,001 to $750,000	63	31	6	**100**	51,000	97,000
Wong Hong	$500,001 to $750,000	80	13	7	**100**	34,000	64,000
Cho Wee Peng	$500,001 to $750,000	75	20	5	**100**	51,000	97,000
Ferry Chung Qing An	$500,001 to $750,000	75	20	5	**100**	51,000	97,000

Notes:
1. Remuneration bands as indicated do not include the value of any awards granted under the SATS RSP and/or SATS PSP.
2. Salary includes AWS and employer's CPF for the year ended 31 March 2015.
3. Variable bonus comprises both actual performance bonus and EVA bonus paid for FY2013-14.
4. Denotes the base awards of shares granted under the SATS RSP and the SATS PSP for FY2014-15 on 6 August 2014 and 20 October 2014 respectively. Final number of shares awarded to the recipient could range between 0% and 120% of the base granted under the SATS RSP, and between 0% and 150% of the base award granted under the SATS PSP. All awards of shares will vest in the award holder subject to the achievement of pre-determined targets over a one-year period for the SATS RSP and a three-year period for the SATS PSP. The fair value at grant for the SATS RSP and the SATS PSP for FY2014-15 is at $2.83 and $1.50 respectively.

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The aggregate total compensation paid to the top five key management personnel (who are not also Directors or the PCEO as at the date of this report) was S$3,478,000.

None of the immediate family members of a Director or of the PCEO was employed by the Company or its related companies during FY2014-15.

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

PRINCIPLE 10:
ACCOUNTABILITY

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

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

PRINCIPLE 11:
RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk. It ensures that Management maintains sound risk management and internal control systems to safeguard Shareholders' interests, investments and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives. It also determines the company's levels of risk tolerance and risk policies, and oversees Management in the design, implementation and monitoring of the risk management and internal control systems.

The Board through the Audit Committee, oversees and reviews the adequacy and effectiveness of the Group's internal control functions, as well as assesses financial and compliance risks; through the Board Risk and Safety Committee, it oversees and reviews the Group's operational and information technology risks and ensures that a robust risk management system is maintained; and through the Board Executive Committee, oversees the strategic, legal and financial risks faced by the Group.

Board Risk and Safety Committee

The Board Risk and Safety Committee oversees and reviews the adequacy and effectiveness of the Group's risk and safety management systems and programmes.

The Board Risk and Safety Committee comprises the following members, a majority of whom (including the Chairman) are non-executive and independent Directors:

- Mr Yap Chee Meng, Chairman
- Mr Nihal Kaviratne, Member
- Mr Alex Hungate, Member

The written terms of reference of the Board Risk and Safety Committee clearly set out its authority and duties, which include the review of the following:

- adequacy of resources for the risk management functions and that they have appropriate standing within the Group;
- the risk management policies and practices and the types and level of risks faced by the Group;
- the activities of the SATS Group Risk and Safety Committee which is responsible for putting in place risk management processes and methodologies, identifying risks and instilling mitigation plans, updating risk registers and profiles;
- reports on any material breaches of risk limits and the adequacy of proposed action;
- the Board's Risk Management and Internal Controls Statement;
- the Group's safety system and programmes for effectiveness and compliance with regulatory requirements and best industry practices for food safety, workplace safety and health;
- regular reports on safety, initiation of remedial actions and assessment of level of compliance with the safety management plan;
- food safety and accident investigation findings and implementation of recommendations by Management; and
- adequacy of insurance coverage for the Group.

During the year under review, the Audit Committee was invited for the risk management discussion. Together with the Board Risk and Safety Committee, both Board Committees endorsed and approved for recommendation to the Board, the SATS Group Key Risks, Assurance Reporting Dashboard, Risk Appetite Statement and Tolerance Limits.

The Board Risk and Safety Committee is required by its terms of reference to meet at least four times a year. The Committee met four times in FY2014-15.

The "**Risk Management and Internal Controls Statement**" section in this Annual Report sets out details of the Group's systems of internal controls and risk management, and the Board's views on the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls.

PRINCIPLE 12:
AUDIT COMMITTEE

Audit Committee

The Audit Committee comprises the following members, all of whom (including the Chairman) are non-executive and independent Directors:-

- Ms Euleen Goh, Chairman
- Mr Nihal Kaviratne, Member
- Mr Koh Poh Tiong, Member
- Mr Yap Chee Meng, Member *(appointed on 1 May 2015)*

The Audit Committee's primary role is to assist the Board to ensure the integrity of financial reporting and sound internal control systems. During the year, it reviewed the Group's financial statements before the announcement of the quarterly and full-year results. In the process, it reviewed the key areas of management judgment, critical accounting policies, and any significant changes that would have a material impact on the financial statements.

Two members of the Audit Committee, including the Chairman, are qualified accountants. All members of the Audit Committee have extensive experience in financial management. The Board is of the view that the members of the Audit Committee have the necessary and appropriate expertise and experience to effectively discharge their duties as members of the Audit Committee.

The external auditors update and keep the Audit Committee informed about relevant changes to accounting standards and issues which have a material impact on financial statements.

The Audit Committee has explicit authority to investigate any matter within its terms of reference, full access to and co-operation of Management, and full discretion to invite any Director or executive officer to attend its meetings. It also has reasonable resources to discharge its functions. The Company's internal audit team, and the external auditors, report their findings and recommendations to the Audit Committee independently.

The Audit Committee is required by its terms of reference to meet at least four times a year. It met four times in FY2014-15, and at least one of these meetings was conducted without the presence of Management. During the year under review, the Audit Committee held a joint discussion with the Board Risk and Safety Committee, whereby both Board Committees endorsed and approved for recommendation to the Board, the SATS Group Key Risks, Assurance Reporting Dashboard, Risk Appetite Statement and Tolerance Limits.

The Audit Committee meets (a) with the external auditors, and (b) with the internal auditors, in each case without the presence of Management, at least annually. The Audit Committee reviews the independence and objectivity of the external auditors annually. It has also reviewed the nature and volume of non-audit services provided by its external auditors to the Group during FY2014-15, and the fees, expenses and emoluments paid or made to the external auditors, and is satisfied that they have no significant impact on the independence and objectivity of the external auditors. For details of fees payable to the auditors in respect of audit and non-audit services, please refer to Note 6 of the Notes to the Financial Statements on page 102.

In addition to the review of the independence and objectivity of the Auditors and as part of good corporate governance initiatives, the Audit Committee invited large established accounting firms to participate in a request for proposal for the appointment of auditors of the Company for the financial year ending 31 March 2016. The Board of Directors, taking into consideration the recommendation of the Audit Committee, is recommending that KPMG LLP be appointed as the auditors of the Company for the financial year ending 31 March 2016, at the forthcoming 42nd AGM of the Company. In recommending the appointment of KPMG LLP to replace the retiring auditors, Ernst & Young LLP as auditors of the Company, the Directors and the Audit Committee have taken into consideration various factors, such as, that KPMG LLP has adequate resources and experience to handle the audit, the audit engagement partner assigned to the audit has the appropriate level of experience and there will be an adequate number of suitably experienced supervisory and professional staff to be assigned to the audit, having due regard to the size and complexity of the Group.

Ernst & Young LLP has been the auditors of the Company since the inception of the Company. The Directors wish to express their appreciation for the past services rendered by Ernst & Young LLP.

The Company has complied with Rule 712, and Rule 715 read with 716 of the Listing Manual of the SGX-ST in relation to its auditing firms.

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

- compliance and information technology (financial reporting) risks;
- quarterly and annual financial statements and financial announcements as required under the Listing Manual of the SGX-ST;
- the policy and arrangements by which employees of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
- the external audit plan, the external auditors' management letter, the scope and results of the external audit;
- independence and objectivity of the external auditors;
- the appointment, re-appointment or removal of the external auditors, the audit fee, and recommendation to the Board on the proposal to Shareholders for the selection of external auditors;
- adequacy of resources for the internal audit function, ensuring the appropriate standing of the internal audit function within the Company and its primary line of reporting to the Chairman of the Audit Committee (with secondary administrative reporting to the PCEO);
- adequacy and effectiveness of the internal audit function, scope of internal audit work, audit programme and the internal audit charter;
- hiring, removal, evaluation and compensation of the Head of Internal Audit;
- major findings on internal audit during the year and Management's responses thereto, difficulties encountered during the course of the audit, significant changes to the audit programme and compliance with relevant professional internal audit standards;
- adequacy and effectiveness of the Company's internal controls at least annually, with Management and the internal and/or external auditors, and to report annually to the Board, on the adequacy and effectiveness of the Company's internal controls, including financial, operational, accounting, compliance and information technology controls;
- the Board's Risk Management and Internal Controls Statement;
- suspected fraud or irregularity or suspected infringement of any Singapore law, rule or regulation of which the Audit Committee is aware, which has or is likely to have a material impact on the Company's or Group's operating results or financial position, and the findings of any internal investigations and Management's response thereto;
- revisions/additions/updates to the accounting policies for write-offs, capital expenditure, disposal of assets and investments, and other financial policies of the Company;
- compliance matters, including corporate securities trading policies, with the Group's General Counsel and/or the Company Secretary (or such persons of equivalent authority); and
- interested person transactions as required under the Listing Manual of the SGX-ST and the Company's Shareholders' mandate for interested person transactions.

The Audit Committee is also tasked to perform all other functions and responsibilities of an audit committee that may be imposed by the Companies Act, the Listing Manual of the SGX-ST, the 2012 Code and other relevant laws and regulations.

Whistle-blowing Policy

The Company's "**Policy on Reporting Wrongdoing**" institutionalises the Group's procedures on reporting possible improprieties, independent investigation of such matters, and follow-up actions. A dedicated email address, and a 24-hour hotline managed by an independent external service provider, allows employees or any other persons who discover or suspect impropriety to report the same. All information received is treated confidentially. Results of the investigation would not be disclosed or discussed with anyone other than those who have a legitimate right to know.

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

Banking Transaction Procedures

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

PRINCIPLE 13:
INDEPENDENT INTERNAL AUDIT FUNCTION

The Company's Internal Audit Department ("**IAD**") provides the Audit Committee with reasonable assurance that the Company maintains adequate and effective internal controls, through assessing the design and operating effectiveness of key internal controls and procedures that govern key business processes and risks identified in the overall risk framework of the Group.

IAD is headed by Vice President, Internal Audit, and staffed by suitably qualified executives. Under the Group's Internal Audit Charter, which was approved by the Audit Committee, IAD has unrestricted access to the Audit Committee and unfettered access to all the Group's documents, records, properties and personnel.

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

IAD adopts a risk-based approach in formulating the annual internal audit plan that aligns its activities to the key risk areas across the Group. The annual internal audit plan is reviewed and approved by the Audit Committee.

IAD is a corporate member of the Singapore chapter of the Institute of Internal Auditors ("**IIA**"). It is guided by the Standards for the Professional Practice of Internal Auditing set by the IIA. Training and development opportunities are provided for IAD staff to ensure their technical knowledge and skill sets remain current and relevant.

PRINCIPLE 14:
SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

SATS practices fair and equal dissemination of information. All media releases, announcements and investor presentations are issued via SGXNET and uploaded on the Company's website, providing timely information to Shareholders.

Shareholders are informed of general meetings through notices published in the newspapers, electronic releases via the SGXNET operated by the Singapore Exchanges and reports or circulars sent to all Shareholders. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. If any Shareholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance. While the Articles currently provide for a limit of up to two proxies for each Shareholder (including nominee companies), the Company, in compliance with the spirit of the 2012 Code, allows nominee companies to specify, in writing, the names of the beneficial owners of shares in the Company to attend general meetings as observers. The voting rights of Shareholders are described in the Annual Report, and Shareholders are briefed on the rules and voting procedures at the beginning of general meetings. The Company also encourages Shareholders to actively participate in general meetings, which are held in convenient locations. The Company has taken cognizance of the Companies (Amendment) Bill passed by Parliament in October 2014 and the introduction of multiple proxies in 2016.

PRINCIPLE 15:
REGULAR, EFFECTIVE AND FAIR COMMUNICATION WITH SHAREHOLDERS

SATS strives to communicate pertinent information to Shareholders and the investment community on a regular and timely basis; in a clear, forthcoming and detailed manner; and by taking into consideration their views when addressing their concerns.

The Company disseminates material, price-sensitive information to ensure that it is made publicly available on a timely and non-selective basis. Material information relating to SATS' financial performance, business and strategic developments is published on SGXNET first, followed by the Company's website (www.sats.com.sg).

In addition, there is a dedicated Investor Relations section on the Company's website where current and past annual reports, quarterly financial results, webcasts of quarterly earnings briefings, the latest corporate presentations, and other information considered to be of interest to Shareholders and the investment community are readily available.

Every quarter, with the exception of the fourth quarter, the Company organises an earnings conference call with live audio webcast to brief Shareholders, the investment community and the media on SATS' financial performance as well as key business and corporate developments. For the fourth quarter, it hosts a face-to-face briefing for both analysts and the media, with live audio webcast. An on-demand audio webcast is made available on its website on the same day of each earnings conference call and briefing.

The Company's Corporate Relations department, together with the PCEO, and the CFO, actively engage Shareholders and the investment community from Singapore and overseas through investor meetings, conference calls, investment conferences and operational site visits to help them better understand the Company's businesses

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and growth strategy. The Company also participated in seminars organised by the Securities Investors Association Singapore in its bid to reach out to retail Shareholders. To grow and achieve a wider geographical spread in its shareholder base, the Company tracks changes in its share register on a regular basis.

The Company's Corporate Relations department is responsible for managing the dissemination of corporate information to the media, the public, Shareholders and the investment community. It also promotes relations with and acts as a liaison point for such entities and parties.

PRINCIPLE 16:
GREATER SHAREHOLDER PARTICIPATION AT GENERAL MEETINGS

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

At general meetings, each distinct issue is proposed as a separate resolution. All resolutions are put to the vote by electronic poll voting. The Chairmen of the various Board Committees as well as the external auditors will be present and available to address questions at the AGM.

The Company Secretary prepares minutes of Shareholders' meetings, which incorporate comments or queries from Shareholders and responses from the Board and Management. These minutes are available to Shareholders upon their request.

DEALINGS IN SECURITIES

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

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

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

ANNEXURE

Share Plans

(I) ESOP

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

(II) SATS RSP and SATS PSP

The SATS RSP and the SATS PSP were approved by Shareholders at the Extraordinary General Meeting of the Company held on 19 July 2005 and were due to expire on July 2015. A 10-year extension until July 2025 was approved at the 41st AGM of the Company. There will be no change to the maximum limit of new shares which may be issued under the SATS RSP and the SATS PSP following the extension of their respective durations. These plans were introduced with a view to further strengthening the Company's competitiveness in attracting and retaining talented key senior management and senior executives. The SATS RSP and the SATS PSP aim to more directly align the interests of key senior management and senior executives with the interests of Shareholders, to improve performance and achieve sustainable growth for the Company in the changing business environment, and to foster a greater ownership culture amongst key senior management and senior executives. These plans contemplate the award of fully paid shares of the Company, when and after pre-determined performance or service conditions are accomplished. Non-executive Directors of the Group are not eligible to participate in the SATS RSP and the SATS PSP.

The SATS RSP serves as an additional motivational tool to recruit and retain talented senior executives as well as to reward Company and individual performance. In addition, it enhances the Group's overall compensation packages, strengthening the Group's ability to attract and retain high performing talent. The SATS PSP is targeted at a select group of key senior management who shoulder the responsibility for the Company's performance and who are able to drive the growth of the Company through innovation, creativity and superior performance. Awards under the SATS PSP are performance-based, with performance targets set in accordance with medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The performance targets are stretched targets based on criteria such as total Shareholders' return, economic value added, market share, market ranking or return on sales.

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

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

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

The senior executives who are participants of SATS RSP and SATS PSP are required to observe a moratorium on a minimum threshold of their shares in the Company. They are prohibited from trading, pledging or hedging their minimum threshold. The Remuneration and Human Resource Committee in their review of the Company's share plans also reviewed the minimum threshold. The Remuneration and Human Resource Committee commissioned a review of the minimum threshold by an external consultant, Aon Hewitt, in October 2014 and had approved the findings and recommendation of Aon Hewitt.

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

For FY2014, the total number of shares in the awards granted under the SATS RSP and SATS PSP did not exceed 0.3 percent of the total number of issued shares (excluding treasury shares). The obligation to deliver the shares is expected to be satisfied out of treasury shares.

Risk Management and Internal Control Statement

RESPONSIBILITY

The Board is responsible for risk governance, and for overseeing and reviewing the adequacy and effectiveness of the Group's internal controls and risk management system implemented by Management to address strategic, financial, operational, compliance and information technology risks. This system by its nature can only provide reasonable, but not absolute, assurance to investors regarding:

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

RISK MANAGEMENT ORGANISATIONAL STRUCTURE

Board Executive Committee

The Board, through the Board Executive Committee ("**EXCO**"), regularly reviews and monitors the key strategic and legal risks facing the Company. The EXCO also reviews the financial policy and risk appetite limits, on the advice of the Board Risk and Safety Committee ("**BRSC**"), for the approval of the Board. In addition, it provides advice and guidance to the Group's Management on managing business, strategic and operational issues.

Audit Committee

The Board, through the Audit Committee ("**AC**"), oversees and reviews the financial controls and reporting process, ensures the integrity of the Group's financial statements, and the adequacy and effectiveness of the Group's internal control and compliance systems.

The Group's internal audit provides an independent assessment to the AC on the processes and controls which may have a material financial impact on the Company. There are formal procedures for both internal and external auditors to report independently their conclusions and recommendations to the AC.

The AC reviews the policy and arrangements by which employees of the Company and any other persons may in confidence raise concerns about possible improprieties in financial reporting and other matters.

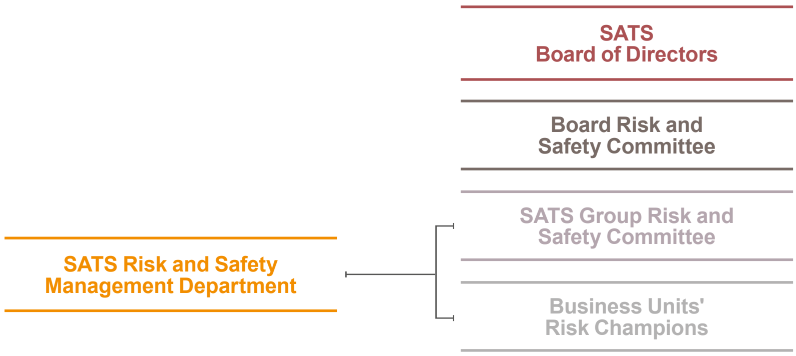
Board Risk and Safety Committee

The Board, through the BRSC, oversees and reviews the Group's operational and information technology risks (including cyber security risks). The BRSC assists the Board in reviewing the adequacy and effectiveness of the systems of safety and risk management. Under its oversight, the safety and risk management programme is executed with an integrated view of the organisation and its needs in mind.

The BRSC is supported by the SATS Group Risk and Safety Committee ("**SGRSC**"). The BRSC reviews the activities of the SGRSC, including regular risk management reports, initiatives, processes and exercises. The SGRSC, chaired by the President and Chief Executive Officer ("**PCEO**"), meets on a quarterly basis to review the risk management system and mitigation measures.

The Risk and Safety Management Department coordinates and facilitates the risk management processes within the Group. It provides support to the SGRSC in carrying out its functions.

The Group has formalised its risk management reporting structure as depicted in the diagram below.

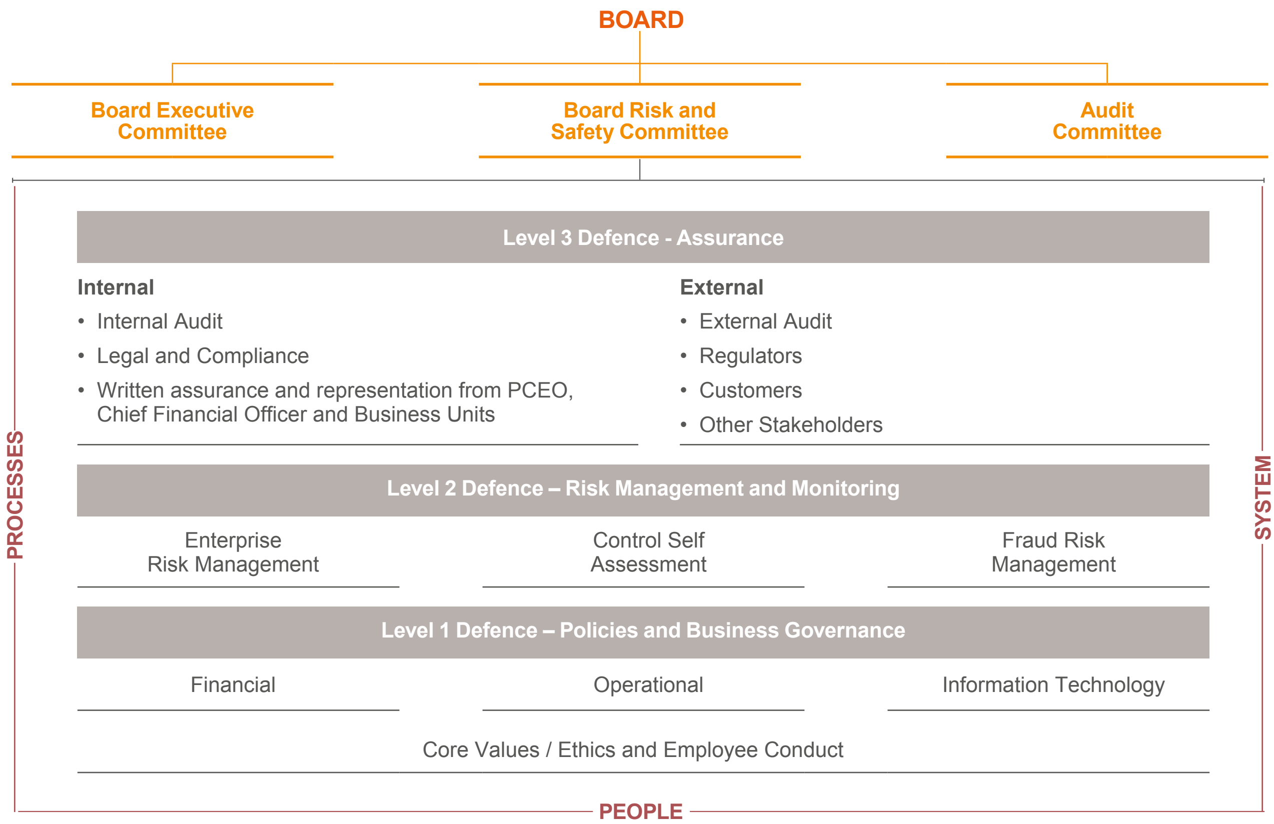


During the year, Management and a third-party consultant completed the review of the Group's risk management policies and processes against the risk management practices set out in ISO31000:2009 standards. Management has received the consultant's recommendations and implemented the relevant recommendations.

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

MANAGEMENT CONTROLS AND ASSURANCE FRAMEWORK

The Group's Management Controls and Assurance Framework ("**Framework**") comprises three levels of defence towards ensuring the adequacy and effectiveness of the Group's system of risk management and internal controls.



Risk Management and Internal Control Statement

LEVEL 1 DEFENCE – POLICIES AND BUSINESS GOVERNANCE

Management ensures good corporate governance through the implementation and management of policies and procedures relevant to the Group's business environment. These policies and procedures govern financial, operational, information technology and compliance matters.

The Group's key policies and procedures include:

- written terms of reference for various Management and Board Committees;
- defined roles and responsibilities, and authorisation levels for all aspects of the businesses that are set out in the authority matrix, including guidelines on matters requiring the Board's approval;
- appropriate management organisational structures;
- a planned and coordinated budgeting process where operating units prepare budgets for the coming year that are approved by both Management and the Board; and
- policies that set out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity. They cover areas such as workplace health and safety, conduct in the workplace, safeguarding of the Company's assets (including proprietary information and intellectual properties), confidentiality, conflict of interest, and non-solicitation of customers and employees.

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

LEVEL 2 DEFENCE – RISK MANAGEMENT AND MONITORING

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

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

The Group carried out reviews of the key risk profiles of the Group. The preventive and mitigating control actions were further refined and developed for adequacy and effectiveness.

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

The following are the key risk management activities carried out within the Group during the year:

- risk review and identification exercises conducted at the business units and departments, to review the existing risks in the risk register and to identify new risks that may have emerged;
- business continuity/contingency plans were tested during the financial year under review. The procedures were fine-tuned and enhanced for improvements further to the post mortem briefings held; and

- control self assessment ("CSA") exercise carried out by the business units. This exercise requires the various business units to assess the status of their respective internal controls and develop action plans to remedy identified control weaknesses.

Fraud risk management processes include conflict of interest declaration and the implementation of policies such as SATS Whistle-Blower Policy and Code of Conduct to establish a clear tone from the top with regard to employees' business and ethical conduct.

LEVEL 3 DEFENCE – ASSURANCE

Management monitors internal controls through CSAs that have been developed based on the principle of minimum acceptable controls. During the course of the year, a number of the questionnaires used in conducting the CSAs were updated to reflect the changes in the organisation and to increase the strength of the control environment.

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

The Group's Internal Auditors review the effectiveness of the Group's material internal controls (addressing financial, operational, information technology and compliance risks), and risk management system. The external auditors will highlight any material internal control weaknesses which have come to their attention in the course of their statutory audit. Any significant non-compliance or failures in internal controls and recommendations for improvement are reported to the AC.

The details of the Group's independent Internal Audit function are set out in the "**Corporate Governance**" section of this Annual Report.

BOARD'S OVERSIGHT

The Board of Directors, supported by the AC and BRSC, oversees the Group's systems of internal controls and risk management. The Board has received assurance from the PCEO and Chief Financial Officer:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and financial position; and

(b) regarding the adequacy and effectiveness of the Group's risk management and internal control systems, addressing financial, operational, compliance and information technology risks.

CONCLUSION

Taking into account the views of the AC and BRSC in the exercise of their responsibilities under their respective terms of reference, the framework of management controls, the internal control policies and procedures established and maintained by the Group's Management, the reviews conducted by the internal and external auditors and the documented governance assurance, the Board opines, with the concurrence of the AC, that the systems of internal controls and risk management (addressing financial, operational, compliance and information technology risks) were adequate and effective as at the date of the "**Directors' Report**".

Financial Calendar

Financial year ended 31 MARCH 2015

2014

22 JUL	Announcement of 1Q FY2014-15 results Results conference call with live webcast
13 AUG	Payment of final dividend
13 NOV	Announcement of 2Q FY2014-15 results Results conference call with live webcast
12 DEC	Payment of interim dividend

2015

4 FEB	Announcement of 3Q FY2014-15 results Results conference call with live webcast
14 MAY	Announcement of 4Q FY2014-15 results Results briefing for analysts and media with live webcast
23 JUN	Despatch of Summary Report to Shareholders
7 JUL	Despatch of Annual Report to Shareholders
21 JUL	42nd Annual General Meeting
29 JUL	Book closure date
12 AUG	Proposed payment of final dividend

Financial year ending 31 MARCH 2016

2015

23 JUL	Proposed announcement of 1Q FY2015-16 results
4 NOV	Proposed announcement of 2Q FY2015-16 results

2016

FEB	Proposed announcement of 3Q FY2015-16 results
MAY	Proposed announcement of 4Q FY2015-16 results

Financial Statements

Directors' Report

The Directors are pleased to present their report to the members 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 2015.

1. DIRECTORS

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

Edmund Cheng Wai Wing	Chairman
Alexander Charles Hungate	
David Zalmon Baffsky	
Euleen Goh Yiu Kiang	
Nihal Vijaya Devadas Kaviratne CBE	
Koh Poh Tiong	
Michael Kok Pak Kuan	(appointed on 6 March 2015)
Yap Chee Meng	

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed in this report, 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 SHARES AND DEBENTURES

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

	Direct interest		Deemed interest	
Name of Director	**At the beginning of financial year or date of appointment**	**At the end of financial year**	**At the beginning of financial year or date of appointment**	**At the end of financial year**
Ordinary shares				
Alexander Charles Hungate	–	203,700	–	–
Euleen Goh Yiu Kiang	2,774	2,774	–	–
Michael Kok Pak Kuan (appointed 6 March 2015)	30,000	30,000	–	–
Award under SATS Restricted Share Plan ("RSP")				
Alexander Charles Hungate[(1)]	207,236	264,536	–	–
Award under SATS Performance Share Plan ("PSP")				
Alexander Charles Hungate[(2)]	–	380,000	–	–

(1) Alexander Charles Hungate was appointed as Executive Director on 16 July 2013 and as President and Chief Executive Officer on 1 January 2014. He was granted a base award of 207,236 under the SATS RSP for FY2013-14 on 16 July 2013 where the shares will vest over a two-year period with no performance condition. From the 264,536 as at financial year end, 161,000 will vest over a three-year period with performance conditions while the balance of 103,536 has no vesting condition.

(2) He was granted a base award under the SATS PSP for FY2014-15 where the shares will vest over a three-year period with performance conditions.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2015.

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

4. DIRECTORS' CONTRACTUAL BENEFITS

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

5. 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 11,697,085 unissued ordinary shares in the Company were outstanding:

Date of grant	Balance at 1.4.2014	Forfeited/ Lapsed	Exercised	Balance at 31.3.2015	Exercise price	Exercisable period
01.07.2004	919,550	(270,800)	(648,750)	–	$1.79	01.07.2005 - 30.06.2014
01.07.2005	2,766,400	(85,600)	(961,800)	1,719,000	$1.97	01.07.2006 - 30.06.2015
03.07.2006	2,039,035	(80,400)	(389,050)	1,569,585	$1.80	03.07.2007 - 02.07.2016
02.07.2007	6,992,900	(281,000)	(486,300)	6,225,600	$2.76	02.07.2009 - 01.07.2017
01.07.2008	2,646,600	(106,000)	(357,700)	2,182,900	$1.92	01.07.2010 - 30.06.2018
	15,364,485	(823,800)	(2,843,600)	11,697,085		

Directors' Report

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. Both share plans which are due to expire on July 2015 were approved during the 41st AGM held on 23 July 2014 for further extension of 10 years to July 2025.

In respect of RSP and PSP grants for 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 to FY2012-13, the final number of restricted shares awarded is 100% of the restricted grants and for performance shares, between 0% and 200% of the initial grant of performance shares.

In respect of FY2013-14 RSP and PSP grants, the final number of restricted shares and performance shares awarded could range between 0% and 120% of the initial restricted grants and between 0% and 150% of the initial grant of performance shares, depending on the achievement of pre-determined targets over a one-year period for the RSP and a three-year period for PSP.

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 and the balance will vest equally over the subsequent two years with fulfilment of service requirements. For grants from FY2010-11 to FY2012-13, 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.

With effect from FY2013-14, the RSP award based on meeting stated performance conditions over a one-year performance period, will vest over a three-year period. For the grant on 16 July 2013, the RSP will vest over a two-year period without performance condition. 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
David Zalmon Baffsky	Member
Koh Poh Tiong	Member

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

5. SHARE-BASED PAYMENTS (cont'd)

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

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 restricted shares				
Date of grant	Balance at 1.4.2014/ Date of grant	Vested	Forfeited	Adjustments #	Balance at 31.3.2015
02.08.2010	194,852	(194,852)	–	–	–
01.08.2011	98,366	(49,200)	–	–	49,166
03.08.2011	454,855	(232,800)	(17,811)	–	204,244
01.08.2012	649,053	(222,400)	(32,400)	–	394,253
11.10.2012	34,695	(11,600)	–	–	23,095
16.07.2013	207,236	(103,700)	–	–	103,536
15.11.2013	1,532,500	(523,800)	(76,200)	37,400	969,900
03.12.2013	161,000	(54,800)	–	3,300	109,500
06.08.2014	1,670,000	–	(44,000)	–	1,626,000
	5,002,557	(1,393,152)	(170,411)	40,700	3,479,694

Adjustment due to performance factor at the end of the performance period upon meeting the stated performance target.

PSP

	Number of performance shares				
Date of grant	Balance at 1.4.2014/ Date of grant	Vested	Forfeited	Adjustments	Balance at 31.3.2015
03.08.2011	505,561	(435,300)	(70,261)	–	–
11.03.2013	683,587	–	(24,432)	–	659,155
15.11.2013	874,000	–	–	–	874,000
03.12.2013	326,000	–	–	–	326,000
20.10.2014	1,373,000	–	–	–	1,373,000
	3,762,148	(435,300)	(94,693)	–	3,232,155

Based on the Monte Carlo simulation model, the estimated fair values at the date of grant for each share granted during the year under the RSP ranges from $2.65 to $2.89 (2014: $2.94 to $3.17) and the estimated weighted average fair values at the date of grant for each share granted during the year under the PSP are $1.09 (2014: $1.84 and $1.86).

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.

Directors' Report

5. SHARE-BASED PAYMENTS (cont'd)

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

The number of contingent shares granted but not released as at 31 March 2015, were 3,479,694 (2014: 3,332,557) and 3,232,155 (2014: 2,389,148) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from 1,853,694 to 3,804,894 (2014: 1,639,057 to 3,671,257) and zero to a maximum of 5,177,810 (2014: zero to maximum 4,178,296) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

6. AUDIT COMMITTEE

The Audit Committee performed the functions specified in the Singapore 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 and Safety Committee in the exercise of their responsibilities under their respective terms of reference, the framework of management controls, the internal control policies and procedures established and maintained by the Group's Management, the reviews conducted by the internal and external auditors and the documented governance assurance, the Board opines, with the concurrence of the Audit Committee, that the systems of internal controls and risk management (addressing financial, operational, compliance and information technology risks) were adequate and effective as at the date of the report.

On behalf of the Board of Directors,

EDMUND CHENG WAI WING
Chairman

ALEXANDER CHARLES HUNGATE
Executive Director / President and Chief Executive Officer

Dated this 13 May 2015

Statement by Directors

We, EDMUND CHENG WAI WING and ALEXANDER CHARLES HUNGATE, 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 2015, 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 2015 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

ALEXANDER CHARLES HUNGATE
Executive Director / President and Chief Executive Officer

Dated this 13 May 2015

Independent Auditor's Report

for the financial year ended 31 March 2015 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 73 to 156, which comprise the statements of financial position of the Group and the Company as at 31 March 2015, 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.

AUDITOR'S 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 2015 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
Chartered Accountants
Singapore

Dated this 13 May 2015

Consolidated Income Statement

for the financial year ended 31 March 2015

	Note	2014-15 $'000	2013-14 $'000
Revenue	4	**1,753,182**	1,786,688
Expenditure			
Staff costs	5	**(800,589)**	(788,457)
Cost of raw materials		**(349,338)**	(379,551)
Licence fees		**(78,081)**	(76,789)
Depreciation and amortisation charges		**(68,231)**	(77,216)
Company premise and utilities expenses		**(124,983)**	(124,921)
Other costs		**(153,966)**	(168,750)
		(1,575,188)	(1,615,684)
Operating profit	6	**177,994**	171,004
Interest on borrowings	7	**(1,234)**	(2,930)
Interest income	8	**1,633**	1,139
Dividends from long-term investment, gross		**668**	1,874
Loss on disposal of property, plant and equipment		**(2,173)**	(5)
Share of results of associates/joint venture, net of tax		**48,086**	47,197
Impairment of assets held for sale		**(196)**	(2,653)
Other non-operating expenses		**–**	(170)
Profit before tax		**224,778**	215,456
Income tax expense	9	**(34,062)**	(33,401)
Profit for the year		**190,716**	182,055
Profit attributable to:			
Owners of the Company		**195,695**	180,387
Non-controlling interests		**(4,979)**	1,668
		190,716	182,055
Earnings per share (cents)			
Basic	10	**17.5**	16.1
Diluted	10	**17.4**	16.0

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

for the financial year ended 31 March 2015

	2014-15 $'000	2013-14 $'000
Profit for the year	**190,716**	182,055
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Actuarial gain on defined benefit plan	**4,581**	42
Items that may be reclassified subsequently to profit or loss:		
Net fair value changes on available-for-sale assets	**(14)**	57
Foreign currency translation	**4,232**	(14,784)
Reclassification of foreign currency translation to profit or loss	**185**	–
	4,403	(14,727)
Other comprehensive income/(loss) for the year, net of tax	**8,984**	(14,685)
Total comprehensive income for the year	**199,700**	167,370
Total comprehensive income attributable to:		
Owners of the Company	**208,233**	171,748
Non-controlling interests	**(8,533)**	(4,378)
Total comprehensive income for the year	**199,700**	167,370

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

as at 31 March 2015

		Group		Company	
	Note	31.3.2015 $'000	31.3.2014 $'000	31.3.2015 $'000	31.3.2014 $'000
Equity attributable to owners of the Company					
Share capital	12	**367,947**	367,947	**367,947**	367,947
Treasury shares	12	**(56,377)**	(15,688)	**(56,377)**	(15,688)
Share-based compensation reserve	13	**14,277**	13,649	**14,277**	13,649
Statutory reserve	13	**7,800**	7,924	**–**	–
Foreign currency translation reserve	13	**(109,926)**	(119,532)	**–**	–
Revenue reserve		**1,217,980**	1,164,500	**1,061,313**	953,215
Other reserves	13	**(599)**	(2,025)	**(5,286)**	(2,147)
		1,441,102	1,416,775	**1,381,874**	1,316,976
Non-controlling interests		**76,443**	97,594	**–**	–
Total equity		**1,517,545**	1,514,369	**1,381,874**	1,316,976
Non-current assets					
Property, plant and equipment	14	**551,662**	567,867	**7,923**	9,498
Investment properties	15	**6,984**	9,194	**283,857**	295,267
Intangible assets	16	**165,527**	185,043	**7,608**	10,853
Investment in subsidiaries	17	**–**	–	**541,030**	541,030
Investment in associates	18	**437,910**	473,171	**264,131**	264,131
Investment in a joint venture	19	**26,868**	21,546	**12,014**	12,014
Long-term investments	20	**8,366**	8,330	**7,886**	7,886
Loan to subsidiaries	17	**–**	–	**234,240**	262,965
Deferred tax assets	21	**18,939**	21,232	**–**	–
Defined benefit plan	29	**1,949**	–	**–**	–
Other non-current assets	22	**8,745**	8,838	**–**	–
		1,226,950	1,295,221	**1,358,689**	1,403,644

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

as at 31 March 2015

		Group		Company	
	Note	31.3.2015 $'000	31.3.2014 $'000	31.3.2015 $'000	31.3.2014 $'000
Current assets					
Trade and other receivables	23	**282,561**	287,483	**32,603**	55,419
Prepayments		**17,080**	13,807	**3,599**	2,670
Amounts due from associates	18	**2,232**	3,552	**2,232**	3,552
Loan to subsidiaries	17	**–**	–	**6,801**	–
Inventories	24	**18,672**	46,258	**229**	315
Cash and short-term deposits	25	**410,911**	340,809	**289,821**	188,194
Assets of disposal groups classified as held for sale	17	**61,243**	32,659	**–**	979
		792,699	724,568	**335,285**	251,129
Current liabilities					
Bank overdraft - secured	25	**–**	1,224	**–**	–
Trade and other payables	26	**287,279**	267,253	**185,443**	204,440
Income tax payable		**42,920**	42,402	**9,776**	9,497
Term loans	27	**15,389**	15,832	**–**	–
Finance leases	28	**176**	616	**–**	–
Liabilities of disposal group classified as held for sale	17	**–**	2,219	**–**	–
		345,764	329,546	**195,219**	213,937
Net current assets		**446,935**	395,022	**140,066**	37,192
Non-current liabilities					
Deferred tax liabilities	21	**58,864**	61,304	**27,653**	28,368
Term loans	27	**89,575**	96,417	**89,228**	95,492
Finance leases	28	**83**	172	**–**	–
Defined benefit plan	29	**–**	4,768	**–**	–
Other long-term liabilities		**7,818**	13,213	**–**	–
		156,340	175,874	**116,881**	123,860
Net assets		**1,517,545**	1,514,369	**1,381,874**	1,316,976

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 March 2015

		Attributable to owners of the Company											
GROUP	Note	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Statutory Reserve *	Foreign Currency Translation Reserve	Revenue Reserve	Capital Reserve	Gain/(Loss) on Reissuance of Treasury Shares	Fair Value Reserve	Total	Non-controlling Interests	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2014		367,947	(15,688)	13,649	7,924	(119,532)	1,164,500	–	(2,147)	122	1,416,775	97,594	1,514,369
Profit for the year		–	–	–	–	–	195,695	–	–	–	195,695	(4,979)	190,716
Other comprehensive income for the year		–	–	–	–	9,606	2,934	–	–	(2)	12,538	(3,554)	8,984
Total comprehensive income for the year		–	–	–	–	9,606	198,629	–	–	(2)	208,233	(8,533)	199,700
Contributions by and distributions to owners													
Share-based payment		–	–	6,343	–	–	–	–	–	–	6,343	–	6,343
Share options exercised and lapsed		–	–	(419)	–	–	419	–	5,786	–	5,786	–	5,786
Treasury shares reissued pursuant to equity compensation plans		–	14,221	(5,296)	–	–	–	–	(8,925)	–	–	–	–
Purchase of treasury shares		–	(54,910)	–	–	–	–	–	–	–	(54,910)	–	(54,910)
Dividends, net	11	–	–	–	–	–	(145,575)	–	–	–	(145,575)	–	(145,575)
Total contributions by and distributions to owners		–	(40,689)	628	–	–	(145,156)	–	(3,139)	–	(188,356)	–	(188,356)
Others													
Repurchase of shares by a subsidiary		–	–	–	–	–	–	4,567	–	–	4,567	(10,087)	(5,520)
Disposal of a subsidiary		–	–	–	–	–	–	–	–	–	–	(3,581)	(3,581)
Disposal of associates		–	–	–	(448)	–	331	–	–	–	(117)	–	(117)
Capital contributions from non-controlling interests		–	–	–	–	–	–	–	–	–	–	1,960	1,960
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(910)	(910)
Transfer to statutory reserve		–	–	–	324	–	(324)	–	–	–	–	–	–
Balance at 31 March 2015		367,947	(56,377)	14,277	7,800	(109,926)	1,217,980	4,567	(5,286)	120	1,441,102	76,443	1,517,545

* 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.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 March 2015

GROUP	Note	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Statutory Reserve *	Foreign Currency Translation Reserve	Revenue Reserve	Gain/(Loss) on Reissuance of Treasury Shares	Fair Value Reserve	Total	Non-controlling Interests	Total Equity
		Attributable to owners of the Company										
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2013		338,423	(2,069)	17,718	7,598	(110,971)	1,152,582	–	65	1,403,346	96,846	1,500,192
Profit for the year		–	–	–	–	–	180,387	–	–	180,387	1,668	182,055
Other comprehensive income for the year		–	–	–	–	(8,561)	(135)	–	57	(8,639)	(6,046)	(14,685)
Total comprehensive income for the year		–	–	–	–	(8,561)	180,252	–	57	171,748	(4,378)	167,370
Contributions by and distributions to owners												
Share-based payment		–	–	4,254	–	–	–	–	–	4,254	–	4,254
Share options exercised and lapsed		28,239	–	(5,404)	–	–	390	–	–	23,225	–	23,225
Treasury shares reissued pursuant to equity compensation plans		–	3,781	(1,634)	–	–	–	(2,147)	–	–	–	–
Purchase of treasury shares		–	(17,400)	–	–	–	–	–	–	(17,400)	–	(17,400)
Issuance of new shares pursuant to equity compensation plans		1,285	–	(1,285)	–	–	–	–	–	–	–	–
Dividends, net	11	–	–	–	–	–	(168,398)	–	–	(168,398)	–	(168,398)
Total contributions by and distributions to owners		29,524	(13,619)	(4,069)	–	–	(168,008)	(2,147)	–	(158,319)	–	(158,319)
Others												
Capital contributions from non-controlling interests		–	–	–	–	–	–	–	–	–	6,030	6,030
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	(904)	(904)
Transfer to statutory reserve		–	–	–	326	–	(326)	–	–	–	–	–
Balance at 31 March 2014		367,947	(15,688)	13,649	7,924	(119,532)	1,164,500	(2,147)	122	1,416,775	97,594	1,514,369

* 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.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 March 2015

COMPANY	Note	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Revenue Reserve	Gain/(Loss) on Reissuance of Treasury Shares	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2014		367,947	(15,688)	13,649	953,215	(2,147)	1,316,976
Profit for the year		–	–	–	253,254	–	253,254
Total comprehensive income for the year		–	–	–	253,254	–	253,254
Contributions by and distributions to owners							
Share-based payment		–	–	6,343	–	–	6,343
Share options exercised and lapsed		–	–	(419)	419	5,786	5,786
Treasury shares reissued pursuant to equity compensation plans		–	14,221	(5,296)	–	(8,925)	–
Purchase of treasury shares		–	(54,910)	–	–	–	(54,910)
Dividends, net	11	–	–	–	(145,575)	–	(145,575)
Total contributions by and distributions to owners		–	(40,689)	628	(145,156)	(3,139)	(188,356)
Balance at 31 March 2015		367,947	(56,377)	14,277	1,061,313	(5,286)	1,381,874

COMPANY	Note	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Revenue Reserve	Gain/(Loss) on Reissuance of Treasury Shares	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2013		338,423	(2,069)	17,718	982,215	–	1,336,287
Profit for the year		–	–	–	139,008	–	139,008
Total comprehensive income for the year		–	–	–	139,008	–	139,008
Contributions by and distributions to owners							
Share-based payment		–	–	4,254	–	–	4,254
Share options exercised and lapsed		28,239	–	(5,404)	390	–	23,225
Treasury shares reissued pursuant to equity compensation plans		–	3,781	(1,634)	–	(2,147)	–
Purchase of treasury shares		–	(17,400)	–	–	–	(17,400)
Issuance of new shares pursuant to equity compensation plans		1,285	–	(1,285)	–	–	–
Dividends, net	11	–	–	–	(168,398)	–	(168,398)
Total contributions by and distributions to owners		29,524	(13,619)	(4,069)	(168,008)	(2,147)	(158,319)
Balance at 31 March 2014		367,947	(15,688)	13,649	953,215	(2,147)	1,316,976

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

for the financial year ended 31 March 2015

	Note	2014-15 $'000	2013-14 $'000
Cash flows from operating activities			
Profit before tax		**224,778**	215,456
Adjustments for:			
Interest and investment income, net		**(1,067)**	(83)
Depreciation and amortisation charges		**68,231**	77,216
Unrealised foreign exchange gain		**(2,354)**	(100)
Loss on disposal of property, plant and equipment		**2,173**	5
Share of results of associates/joint venture, net of tax		**(48,086)**	(47,197)
Share-based payment expense		**6,343**	4,254
Impairment of assets held for sale		**196**	2,653
Other non-cash items		**1,301**	1,133
Operating cash flows before working capital changes		**251,515**	253,337
Changes in working capital:			
Decrease in receivables		**4,256**	8,499
(Increase)/decrease in prepayments		**(3,665)**	430
Decrease in inventories		**3,120**	5,730
Increase in payables		**16,249**	16,916
Decrease in amount due from associates		**1,320**	3,413
Cash generated from operations		**272,795**	288,325
Interest paid to third parties		**(1,106)**	(2,915)
Income taxes paid		**(35,270)**	(38,493)
Net cash from operating activities		**236,419**	246,917
Cash flows from investing activities			
Capital expenditure	25	**(61,322)**	(57,090)
Dividends from associates/joint venture		**88,682**	27,164
Dividends from long-term investment, gross		**1,249**	634
Proceeds from disposal of a subsidiary		**2,700**	–
Proceeds from disposal of interest in associates		**24,653**	–
Proceeds from disposal of property, plant and equipment		**542**	597
Interest received from deposits		**1,633**	1,124
Acquisition of an associate		**–**	(118,317)
Net cash from/(used in) investing activities		**58,137**	(145,888)
Cash flows from financing activities			
Repayment of term loans		**(1,066)**	(6,737)
Repayment of finance leases and related charges		**(489)**	(1,570)
Drawdown of term loans		**1,145**	3,101
Proceeds from exercise of share options		**5,786**	23,225
Dividends paid		**(145,575)**	(168,398)
Purchase of treasury shares		**(54,910)**	(17,400)
Repurchase of shares by a subsidiary		**(5,520)**	–
Capital contributions from non-controlling interests		**1,960**	6,030
Dividends paid to non-controlling interests		**(910)**	(904)
Net cash used in financing activities		**(199,579)**	(162,653)
Net increase/(decrease) in cash and cash equivalents		**94,977**	(61,624)
Effect of exchange rate changes		**(4,848)**	(3,008)
Cash and cash equivalents at beginning of financial year		**339,585**	404,217
Cash and cash equivalents at end of financial year	25	**429,714**	339,585

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

31 March 2015

1. GENERAL

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

The registered office and principal place of the business of the Company is located 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 2015 were authorised for issue in accordance with a resolution of the Directors on 13 May 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 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), except when otherwise indicated.

2.2 Changes in accounting policies and estimates

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 which were effective for annual financial periods beginning on or after 1 April 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

The Group reviews the estimated useful lives of property, plant and equipment annually. Judgement is required in determining the useful lives and residual value of depreciable assets, after considering the actual condition of its property, plant and equipment, industry standards, the depreciation estimates used by comparable companies and its asset replacement policy.

On 1 April 2014, the Group revised its estimates for the useful lives of certain assets within office fittings and fixtures, office and commercial equipment, fixed and mobile ground support equipment and motor vehicles after conducting an operational review of their useful lives. As a result, there were changes in the expected useful lives of these assets although the revised estimated useful lives remained within the range of the useful lives as disclosed in Note 2.8.

The effect of these changes on depreciation expense in current financial year is as follows:

Group	$'000
Decrease in depreciation expense and increase in profit before tax	7,279

Notes to the Financial Statements

31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 19 Defined Benefit Plans: Employee Contributions	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 Share Based Payment	1 July 2014
(b) Amendments to FRS 103 Business Combinations	1 July 2014
(c) Amendments to FRS 108 Operating Segments	1 July 2014
(d) Amendments to FRS 113 Fair Value Measurement	1 July 2014
(e) Amendments to FRS 16 Property, Plant and Equipment and FRS 38 Intangible Assets	1 July 2014
(f) Amendments to FRS 24 Related Party Disclosures	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 Business Combinations	1 July 2014
(b) Amendments to FRS 113 Fair Value Measurement	1 July 2014
Amendments to FRS 16 and FRS 41 Agriculture - Bearer Plants	1 January 2016
Amendments to FRS 27 Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 Non-Current Assets Held for Sale and Discontinued Operations	1 January 2016
(b) Amendments to FRS 107 Financial Instruments: Disclosures	1 January 2016
(c) Amendments to FRS 19 Employee Benefits	1 January 2016
Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 1 Disclosure Initiative	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 115 Revenue from Contracts with Customers	1 January 2017
FRS 109 Financial Instruments	1 January 2018

Except for FRS 109 and FRS 115, the Directors expect that the adoption of the other standards 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 FRS 109 and FRS 115 are described below:

FRS 109 *Financial Instruments*

FRS 109 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in FRS 39. The approach in FRS 109 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. FRS 109 enables companies to reflect their risk management activities better in their financial statements, and, in turn, help investors to understand the effect of those activities on future cash flows. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Standards issued but not yet effective (cont'd)

FRS 115 *Revenue from Contracts with Customers*

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted.

The Group is currently assessing the impact of FRS 109 and FRS 115 to its financial statements.

2.4 Basis of consolidation and business combinations

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:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
– de-recognises the carrying amount of any non-controlling interest;
– de-recognises 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 or deficit in profit or loss; and
– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or revenue reserve, as appropriate.

Business combinations

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.

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 profit or loss.

Notes to the Financial Statements

31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

Business combinations (cont'd)

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, 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. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

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 2.10. 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.

2.5 Subsidiaries, associates and joint venture

Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

Associates and joint venture

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

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 and the joint arrangement provides the Group with rights to the net assets of the arrangement.

The Group accounts for its investment in associates and joint venture using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint venture 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 or joint venture. The profit or loss reflects the share of the results of the operations of the associates or joint venture. Distributions received from the associates or joint venture reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associates or joint venture are eliminated to the extent of the interests in the associates or joint venture.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Subsidiaries, associates and joint venture (cont'd)

Associates and joint venture (cont'd)

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 or joint venture. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

Upon loss of significant influence or joint control over the associate or joint venture, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal against the carrying amount of the investment at the date the equity method was discontinued 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.

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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

2.7 Foreign currency

The 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.

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 measured.

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.

Notes to the Financial Statements

31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 Foreign currency (cont'd)

Consolidated financial statements

For consolidation purposes, the assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange ruling at the end of the 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 interest 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.

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. The 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 2.20. 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.

When significant parts of property, plant and equipment are required 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 property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

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.

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

Freehold buildings	–	50 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 12 years
Fixed and mobile ground support equipment and motor vehicles	–	1 to 12 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.9 Investment properties

Investment properties are properties that are either owned by the Group that are held 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. 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.

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

Transfers are made to or from investment property only when there is a change in use. Transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

2.10 Intangible assets

Goodwill

Goodwill 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 the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill has been allocated are 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 profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating 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.

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.

Notes to the Financial Statements

31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 Intangible assets (cont'd)

Other intangible assets (cont'd)

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

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

Gains or losses arising from de-recognition 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 de-recognised.

a) 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 3 to 5 years.

b) Licences

Licences comprise the abattoir licence which was acquired in a business combination. The abattoir licence is amortised on a straight line basis over its estimated useful life of 14 years.

c) Customer relationships

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

2.11 Financial assets

Initial recognition and measurement

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Financial assets (cont'd)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing 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.

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.

b) 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 measured 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 de-recognised or impaired, and through the amortisation process.

c) 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 subsequently 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 de-recognised.

Notes to the Financial Statements

31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Financial assets (cont'd)

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

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.

De-recognition

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

Regular way purchase or sale of a financial asset

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

2.12 Inventories

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

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

2.13 Cash and short-term deposits

Cash and short-term deposits are defined as cash on hand and demand deposits.

Cash on hand and demand 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 short-term deposits in banks, net of outstanding bank overdrafts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

2.15 Impairment of non-financial and financial 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.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal 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. 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 of disposal, 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 are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss.

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 recoverable 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.

Notes to the Financial Statements

31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 Impairment of non-financial and financial assets (cont'd)

Financial assets

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

a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses 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.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current 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 are written off against the carrying value of the financial asset.

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

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss 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.

b) Financial assets carried at cost

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

c) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 Impairment of non-financial and financial assets (cont'd)

Financial assets (cont'd)

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

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition 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 and recognised in 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.

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, 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.

2.16 Financial liabilities

Initial recognition and measurement

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.

All 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 measurement

After initial recognition, financial liabilities that are not carried at fair value through profit and loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process. Financial liabilities that are carried at fair value through profit and loss are subsequently measured at fair value.

De-recognition

A financial liability is de-recognised 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 de-recognition 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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to the Financial Statements

31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 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 the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period 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. 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 a finance cost.

2.18 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 and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, 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 the 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 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.

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 2.22.

2.19 Taxes

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 at the end of the reporting period, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.19 Taxes (cont'd)

Deferred tax

Deferred tax is provided, using the liability method on temporary differences at the end of reporting period 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 goodwill or 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 and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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 is incurred during the measurement period or in profit or loss.

Notes to the Financial Statements
31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.19 Taxes (cont'd)

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.

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of qualifying asset if they are directly attributable to the acquisition, construction or production of that 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 incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.21 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.

The cost of the above 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.21 Employee benefits (cont'd)

Equity compensation plans (cont'd)

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. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Defined benefit plan

The net defined benefit liability or asset 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 reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:
– Service cost
– Net interest on the net defined benefit liability or asset
– Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

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. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of 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.

Notes to the Financial Statements

31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.22 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

a) Rendering of services

Revenue from ground handling, inflight and institutional catering, aviation security services, airline laundry, airport cargo delivery management services and cruise terminal 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.

b) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

c) Dividend income

Dividend income from investments is recognised when the Group's right to receive payment is established.

d) Interest income

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

2.23 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants receivable are recognised as income over the period necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expense are offset against the related expenses.

2.24 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.

2.25 Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to profit or loss.

The Group uses a loan as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. For more details, refer to Note 27.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.26 Segment 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.

2.27 Related parties

A related party is defined as follows:

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

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

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

- (a) 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);
- (b) 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);
- (c) both entities are joint ventures of the same third party;
- (d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (e) 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;
- (f) the entity is controlled or jointly controlled by a person identified in (i); or
- (g) a person identified in (i)(a) 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 end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Notes to the Financial Statements

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

Key sources of estimation uncertainty (cont'd)

(a) Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amount of the income tax payable and net deferred tax liabilities of the Group amounted to $42.9 million (2014: $42.4 million) and $39.9 million (2014: $40.1 million) respectively.

(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, in accordance with the accounting policies stated in Note 2.8 and Note 2.9 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, the asset replacement policy and legal or similar limits to the use of the property, plant and equipment and investment properties. In the current financial year, the Group has revised the estimated useful lives of certain property, plant and equipment as disclosed in Note 2.2.

(c) Defined benefit plan

The costs of defined benefit pension plans 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. All assumptions are reviewed at each reporting date.

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 mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country. Further details about the assumptions used are provided in Note 29.

The net benefit asset as at 31 March 2015 is $1.9 million (net benefit liability 2014: $4.8 million).

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

Key sources of estimation uncertainty (cont'd)

(d) Employee compensation plans

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 12.

(e) 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 of disposal and its value in use. The fair value less costs of disposal 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 forecast 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 are given in Note 16 to the financial statements.

Judgements made in applying accounting policies

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

Assets and liabilities held for sale

On 16 April 2015, Singapore Food Industries Pte. Ltd. ("SFI"), a wholly owned subsidiary of SATS Ltd., entered into a joint venture agreement with BRF GmbH, a subsidiary of BRF S.A. ("BRF"), to set up a company in Singapore to be named SATS BRF Food Pte. Ltd. ("SATS BRF Food" or the "JV Company"). The principal activities of the JV Company will encompass meat processing and manufacturing of branded food products for distribution to retailers, restaurants, wholesalers, distributors and ship chandlers.

The JV Company will have an issued and paid up share capital of $48.0 million consisting of 48.0 million ordinary shares of $1 each. SFI will hold 24.48 million ordinary shares while BRF GmbH will hold 23.52 million ordinary shares, representing 51% and 49% equity stakes respectively in the JV Company. SATS BRF Food will be classified as an investment in joint venture.

Under the terms of the joint venture agreement, SFI will first transfer its food distribution business to SATS BRF Food, in exchange for 100% of the ordinary shares in the JV Company.

Concurrently with the business transfer, SFI will transfer 49% of the entire issued and paid-up share capital of SATS BRF Food to BRF GmbH at an aggregate cash consideration of $26.0 million.

As at 31 March 2015, the Group has classified certain assets under its food distribution business to be transferred to the new JV Company as held for sale.

For more details on the assets held for sale, refer to Note 17.

Notes to the Financial Statements

31 March 2015

4. REVENUE

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

	Group	
	2014-15 $'000	**2013-14 $'000**
Food solutions	**1,051,526**	1,103,581
Gateway services	**697,032**	678,085
Corporate (rental and other services)	**4,624**	5,022
	1,753,182	1,786,688

5. STAFF COSTS

	Group	
	2014-15 $'000	**2013-14 $'000**
Salaries, bonuses and other costs *	**729,129**	720,871
CPF and other defined contributions	**63,522**	61,418
Defined benefit plan	**1,595**	1,914
Share-based compensation expense #	**6,343**	4,254
	800,589	788,457

* Included in salaries, bonuses and other costs are contract labour expenses of $86,030,000 (2014: $83,415,000).

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

6. OPERATING PROFIT

	Group	
	2014-15 $'000	**2013-14 $'000**
The following items have been included in arriving at operating profit:		
Directors' fees	**923**	1,022
Audit fee paid to auditors of the Company	**660**	661
Audit fee paid to other auditors	**293**	337
Non-audit fee paid to auditors of the Company	**323**	346
Allowance of doubtful receivables	**628**	108
Loss on disposal of property, plant and equipment	**2,173**	5
Maintenance of equipment and vehicles	**37,589**	35,686
IT expenses	**21,029**	22,474
Lease of ground support equipment	**9,634**	9,109
Rental for leasehold land and premises	**14,103**	12,155
Exchange gain, net	**(2,354)**	(100)

7. INTEREST ON BORROWINGS

	Group	
	2014-15 $'000	2013-14 $'000
Interest expenses on:		
Loan from third parties	**1,234**	2,930

8. INTEREST INCOME

	Group	
	2014-15 $'000	2013-14 $'000
Interest income from:		
Third parties	**1,633**	1,139

9. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2015 and 2014 are:

	Group	
	2014-15 $'000	2013-14 $'000
Consolidated income statement:		
Current income tax :		
Current income taxation	**36,021**	36,620
Over provision in respect of prior years	**(1,593)**	(4,700)
	34,428	31,920
Deferred income tax (Note 21):		
Origination and reversal of temporary differences	**(1,370)**	720
Over provision of deferred taxation in respect of prior years	**(1,063)**	(2,203)
Withholding tax expenses on share of results of associates/joint venture	**2,067**	2,964
Income tax expense recognised in profit or loss	**34,062**	33,401

Notes to the Financial Statements

31 March 2015

9. INCOME TAX EXPENSE (cont'd)

Relationship between tax expense and accounting profit

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

	Group	
	2014-15	**2013-14**
	$'000	**$'000**
Accounting profit before tax	**224,778**	215,456
Taxation at statutory tax rate of 17% (2014: 17%)	**38,212**	36,628
Adjustments:		
Non-deductible expenses	**7,783**	7,823
Effect of different tax rates in other countries	**(1,178)**	2,380
Effect of reduction in tax rate*	**2,040**	–
Over provision of current taxation in respect of prior years	**(1,593)**	(4,700)
Over provision of deferred taxation in respect of prior years	**(1,063)**	(2,203)
Utilisation of previously unrecognised tax losses/capital allowances	**(2,991)**	(779)
Tax exempt income	**(1,619)**	(1,871)
Effect of share of results of associates/joint venture	**(8,199)**	(8,024)
Withholding tax expenses on share of results of associates	**2,067**	2,964
Deferred tax assets not recognised	**395**	819
Others	**208**	364
Income tax expense recognised in profit or loss	**34,062**	33,401

* The corporate income tax rate applicable to the Japan subsidiaries will be reduced to 32.56% for tax years on or after 1 April 2015. The corporate tax rate will be further reduced to 31.79% from 1 April 2016.

10. EARNINGS PER SHARE

	Group	
	2014-15	**2013-14**
	$'000	**$'000**
Profit attributable to owners of the Company	**195,695**	180,387

	Group 31 March	
	2015	**2014**
Weighted average number of ordinary shares in issue used for computing basic earnings per share	**1,115,917,311**	1,119,659,471
Adjustment for share options, RSP and PSP	**8,635,515**	8,591,804
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	**1,124,552,826**	1,128,251,275
Earnings per share (cents)		
Basic	**17.5**	16.1
Diluted	**17.4**	16.0

10. EARNINGS PER SHARE (cont'd)

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.

11. DIVIDENDS PAID AND PROPOSED

	Group and Company	
	2014-15 $'000	**2013-14 $'000**
Dividends paid:		
Final dividend of 8 cents (2014: 6 cents) per ordinary share in respect of previous financial year	**89,792**	67,333
Special dividend of 0 cents (2014: 4 cents) per ordinary share in respect of previous financial year	**–**	44,888
Interim dividend of 5 cents (2014: 5 cents) per ordinary share in respect of current financial year	**55,783**	56,177
	145,575	168,398

Proposed but not recognised as a liability as at 31 March 2015:

	2014-15 $'000
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:	
Final dividend of 9 cents per ordinary share (one-tier tax exempt)	99,465

12. SHARE CAPITAL AND TREASURY SHARES

Share Capital

	Group and Company 31 March	
	2015 $'000	**2014 $'000**
Issued and fully paid share capital		
Ordinary shares		
Balance at beginning of the year: 1,124,056,275 (2014: 1,114,202,035) ordinary shares	**367,947**	338,423
Shares issued pursuant to equity compensation plan during the year: Nil (2014: 9,854,240) ordinary shares	**–**	29,524
Balance at end of the year: 1,124,056,275 (2014: 1,124,056,275) ordinary shares	**367,947**	367,947

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

During the year, no ordinary shares (2014: 9,854,240) were issued pursuant to equity compensation plans. In the previous financial year, 9,358,140 ordinary shares were issued for the Employee Share Option Plan and 496,100 were issued for the Restricted Share Plan and Performance Share Plan.

Notes to the Financial Statements

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

Treasury Shares

	Group and Company 31 March	
	2015 $'000	**2014 $'000**
Balance at beginning of the year: 5,120,201 (2014: 621,777) shares	**15,688**	2,069
Shares acquired during the year: 18,446,700 (2014: 5,667,000) shares	**54,910**	17,400
Shares reissued pursuant to equity compensation plans during the year: 4,672,052 (2014: 1,168,576) shares	**(14,221)**	(3,781)
Balance at end of the year: 18,894,849 (2014: 5,120,201) shares	**56,377**	15,688

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

During the year, 4,672,052 (2014: 1,168,576) treasury shares were reissued pursuant to the equity compensation plans of which 2,843,600 (2014: 554,100) were reissued for the Employee Share Option Plan, 1,393,152 (2014: 614,476) were reissued for the Restricted Share Plan, and 435,300 (2014: Nil) were reissued for the Performance Share Plan.

Employee Share Option Plan

During the year, 2,843,600 (2014: 9,912,240) options were exercised under the SATS Employee Share Option Plan ("the Plan"), which comprises the Senior Executive Share Option Scheme for senior executives and the Employee Share Option Scheme for all other employees. These options were exercised by reissuance of 2,843,600 (2014: 554,100) treasury shares and issuance of Nil (2014: 9,358,140) ordinary shares.

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

	Group 31 March			
	2015		**2014**	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Outstanding at beginning of the year	**15,364,485**	**$2.29**	26,053,650	$2.33
Exercised	**(2,843,600)**	**$2.03**	(9,912,240)	$2.31
Forfeited/Lapsed	**(823,800)**	**$2.16**	(776,925)	$2.08
Outstanding at end of the year	**11,697,085**	**$2.36**	15,364,485	$2.29
Exercisable at end of the year	**11,697,085**	**$2.36**	15,364,485	$2.29

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 Plan. 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 were no options granted during the year and in prior year.

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.

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

Employee Share Option Plan (cont'd)

Fair values of the options (cont'd)

	Group	
	2014-15 $'000	**2013-14 $'000**
Proceeds received from share options exercised	**5,786**	23,225

Terms of share options outstanding as at 31 March 2015:

Exercise period	Exercise Price	Number Outstanding	Number Exercisable
01.07.2006 to 30.06.2015	$1.97	70,125	70,125
01.07.2007 to 30.06.2015	$1.97	1,408,625	1,408,625
01.07.2008 to 30.06.2015	$1.97	70,125	70,125
01.07.2009 to 30.06.2015	$1.97	170,125	170,125
03.07.2007 to 02.07.2016	$1.80	80,875	80,875
03.07.2008 to 02.07.2016	$1.80	1,322,260	1,322,260
03.07.2009 to 02.07.2016	$1.80	82,100	82,100
03.07.2010 to 02.07.2016	$1.80	84,350	84,350
02.07.2009 to 01.07.2017	$2.76	6,225,600	6,225,600
01.07.2010 to 30.06.2018	$1.92	2,182,900	2,182,900
		11,697,085[@]	11,697,085

[@] The total number of options outstanding includes 1,991,200 (2014: 2,881,300) share options not exercised by employees who have retired or ceased to be employed by SATS or any of its subsidiary companies by reason of (i) ill health, injury or disability or death; (ii) redundancy; or (iii) any other reason approved in writing by the Remuneration Committee. The said options are exercisable up to the expiration of the applicable exercise period or the period of five years from the date of retirement or cessation of employment, whichever is earlier.

Details of movements of share options:

Date of grant	Balance at 1.4.2014	Forfeited/ Lapsed	Exercised	Balance at 31.3.2015	Exercise price	Exercisable period
01.07.2004	919,550	(270,800)	(648,750)	–	$1.79	01.07.2005 - 30.06.2014
01.07.2005	2,766,400	(85,600)	(961,800)	1,719,000	$1.97	01.07.2006 - 30.06.2015
03.07.2006	2,039,035	(80,400)	(389,050)	1,569,585	$1.80	03.07.2007 - 02.07.2016
02.07.2007	6,992,900	(281,000)	(486,300)	6,225,600	$2.76	02.07.2009 - 01.07.2017
01.07.2008	2,646,600	(106,000)	(357,700)	2,182,900	$1.92	01.07.2010 - 30.06.2018
	15,364,485	(823,800)	(2,843,600)	11,697,085		

The range of exercise prices for options outstanding at the end of the year is $1.80 - $2.76 (2014: $1.79 - $2.76). The weighted average remaining contractual life for these options is 2.01 years (2014: 2.75 years).

The weighted average share price for options exercised during the year was $3.10 (2014: $3.24).

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

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

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. Both share plans which are due to expire on July 2015 were approved during the 41st Annual General Meeting held on 23 July 2014 for further extension of 10 years to July 2025.

The details of the two plans are described below:

	Restricted Share Plan ("RSP")	Performance Share Plan ("PSP")
For grants prior to FY2010/2011		
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on position and individual performance targets set at the start of a two-year performance period based on stretched medium-term Group and Company objectives.	Award of fully-paid ordinary shares of the Company, conditional on performance targets set at the start of a three-year overlapping performance period based on stretched long-term corporate objectives.
Performance Conditions	For grants prior to FY2009/2010 At Group level • EBITDA# Margin • Value Added per $ Employment Cost For grants in FY2009/2010 At Group level • PATMI@ • Value Added per $ Employment Cost	• Absolute Total Shareholder Return (TSR) • Absolute Return on Equity (ROE)
Vesting Condition	Based on meeting stated performance conditions over a two-year performance period, 50% of award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.	Vesting based on meeting stated performance conditions over a three-year performance period.
Payout	0% – 150% depending on the achievement of pre-set performance targets over the performance period.	0% - 200% depending on the achievement of pre-set performance targets over the performance period.
For grants in FY2010/2011 to FY2012/2013		
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.

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

Share-Based Incentive Plans (cont'd)

	Restricted Share Plan ("RSP")	Performance Share Plan ("PSP")
For grant in July 2013		
Plan Description	Award of fully-paid ordinary shares of the Company.	
Performance Conditions	No performance conditions	
Vesting Condition	Equal vesting over a two-year period.	
Payout	100%	
For other grants in FY2013/2014		
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on both corporate and individual performance achievement based on pre-determined targets.	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 ROE^ performance	• Absolute TSR • Relative TSR
Vesting Condition	Equal vesting over a three-year period.	Vesting based on meeting specified performance conditions over a three-year performance period.
Payout	0% - 120% depending on the achievement of specified performance targets.	0% - 150% depending on the achievement of specified performance targets over the performance period.
For grants in FY2014/2015		
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 ROE^ performance	• Absolute TSR • Relative TSR
Vesting Condition	Equal vesting over a three-year period.	Vesting based on meeting specified performance conditions over a three-year performance period.
Payout	0% - 120% depending on the achievement based on prior financial year.	0% - 150% depending on the achievement of specified performance targets over the performance period.

^ ROE denotes Returns on Equity.
\# EBITDA denotes Earnings before Interest, Taxes, Depreciation and Amortisation.
@ PATMI denotes Profit after Taxes and Non-controlling interests.

Notes to the Financial Statements

31 March 2015

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 2014	Dec 2013	Nov 2013	Jul 2013
Expected dividend yield (%)	Management's forecast			
Expected volatility (%)	16.5	18.2	18.3	18.0
Risk-free interest rate (%)	0.3 – 0.7	0.3 – 0.4	0.3 – 0.4	0.2 – 0.3
Expected term (years)	0.9 – 2.9	0.3 – 2.3	0.4 – 2.4	1 – 2
Share price at date of grant ($)	3.01	3.18	3.19	3.28

PSP	Oct 2014	Dec 2013	Nov 2013
Expected dividend yield (%)	Management's forecast		
Expected volatility (%)	13.1	18.2	18.3
Risk-free interest rate (%)	0.71	0.43	0.40
Expected term (years)	2.8	2.3	2.4
Index (for Relative TSR)	Bloomberg Asia-Pacific Air Transportation Support Services Competitive Index	MSCI Asia Pac ex-Japan Industrial Index	MSCI Asia Pac ex-Japan Industrial Index
Index Volatility (%)	N.A	22.7	22.7
Correlation with Index (%)	N.A	60.8	62.3
Share price at date of grant ($)	3.04	3.18	3.19

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 restricted shares				
Date of grant	Balance at 1.4.2014/ Date of grant	Vested	Forfeited	Adjustments #	Balance at 31.3.2015
02.08.2010	194,852	(194,852)	–	–	–
01.08.2011	98,366	(49,200)	–	–	49,166
03.08.2011	454,855	(232,800)	(17,811)	–	204,244
01.08.2012	649,053	(222,400)	(32,400)	–	394,253
11.10.2012	34,695	(11,600)	–	–	23,095
16.07.2013	207,236	(103,700)	–	–	103,536
15.11.2013	1,532,500	(523,800)	(76,200)	37,400	969,900
03.12.2013	161,000	(54,800)	–	3,300	109,500
06.08.2014	1,670,000	–	(44,000)	–	1,626,000
	5,002,557	(1,393,152)	(170,411)	40,700	3,479,694

Adjustment due to the performance factor at the end of the performance period upon meeting stated performance target.

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

Share-Based Incentive Plans (cont'd)

Fair values of RSP and PSP (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 $2.65 to $2.89 (2014: $2.94 to $3.17).

PSP

	Number of performance shares				
Date of grant	**Balance at 1.4.2014/ Date of grant**	**Vested**	**Forfeited**	**Adjustments**	**Balance at 31.3.2015**
03.08.2011	505,561	(435,300)	(70,261)	–	–
11.03.2013	683,587	–	(24,432)	–	659,155
15.11.2013	874,000	–	–	–	874,000
03.12.2013	326,000	–	–	–	326,000
20.10.2014	1,373,000	–	–	–	1,373,000
	3,762,148	(435,300)	(94,693)	–	3,232,155

The estimated weighted average fair values at date of grant for each share granted during the year under the PSP are $1.09 (2014: $1.84 and $1.86) 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 2015, were 3,479,694 (2014: 3,332,557) and 3,232,155 (2014: 2,389,148) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from 1,853,694 to 3,804,894 (2014: 1,639,057 to 3,671,257) and zero to a maximum of 5,177,810 (2014: zero to maximum 4,178,296) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

For the current financial year, the Group has provided $6,343,000 (2014: $4,254,000) in respect of the RSP and PSP based on the fair values determined on grant date and estimation of share grants that will ultimately vest.

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

	Group	
	2014-15 $'000	**2013-14 $'000**
Share-based compensation expense		
Restricted share plan	**5,001**	3,348
Performance share plan	**1,342**	906
	6,343	4,254

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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 represents the cumulative fair value changes, net of tax, of available-for-sale financial assets, 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).

(e) Capital Reserve

Captial reserve comprises acquisitions of non-controlling interests that do not result in a change of control.

(f) Gain or Loss on Reissuance of Treasury Shares

This represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

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
Cost									
At 1 April 2013	121,175	733,537	102,355	312,972	72,037	74,723	43,983	3,104	1,463,886
Translation	(9,315)	(220)	(91)	(481)	317	(432)	(871)	–	(11,093)
Reclassifications	578	–	1,769	1,035	1,146	(103)	3,506	(7,931)	–
Transfer (Note 16)	–	–	–	37	–	(22,182)	–	775	(21,370)
Additions	1,145	1,376	1,656	5,977	6,242	6,423	9,906	25,042	57,767
Reclassification to assets held for sale	–	(1,744)	–	(3,184)	–	(161)	(476)	–	(5,565)
Disposals	–	–	(923)	(2,257)	(19,198)	(3,487)	(6,655)	(2)	(32,522)
At 31 March 2014 and 1 April 2014	113,583	732,949	104,766	314,099	60,544	54,781	49,393	20,988	1,451,103
Translation	(8,191)	22	61	(37)	1,749	(356)	(681)	(3)	(7,436)
Reclassifications	732	3,817	20,442	4,392	2,352	2,917	1,718	(36,370)	–
Transfer (Note 16)	–	–	–	28	(33)	(1,970)	–	(1,211)	(3,186)
Additions	872	732	1,832	9,124	3,724	4,787	1,771	36,950	59,792
Reclassification to assets held for sale	–	–	(370)	(16,677)	–	(1,265)	(4,419)	(335)	(23,066)
Disposals	(2,592)	(22)	(2,952)	(1,010)	(2,772)	(6,290)	(1,039)	(6)	(16,683)
At 31 March 2015	104,404	737,498	123,779	309,919	65,564	52,604	46,743	20,013	1,460,524
Accumulated depreciation									
At 1 April 2013	6,905	395,523	61,967	291,081	42,991	51,424	21,761	–	871,652
Translation	(1,320)	(124)	(54)	(370)	251	(301)	(357)	–	(2,275)
Transfer (Note 16)	–	–	–	37	–	(16,055)	–	–	(16,018)
Depreciation	4,649	24,896	10,185	6,444	7,683	5,651	6,200	–	65,708
Reclassification to assets held for sale	–	(1,032)	–	(2,405)	–	(139)	(336)	–	(3,912)
Disposals	–	–	(920)	(2,252)	(19,178)	(3,052)	(6,517)	–	(31,919)
At 31 March 2014 and 1 April 2014	10,234	419,263	71,178	292,535	31,747	37,528	20,751	–	883,236
Translation	(1,652)	10	55	(14)	1,212	(281)	(279)	–	(949)
Transfer (Note 16)	–	–	–	28	(33)	(726)	–	–	(731)
Depreciation	4,551	25,132	6,487	6,298	6,072	4,617	4,744	–	57,901
Reclassification to assets held for sale	–	–	(369)	(14,107)	–	(811)	(2,767)	–	(18,054)
Disposals	(1,450)	(22)	(1,310)	(932)	(2,772)	(5,040)	(1,015)	–	(12,541)
At 31 March 2015	11,683	444,383	76,041	283,808	36,226	35,287	21,434	–	908,862
Carrying amount									
At 31 March 2014	103,349	313,686	33,588	21,564	28,797	17,253	28,642	20,988	567,867
At 31 March 2015	92,721	293,115	47,738	26,111	29,338	17,317	25,309	20,013	551,662

Carrying amount of property, plant and equipment under finance leases is $769,000 (2014: $1,410,000). In addition to assets held under finance leases, the Group's property, plant and equipment with a carrying amount of $121,792,000 (2014: $135,424,000) are pledged to secure the Group's bank loans and overdrafts.

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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 2013	1,349	350	9,913	123	1,533	13,268
Reclassifications (Note 15)	710	–	–	–	(1,832)	(1,122)
Transfer (Note 16)	–	–	(6,590)	–	243	(6,347)
Additions	–	–	44	43	8,267	8,354
Disposals	(7)	(339)	(841)	(6)	–	(1,193)
At 31 March 2014 and 1 April 2014	2,052	11	2,526	160	8,211	12,960
Reclassifications (Note 15)	597	–	–	–	(12,987)	(12,390)
Additions	26	–	25	25	11,108	11,184
Disposals	–	–	(2)	(90)	–	(92)
At 31 March 2015	2,675	11	2,549	95	6,332	11,662
Accumulated depreciation						
At 1 April 2013	1,284	350	5,968	118	–	7,720
Transfer (Note 16)	–	–	(3,372)	–	–	(3,372)
Depreciation	57	–	231	19	–	307
Disposals	(7)	(339)	(841)	(6)	–	(1,193)
At 31 March 2014 and 1 April 2014	1,334	11	1,986	131	–	3,462
Depreciation	121	–	220	28	–	369
Disposals	–	–	(2)	(90)	–	(92)
At 31 March 2015	1,455	11	2,204	69	–	3,739
Carrying amount						
At 31 March 2014	718	–	540	29	8,211	9,498
At 31 March 2015	1,220	–	345	26	6,332	7,923

	Group		Company	
	2014-15 $'000	2013-14 $'000	**2014-15 $'000**	2013-14 $'000
Depreciation charge for the financial year				
Freehold land and buildings	**4,551**	4,649	**–**	–
Leasehold land and buildings	**25,132**	24,896	**–**	–
Office fittings and fixtures	**6,487**	10,185	**–**	–
Fixed ground support equipment	**6,298**	6,444	**121**	57
Mobile ground support equipment	**6,072**	7,683	**–**	–
Office and commercial equipment	**4,617**	5,651	**220**	231
Motor vehicles	**4,744**	6,200	**28**	19
	57,901	65,708	**369**	307

15. INVESTMENT PROPERTIES

	Group $'000	Company $'000
Cost		
At 1 April 2013	**24,678**	729,188
Translation	**(1,078)**	–
Reclassifications (Note 14)	**–**	1,122
Additions	**–**	168
Disposals	**–**	(676)
At 31 March 2014 and 1 April 2014	**23,600**	729,802
Translation	**(1,541)**	–
Reclassifications (Note 14)	**–**	12,390
Additions	**–**	1,127
Disposals	**(136)**	(66)
At 31 March 2015	**21,923**	743,253
Accumulated depreciation		
At 1 April 2013	**13,380**	409,841
Translation	**(291)**	–
Depreciation	**1,317**	25,294
Disposals	**–**	(600)
At 31 March 2014 and 1 April 2014	**14,406**	434,535
Translation	**(661)**	–
Depreciation	**1,266**	24,892
Disposals	**(72)**	(31)
At 31 March 2015	**14,939**	459,396
Carrying amount		
At 31 March 2014	**9,194**	295,267
At 31 March 2015	**6,984**	283,857

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15. INVESTMENT PROPERTIES (cont'd)

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

Information relating to the fair values of the investment properties of the Group as at 31 March 2015 is as follows:

	Carrying value $'000	Fair value $'000
Investment properties	6,984	26,244

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 as at 31 March 2015 is as follows:

	Carrying value $'000	Fair value $'000
Investment properties rented by Company to third parties	3,749	19,400

The valuation is based on the Investment Method that makes reference to gross rental income of similar properties based on prevailing economic conditions.

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 these investment properties to be relevant.

Investment properties are categorised within level 3 of the fair value hierarchy. A significant increase (decrease) in gross rental income would result in a significantly higher (lower) fair value measurement.

The property rental income earned by the Group and Company for the year ended 31 March 2015 from its investment properties which are leased out under operating leases, amounted to $2,410,000 and $46,004,000 (2014: $2,741,000 and $46,267,000) respectively.

Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties amounted to $403,000 and $35,556,000 (2014: $386,000 and $32,108,000) for the Group and Company respectively.

16. INTANGIBLE ASSETS

Group	Software development $'000	Advance and progress payments $'000	Goodwill $'000	Licence $'000	Customer relationships $'000	Total $'000
Cost						
At 1 April 2013	65,354	5,887	145,276	27,965	39,923	284,405
Translation	(121)	–	(1,441)	(141)	(697)	(2,400)
Reclassifications	2,839	(2,839)	–	–	–	–
Transfer (Note 14)	22,145	(775)	–	–	–	21,370
Additions	299	–	–	–	–	299
Reclassification to assets held for sale	–	–	–	(840)	–	(840)
Disposals	(153)	–	–	(170)	–	(323)
At 31 March 2014 and 1 April 2014	90,363	2,273	143,835	26,814	39,226	302,511
Translation	(105)	–	(1,233)	–	(471)	(1,809)
Reclassifications	2,539	(2,539)	–	–	–	–
Transfer (Note 14)	2,144	1,042	–	–	–	3,186
Additions	83	2,238	–	–	–	2,321
Reclassification to assets held for sale	–	–	(13,243)	–	–	(13,243)
Disposals	(283)	–	–	–	–	(283)
At 31 March 2015	94,741	3,014	129,359	26,814	38,755	292,683
Accumulated amortisation						
At 1 April 2013	54,119	–	–	7,980	29,429	91,528
Translation	(116)	–	–	–	–	(116)
Transfer (Note 14)	16,018	–	–	–	–	16,018
Amortisation	6,765	–	–	1,915	1,511	10,191
Disposals	(153)	–	–	–	–	(153)
At 31 March 2014 and 1 April 2014	76,633	–	–	9,895	30,940	117,468
Translation	(94)	–	–	–	–	(94)
Transfer (Note 14)	731	–	–	–	–	731
Amortisation	5,711	–	–	1,915	1,438	9,064
Disposals	(13)	–	–	–	–	(13)
At 31 March 2015	82,968	–	–	11,810	32,378	127,156
Carrying amount						
At 31 March 2014	13,730	2,273	143,835	16,919	8,286	185,043
At 31 March 2015	11,773	3,014	129,359	15,004	6,377	165,527

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16. INTANGIBLE ASSETS (cont'd)

Customer Relationships and Licence

The customer relationships relate to the economic benefits that are expected to derive from business dealings with the existing customers in the Singapore 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 evidence that the Group is able to benefit from the future economic inflows from such relationships.

Licence refers to the only abattoir licence granted by the Agri-Food & Veterinary Authority of Singapore.

Amortisation Expense

The amortisation of software development, licence and customer relationships is included in the "Depreciation and amortisation charges" in the consolidated income statement.

Impairment Testing of Goodwill

Goodwill arising from business combinations have been allocated to the following cash-generating units (CGU) for impairment testing:

– Food Solutions
– TFK Corporation

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

	Food Solutions 31 March		TFK Corporation 31 March	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Goodwill	**111,791**	125,034	**17,568**	18,801

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

	Food Solutions 31 March		TFK Corporation 31 March	
	2015 %	2014 %	2015 %	2014 %
Growth rates	**1**	1	**1**	1
Discount rates	**7**	7	**7**	7

16. INTANGIBLE ASSETS (cont'd)

Key assumptions used in the value in use calculations

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

Forecast 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 forecast 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 value of goodwill in the Food Solutions CGU, a 14% reduction in forecasted 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 value.

Growth rates - The forecast 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 represent 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 forecast year.

Market share assumptions - In addition to using industry data to estimate the growth rates (as noted above), the management assesses how the CGU's position, relative to its competitors, might change over the forecast period. The management 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 2013	18,618	2,210	20,828
Reclassifications	1,338	(1,338)	–
Transfer (Note 14)	6,590	(243)	6,347
Disposals	(728)	–	(728)
At 31 March 2014 and 1 April 2014	25,818	629	26,447
Additions	275	235	510
At 31 March 2015	26,093	864	26,957
Accumulated amortisation			
At 1 April 2013	8,721	–	8,721
Transfer (Note 14)	3,372	–	3,372
Amortisation	3,897	–	3,897
Disposals	(396)	–	(396)
At 31 March 2014 and 1 April 2014	15,594	–	15,594
Amortisation	3,755	–	3,755
At 31 March 2015	19,349	–	19,349
Carrying amount			
At 31 March 2014	10,224	629	10,853
At 31 March 2015	6,744	864	7,608

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17. INVESTMENT IN SUBSIDIARIES

	Company 31 March 2015 $'000	Company 31 March 2014 $'000
Unquoted shares, at cost	**541,030**	541,030

The names of the subsidiaries are set out below and the country of incorporation and place of business is Singapore, unless otherwise stated:

Name of companies (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2015 $'000	Cost of investment 2014 $'000	Equity held 2015 %	Equity held 2014 %
Held by the Company					
SATS Airport Services Pte Ltd [a]	Airport ground handling services	**16,500**	16,500	**100**	100
SATS Catering Pte Ltd [a]	Inflight catering services	**14,000**	14,000	**100**	100
SATS Security Services Private Limited [a]	Security handling services	**3,000**	3,000	**100**	100
SATS Aero Laundry Pte. Ltd. (Formerly known as Aero Laundry And Linen Services Private Limited) [a]	Providing and selling laundry and linen services	**2,515**	2,515	**100**	100
Aerolog Express Pte Ltd [a]	Airport cargo delivery management services	**1,340**	1,340	**100**	100
Country Foods Pte. Ltd.[a]	Manufacturing and sale of chilled and frozen food, and providing food catering services	**11,030**	11,030	**100**	100
Asia-Pacific Star Private Limited [a]	Airport ground handling services and inflight catering services	**#**	#	**100**	100
SATS HK Limited [b] (Hong Kong)	Ramp services, passenger handling services and operations control services (Hong Kong)	**5,157**	5,157	**100**	100
Singapore Food Industries Pte. Ltd.[a]	Food processing and distribution services	**487,260**	487,260	**100**	100
SATS Investments Pte. Ltd.[a]	Investment holding	**#**	#	**100**	100
SATS (India) Co. Private Limited [b] (India)	Business development and marketing and product development (India)	**228**	228	**100**	100
SATS Investments (II) Pte. Ltd.[a]	Investment holding	**#**	#	**100**	100
Cemerlang Pte. Ltd.[a]	Investment holding	**#**	#	**100**	100
		541,030	541,030		

17. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	Group 31 March Equity held 2015 %	Group 31 March Equity held 2014 %
Held through SATS Airport Services Pte Ltd			
SATS-Creuers Cruise Services Pte. Ltd.[a]	Management of international cruise terminal	**60**	60
Held through Singapore Food Industries Pte. Ltd.			
Singfood Pte. Ltd.[a]	Contract manufacturing of food products and food distribution	**100**	100
Primary Industries Private Limited and its subsidiaries [a]	Provision of abattoir services	**78.5**	78.5
– Farmers Abattoir Pte Ltd [a]	Meat processing and other related activities	**78.5**	78.5
– Hog Auction Market Pte Ltd [a]	Auctioneers of pigs	**78.5**	78.5
Primary Industries (Qld) Pty Ltd and its subsidiary [b] (Australia)	Provision of land logistics and food solutions (Australia)	**100**	100
– Urangan Fisheries Pty Ltd [b, f] (Australia)	Processing and sale of seafood (Australia)	**–**	51
Shanghai ST Food Industries Co., Limited [c] (People's Republic of China)	Manufacture and sale of frozen foodstuffs (People's Republic of China)	**100**	100
Singapore Food Development Pte Ltd [a]	Investment holding	**100**	100
SFI Food Pte. Ltd.[a]	Provision of technical and management services for agri-food business	**100**	100
SG IPF Pte Ltd [a, g]	Investment holding	**100**	–
SFI Manufacturing Private Limited [a]	Supply of food products and catering services	**100**	100
SATS Investments (Middle East I) Pte. Ltd.[a]	Inactive	**100**	100
Sports Catering Services Pte. Ltd.[a]	Catering and food and beverages services at Singapore Sports Hub	**70**	70
Held through SATS Investments Pte. Ltd.			
TFK Corporation [b, d] (Japan)	Inflight catering services (Japan)	**59.4**	53.8
Food And Allied Support Services Corporation Pte. Ltd.[a]	Remote catering	**51**	51

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17. INVESTMENT IN SUBSIDIARIES (cont'd)

		Group 31 March	
		Equity held	
Name of companies (Country of incorporation)	**Principal activities (Place of business)**	**2015 %**	**2014 %**
Held through TFK Corporation			
Inflight Foods Co., Ltd.[d] (Japan)	Preparation and sale of inflight meals, frozen foods, seafood, meat and rice products and vegetables and fruits (Japan)	**59.4**	53.8
Narita Dry Ice Co., Ltd.[d] (Japan)	Manufacture and sale of dry ice and ice cubes and sale of refrigerant and packaging material (Japan)	**59.4**	53.8
New Tokyo Service Co., Ltd[d] (Japan)	Inflight catering services, and provision of manpower to inflight catering operators (Japan)	**59.4**	53.8
Tokyo Flight Kitchen Restaurantes LTDA[d] (Brazil)	Real estate management (Brazil)	**59.4**	53.8
TFK International (N.Z.) Limited[d] (New Zealand) (in liquidation)	Restaurant and inflight meal (New Zealand)	**59.4**	53.8
Held through Food And Allied Support Services Corporation Pte. Ltd.			
FASSCO International (Australia) Pty Ltd[b] (Australia)	Catering, housekeeping and other allied services (Australia)	**51**	51
FASSCO International (India) Private Limited[b] (India)	Catering, housekeeping and other allied services (India)	**51**	51
FASSCO Catering Services LLC[b,e] (Abu Dhabi)	Catering and allied services (Abu Dhabi)	**25**	25

a Audited by Ernst & Young LLP, Singapore.
b Audited by member firms of Ernst & Young Global in the respective countries.
c Audited by Shanghai YMD Certified Public Accountants (LLP).
d Percentage of equity held excludes Treasury Shares held by TFK Corporation.
e FASSCO Catering Services LLC is held through Food And Allied Support Services Corporation Pte. Ltd. (a subsidiary) which has dividend right of 97% in the subsidiary company.
f Disposed in July 2014.
g Incorporated on 30 April 2014.
Amount is $2.

17. INVESTMENT IN SUBSIDIARIES (cont'd)

Interest in subsidiaries with material non-controlling interest (NCI)

The Group has the following subsidiaries that have NCI that are material to the Group:

Name of subsidiaries (Place of business)	Proportion of ownership interest held by non-controlling interest %	(Loss)/Profit allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividends paid to NCI $'000
TFK Corporation and its subsidiaries ("TFK") (Japan)				
31 March 2015	40.6	(3,338)	(55,088)	283
31 March 2014	46.2	2,478	(73,213)	277

Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised statement of financial position as at 31 March:

	TFK	
	2015 $'000	2014 $'000
Current		
Assets	**66,957**	91,772
Liabilities	**49,915**	55,466
Net current assets	**17,042**	36,306
Non-current		
Assets	**153,239**	172,331
Liabilities	**17,029**	31,367
Net non-current assets	**136,210**	140,964
Net assets	**153,252**	177,270

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17. INVESTMENT IN SUBSIDIARIES (cont'd)

Summarised statement of comprehensive income:

	TFK	
	2014-15 $'000	**2013-14 $'000**
Revenue	**220,853**	268,098
(Loss)/profit before income tax	**(11,363)**	8,403
Income tax expense	**1,411**	(3,052)
(Loss)/profit after tax	**(9,952)**	5,351
Other comprehensive loss	**(7,387)**	(14,151)
Total comprehensive loss	**(17,339)**	(8,800)

Other summarised information:

	TFK	
	2014-15 $'000	**2013-14 $'000**
Net cash (out)/in flows from operations	**(1,515)**	13,524
Acquisition of significant Property, Plant and Equipment	**3,071**	4,582

Loan to subsidiaries

Loans to subsidiaries comprise of:

(i) An amount of $15,518,475 (2014: $14,219,070) which is unsecured, bears interest at 3 months HIBOR per annum and no fixed term of repayment;

(ii) An amount of $5,720,564 (2014: $5,720,564) which is unsecured, bears interest at 3 months SIBOR plus 1.7% per annum and is repayable on 31 March 2016;

(iii) An amount of $4,500,000 (2014: Nil) which is unsecured, bears interest at 5% per annum and is repayable in ten equal instalments and fully paid up on 1 January 2020;

(iv) An amount of $276,525 (2014: $457,000) which is unsecured, bears interest at 3 months SIBOR plus 1.5% per annum and is repayable by 31 October 2016; and

(v) 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)

Assets and liabilities held for sale

On 16 April 2015, Singapore Food Industries Pte. Ltd., a wholly owned subsidiary of SATS Ltd., entered into a joint venture agreement with BRF GmbH, a subsidiary of BRF S.A., to set up a company in Singapore to be named SATS BRF Food Pte. Ltd. ("JV Company"). The Group has classified certain assets under its food distribution business to be transferred to the new JV Company as held for sale as at 31 March 2015.

The assets and liabilities as at 31 March 2014 relates to the Group's interest in Urangan Fisheries Pty Ltd, Adel Abuljadayel Flight Catering Company Limited and Tan Son Nhat Cargo Services Company Limited which were subsequently disposed off during the financial year. An impairment charge of $196,000 was recorded in this financial year in relation to these assets and liabilities.

	Group 31 March	
	2015 $'000	**2014 $'000**
Assets:		
Property, plant and equipment	**5,012**	733
Intangible assets	**13,243**	840
Deferred tax assets	**–**	657
Inventories	**23,792**	2,397
Trade and other receivables	**393**	2,182
Cash and short-term deposits	**18,803**	1,309
Assets classified as held for sale	**61,243**	8,118
Investment in associates classified as held for sale (Note 18)	**–**	24,541
Assets of disposal groups classified as held for sale	**61,243**	32,659
Liabilities:		
Trade and other payables	**–**	1,363
Income tax payable	**–**	237
Term loan	**–**	619
Liabilities directly associated with disposal group classified as held for sale	**–**	2,219

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18. INVESTMENT IN ASSOCIATES

	Group 31 March		Company 31 March	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Quoted shares, at cost	**116,428**	118,317	**–**	–
Unquoted shares, at cost	**286,940**	287,040	**274,575**	274,575
Impairment loss	**(3,313)**	(3,313)	**(10,444)**	(10,444)
Share of post-acquisition results of associates	**167,657**	208,117	**–**	–
Accumulated amortisation of goodwill and intangible assets	**(41,919)**	(39,298)	**–**	–
Share of statutory reserves of associates	**7,823**	7,603	**–**	–
Share of changes recognised directly in associate's equity	**105**	(336)	**–**	–
Foreign currency translation adjustments	**(95,811)**	(104,959)	**–**	–
	437,910	473,171	**264,131**	264,131

Amortisation of intangible assets

Customer-related intangible assets that arose from the acquisition of associates are recorded as part of the investment in associates. The useful lives of these intangible assets with definite useful lives were determined to be 15 years and these assets are amortised on a straight-line basis over their respective useful lives. The amortisation expense is included in the "share of results of associates, net of tax" account in the consolidated income statement.

Amounts due from associates (current account)

The amounts due from associates are unsecured, trade-related and are repayable on demand.

Associates

		Group 31 March			
		Cost of investment		Equity held	
Name of companies (Country of incorporation)	**Principal activities (Place of business)**	**2015 $'000**	**2014 $'000**	**2015 %**	**2014 %**
Held by the Company					
Maldives Inflight Catering Private Limited [a] (Republic of Maldives)	Inflight catering services (Republic of Maldives)	**287**	287	**35.0**	35.0
Beijing Airport Inflight Kitchen Ltd [b,o] (People's Republic of China)	Inflight catering services (People's Republic of China)	**13,882**	13,882	**40.0**	40.0
Beijing Aviation Ground Services Co., Ltd [c,o] (People's Republic of China)	Airport ground handling services (People's Republic of China)	**5,710**	5,710	**28.0**	40.0
Aviserv Limited [d,o] (Ireland)	Inflight catering services (Pakistan)	**3,313**	3,313	**49.0**	49.0

18. INVESTMENT IN ASSOCIATES (cont'd)

Associates (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	Group 31 March Cost of investment 2015 $'000	Cost of investment 2014 $'000	Equity held 2015 %	Equity held 2014 %
Held by the Company (cont'd)					
Tan Son Nhat Cargo Services Limited [e,o] (Vietnam)	Air cargo handling services (Vietnam)	**979**	979	**15.0**	15.0
Asia Airfreight Terminal Company Limited [f] (Hong Kong)	Air cargo handling services (Hong Kong)	**92,662**	92,662	**49.0**	49.0
Servair-SATS Holding Company Pte Ltd [g,o] (Singapore)	Investment holding company (Singapore)	**509**	509	**49.0**	49.0
MacroAsia Catering Services, Inc [h,o] (Philippines)	Inflight catering services (Philippines)	**2,027**	2,027	**20.0**	20.0
Taj Madras Flight Kitchen Private Limited [i] (India)	Inflight catering services (India)	**1,901**	1,901	**30.0**	30.0
Singapore Airport Duty-Free Emporium (Private) Limited [j] (Singapore)	Inactive (Singapore)	**1,560**	1,560	**24.0**	24.0
Evergreen Airline Services Corporation [k,o] (Taiwan)	Airport ground handling services (Taiwan)	**5,404**	5,404	**20.0**	20.0
Evergreen Air Cargo Services Corporation [l,o] (Taiwan)	Air cargo handling services (Taiwan)	**16,163**	16,163	**25.0**	25.0
Taj SATS Air Catering Limited [i] (India)	Catering services (India)	**24,646**	24,646	**49.0**	49.0
PT Jasa Angkasa Semesta, Tbk [m,o] (Indonesia)	Ground and cargo handling (Indonesia)	**105,532**	105,532	**49.8**	49.8
		274,575	274,575		
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.[p] (Japan)	Providing laundry services (Japan)	**39**	39	**14.9**	14.9

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18. INVESTMENT IN ASSOCIATES (cont'd)

Associates

		Group 31 March			
		Cost of investment		Equity held	
Name of companies (Country of incorporation)	Principal activities (Place of business)	2015 $'000	2014 $'000	2015 %	2014 %
Held through SATS Investments (Middle East I) Pte. Ltd.					
Mumtaz Food Solutions Limited (Saudi Arabia) (in liquidation)	Providing pilgrimage catering services (Saudi Arabia)	**–**	100	**30.0**	30.0
Held through Singapore Food Industries Pte. Ltd.					
Jilin CSD Food Co.,Ltd.[n] (People's Republic of China)	Operate and manage pig farm, abattoir, pork-processing, feed mill and other projects (People's Republic of China)	**9,578**	9,578	**30.0**	30.0
Held through SATS Investments (II) Pte. Ltd. & Cemerlang Pte. Ltd,					
PT Cardig Aero Services TBK [m,o] (Indonesia)	Aviation support and catering services (Indonesia)	**116,428**	118,317	**41.7**	41.7
		403,368	405,357		

a Audited by Ernst & Young, Maldives.
b Audited by Zhongrui Yuehua Certified Public Accountants Co., Ltd.
c Audited by PricewaterhouseCoopers Zhong Tian CPAs Limited Company, Beijing.
d Audited by Fitzgerald & Associates, Ireland.
e Audited by Deloitte Vietnam Co. Limited.
f Audited by KPMG, Hong Kong.
g Audited by Deloitte and Touche LLP, Singapore.
h Audited by Sycip Gorres Velayo & Co.
i Audited by Deloitte Haskins & Sells.
j Audited by Ernst & Young LLP, Singapore.
k Audited by Deloitte and Touche, Taiwan.
l Audited by Pricewaterhouse Coopers, Taiwan.
m Audited by Aryanto, Amir Jusuf, Mawar & Saptoto, Indonesia.
n Audited by Ji Lin Hua Tai Certified Public Accountants Co., Ltd (People's Republic of China).
o Financial years end on 31 December.
p International Airport Cleaning Co., Ltd. is held through TFK Corporation (a subsidiary) who has an equity stake of 27.7% in the associate.

18. INVESTMENT IN ASSOCIATES (cont'd)

Associates (cont'd)

The Group has not recognised losses relating to Beijing Aviation Ground Services Co., Ltd where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was $4,406,000 (2014: $8,642,000), of which $3,357,000 (2014: $6,535,000) was the share of the current year's losses and the gain on dilution of interest in the associate in the year was $7,593,000 (2014: Nil). The Group has no obligation in respect of these unrecognised losses.

The Group's material investments in associates are summarised below:

	31 March	
	2015 $'000	**2014 $'000**
PT Jasa Angkasa Semesta, Tbk ("PT Jas")	**60,666**	61,650
Asia Airfreight Terminal Company Limited ("AAT")	**130,111**	175,731
PT Cardig Aero Services TBK ("PT Cas")	**116,869**	123,171
Other associates	**130,264**	112,619
	437,910	473,171
Fair value of PT Cas based on the quoted market price at 31 March (Level 1 in the fair value hierarchy)	**114,085**	89,730

Aggregate information about the Group's investments in associates that are not individually material are as follows:

	2014-15 $'000	**2013-14 $'000**
Share of profit after tax from continuing operations	**13,663**	10,130
Other comprehensive income/(loss)	**8,938**	(1,629)
Total comprehensive income	**22,601**	8,501

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18. INVESTMENT IN ASSOCIATES (cont'd)

The summarised financial information in respect of PT Jas, AAT and PT Cas, based on its FRS financial statements and a reconciliation with the carrying amount of the investment in consolidated financial statements are as follows:

Summarised statement of financial position as at 31 March:

	PT Jas		AAT		PT Cas	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**	**2015 $'000**	**2014 $'000**
Current assets	**39,988**	39,168	**103,728**	195,076	**64,873**	58,882
Non-current assets excluding goodwill	**15,990**	15,241	**163,298**	162,141	**50,301**	46,354
Goodwill	**–**	–	**–**	–	**1,747**	1,776
Total assets	**55,978**	54,409	**267,026**	357,217	**116,921**	107,012
Current liabilities	**21,951**	25,913	**17,973**	13,683	**37,991**	35,011
Non-current liabilities	**8,273**	6,255	**15,811**	14,487	**25.960**	21,860
Total liabilities	**30,224**	32,168	**33,784**	28,170	**63,951**	56,871
Net assets	**25,754**	22,241	**233,242**	329,047	**52,970**	50,141
Net assets excluding goodwill	**25,754**	22,241	**233,242**	329,047	**51,223**	48,365
Less: Non-controlling interest	**–**	–	**–**	–	**12,428**	14,782
	25,754	22,241	**233,242**	329,047	**38,795**	33,583
Proportion of the Group's ownership	**49.8%**	49.8%	**49.0%**	49.0%	**41.7%**	41.7%
Group's share of net assets	**12,824**	11,075	**114,288**	161,233	**16,158**	13,987
Goodwill on acquisition and intangible assets	**47,842**	50,575	**15,823**	14,498	**100,711**	109,184
Carrying amount of the investment	**60,666**	61,650	**130,111**	175,731	**116,869**	123,171

Summarised statement of comprehensive income:

	PT Jas		AAT		PT Cas	
	2014-15 $'000	**2013-14 $'000**	**2014-15 $'000**	**2013-14 $'000**	**2014-15 $'000**	**2013-14 $'000**
Revenue	**117,572**	108,682	**108,896**	129,903	**165,414**	12,951
Profit after tax	**32,448**	28,638	**21,893**	38,203	**11,309**	819
Other comprehensive income/(loss)	**1,005**	(1,030)	**–**	–	**633**	–
Total comprehensive income	**33,453**	27,608	**21,893**	38,203	**11,942**	819

19. INVESTMENT IN A JOINT VENTURE

	Group 31 March		Company 31 March	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Unquoted shares, at cost	**12,014**	12,014	**12,014**	12,014
Post-acquisition revenue reserve capitalised as share capital	**3,090**	3,090	**–**	–
Share of post-acquisition revenue reserve	**18,666**	14,495	**–**	–
Foreign currency translation	**(6,902)**	(8,053)	**–**	–
	26,868	21,546	**12,014**	12,014

		Group 31 March			
		Cost of investment		Equity held	
Name of company (Country of incorporation)	**Principal activities (Place of business)**	**2015 $'000**	**2014 $'000**	**2015 %**	**2014 %**
Held by the Company					
Air India SATS Airport Services Private Limited * (India)	Ground handling and cargo handling services (India)	**12,014**	12,014	**50.0**	50.0
		12,014	12,014		

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

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19. INVESTMENT IN A JOINT VENTURE (cont'd)

The summarised financial information in respect of Air India SATS Airport Services Private Limited ("AISATS") based on its FRS financial statements and a reconciliation with the carrying amount of the investment in consolidated financial statements are as follows:

Summarised statement of financial position as at 31 March:

	AISATS	
	2015 $'000	**2014 $'000**
Cash and cash equivalents	**9,594**	9,489
Inventories	**550**	496
Trade receivable	**31,130**	25,783
Current assets	**41,274**	35,768
Non-current assets	**51,058**	29,195
Total assets	**92,332**	64,963
Current liabilities	**36,449**	20,473
Non-current liabilities	**2,146**	1,398
Total liabilities	**38,595**	21,871
Net assets	**53,737**	43,092
Net assets excluding goodwill	**53,737**	43,092
Proportion of the Group's ownership	**50.0%**	50.0%
Carrying amount of the investment	**26,868**	21,546

Summarised statement of comprehensive income:

	AISATS	
	2014-15 $'000	**2013-14 $'000**
Revenue	**111,519**	97,478
Operating expenses	**(96,862)**	(88,527)
Interest expense	**(1,162)**	(809)
Profit before tax	**13,495**	8,142
Income tax expense	**(2,691)**	(165)
Profit after tax	**10,804**	7,977
Other comprehensive income	**–**	–
Total comprehensive income	**10,804**	7,977

20. LONG-TERM INVESTMENTS

	Group 31 March		Company 31 March	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Unquoted equity investment, at cost	**8,319**	8,205	**7,886**	7,886
Marketable securities	**–**	74	**–**	–
Others	**47**	51	**–**	–
	8,366	8,330	**7,886**	7,886

The unquoted equity investment mainly relates to the investment in Evergreen Sky Catering Corp., whose principal activity is provision of airline catering services.

Marketable securities are classified as available-for-sale financial assets and are categorised within level 1 of the Group's fair value hierarchy as the fair value is supported by quoted prices in active markets.

21. DEFERRED TAXATION

	Group			
	Statement of Financial Position 31 March		Consolidated Income Statement	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deferred tax liabilities				
Differences in depreciation and amortisation for tax purposes	**60,356**	61,207	**(620)**	863
Identified intangible assets	**5,045**	5,776	**549**	855
Unremitted foreign dividend and interest income	**6,222**	6,222	**–**	483
Other temporary differences	**(237)**	(264)	**(20)**	(33)
Provisions	**(1,779)**	(2,761)	**(878)**	(120)
Defined benefit plan	**(11,530)**	(11,831)	**419**	(1,447)
Unutilised tax losses/capital allowances	**(9,224)**	(7,313)	**4,092**	(492)
Undistributed earnings of associates	**10,011**	10,268	**(1,846)**	(2,964)
	58,864	61,304		
Deferred tax assets				
Provisions	**390**	2,596	**11**	289
Differences in depreciation and amortisation for tax purposes	**18,549**	18,636	**(1,341)**	1,085
	18,939	21,232		
			366	(1,481)

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21. DEFERRED TAXATION (cont'd)

	Company Statement of Financial Position 31 March	
	2015 $'000	**2014 $'000**
Deferred tax liabilities		
Differences in depreciation and amortisation	**21,431**	22,146
Unremitted foreign dividend and interest income	**6,222**	6,222
	27,653	28,368

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses and capital allowances of approximately $5,888,000 (2014: $8,468,000) 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.

Tax consequences of proposed dividends

There are no income tax consequences (2014: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 11).

22. OTHER NON-CURRENT ASSETS

Other non-current assets relate mainly to long-term prepayments and lease deposits.

23. TRADE AND OTHER RECEIVABLES

	Group 31 March		Company 31 March	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Trade and other receivables:				
Trade receivables	**139,190**	159,465	**3,121**	3,264
Staff loans	**137**	68	**133**	62
Sundry receivables	**12,839**	8,137	**1,865**	714
Amounts due from related companies -Trade	**130,395**	119,813	**–**	–
Amounts due from related companies - Non-trade	**–**	–	**27,484**	51,379
	282,561	287,483	**32,603**	55,419

23. TRADE AND OTHER RECEIVABLES (cont'd)

Trade receivables are generally on 30 – 90 day terms.

The table below is an analysis of trade receivables and trade amounts due from related companies:

	Group 31 March		Company 31 March	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Not past due and not impaired	**212,697**	210,051	**1,661**	1,862
Past due but not impaired *	**56,888**	69,227	**1,460**	1,402
	269,585	279,278	**3,121**	3,264
Other impaired trade receivables - individually assessed	**1,761**	1,595	**98**	62
Less: Accumulated impairment losses	**(1,761)**	(1,595)	**(98)**	(62)
	–	–	**–**	–
Total trade receivables, net	**269,585**	279,278	**3,121**	3,264

	Group 31 March		Company 31 March	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
* Aging of trade receivables that are past due but not impaired:				
Less than 30 days	**29,330**	24,327	**676**	279
30 days to 60 days	**8,993**	25,537	**–**	162
61 days to 90 days	**9,123**	6,654	**–**	98
More than 90 days	**9,442**	12,709	**784**	863
	56,888	69,227	**1,460**	1,402

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

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
United States Dollar	**4,090**	4,342	**336**	315

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 debtors, probability that the debtors 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 amounts owing by the debtors are impaired. Individual trade receivable is written off when management deems the amount not collectible.

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23. TRADE AND OTHER RECEIVABLES (cont'd)

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

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Balance at 1 April	**1,595**	1,809	**62**	181
Reclassification to assets held for sale	**–**	(33)	**–**	–
Exchange differences	**14**	(7)	**–**	–
Write-off against provisions	**(313)**	(199)	**–**	–
Charge/(Write-back) to income statement	**465**	25	**36**	(119)
Balance at 31 March	**1,761**	1,595	**98**	62
Bad debts write-off directly to income statement	**163**	83	**–**	–

Staff loans

There is no interest charge on the staff loans (2014: 1.475% to 3%).

Sundry receivables

Sundry receivables are unsecured, interest-free and repayable upon demand.

Amounts due from related companies

The amounts due to the Group are trade-related, with a credit term of 45 days. The amounts due to the Company are unsecured, interest-free and are repayable upon demand.

24. INVENTORIES

	Group 31 March		Company 31 March	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Statements of Financial Position:				
Food supplies and dry stores (at cost)	**9,434**	37,299	**–**	–
Technical spares (at cost)	**8,946**	8,489	**–**	–
Other consumables (at cost)	**292**	470	**229**	315
Total inventories at lower of cost or net realisable value	**18,672**	46,258	**229**	315

	Group		Company	
	2014-15 $'000	2013-14 $'000	2014-15 $'000	2013-14 $'000
Income Statement:				
Inventories recognised as an expense	**405,028**	416,177	**–**	–
Inclusive of the following charge/(credit):				
– Inventories written down	**707**	880	**3**	10
– Reversal of write-down of inventories	–	(35)	–	–

The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts.

25. CASH AND SHORT-TERM DEPOSITS

(a) Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts in statements of financial position:

	Group 31 March		Company 31 March	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Fixed deposits	**326,899**	195,023	**264,000**	149,000
Cash and bank balances	**84,012**	145,786	**25,821**	39,194
Cash and short-term deposits	**410,911**	340,809	**289,821**	188,194
Cash transferred to asset held for sale	**18,803**	–	**–**	–
Bank overdraft	**–**	(1,224)	**–**	–
	429,714	339,585	**289,821**	188,194

(b) Analysis of capital expenditure cash flows:

	Group	
	2014-15 $'000	**2013-14 $'000**
Additions of property, plant and equipment (Note 14)	**59,792**	57,767
Additions of intangible assets (Note 16)	**2,321**	299
Accrual for additions of property, plant and equipment (Note 26)	**(791)**	(976)
Cash invested in property, plant and equipment and intangible assets	**61,322**	57,090

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.01% to 2.30% (2014: 0.01% to 4.10%) per annum. Short-term deposits are made for varying periods of between one week and one year depending on the expected cash requirements of the Group, and earn interest at the effective interest rate ranging from 0.02% to 3.65% (2014: 0.02% to 4.25%) per annum.

The bank overdraft as at 31 March 2014 was part of the secured banking facilities of the Group and was secured on the properties of a subsidiary (Note 14).

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

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Australian Dollar	**2,247**	312	**–**	–
Japanese Yen	**147**	–	**147**	–
United States Dollar	**2,961**	11,133	**372**	9,583
Renminbi	**34**	37	**34**	37

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26. TRADE AND OTHER PAYABLES

	Group 31 March		Company 31 March	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade payables	**145,219**	141,407	**20,548**	14,027
Other payables:				
Tender deposits	**3,675**	2,984	**1,885**	1,562
Accrued expenses	**99,738**	92,903	**513**	1,792
Purchase of property, plant and equipment	**4,134**	3,343	**680**	570
Staff costs	**23,370**	18,429	**16,749**	15,132
Others	**2,812**	2,164	**–**	–
	133,729	119,823	**19,827**	19,056
Amounts due to related companies	**8,331**	6,023	**2,371**	90
Deposits placed by subsidiaries	**–**	–	**142,697**	171,267
	8,331	6,023	**145,068**	171,357
Trade and other payables	**287,279**	267,253	**185,443**	204,440

Trade payables/other payables

These amounts are non-interest bearing. Trade payables are normally settled on 60-day terms while other payables have an average term of three to six months.

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

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Australian Dollar	**872**	544	**–**	–
Japanese Yen	**207**	–	**–**	–
Euro	**359**	107	**–**	–
United States Dollar	**5,045**	8,660	**121**	148

Amounts due to related companies

These amounts are trade-related, unsecured, non-interest bearing and repayable on demand. Purchases from related companies are made at agreed terms.

27. TERM LOANS

	Group 31 March		Company 31 March	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Unsecured:				
Repayable within one year	**3,432**	3,673	**–**	–
Repayable after one year	**89,228**	95,492	**89,228**	95,492
	92,660	99,165	**89,228**	95,492
Secured:				
Repayable within one year	**11,957**	12,159	**–**	–
Repayable after one year	**347**	925	**–**	–
	12,304	13,084	**–**	–
Total term loans	**104,964**	112,249	**89,228**	95,492

There are three (2014: three) unsecured loans held by the Group as at 31 March 2015. The terms and interest rates are as follows:

			Outstanding as at 31 March	
	Effective interest rate	**Maturity date**	**2015 $'000**	**2014 $'000**
Unsecured term loans:				
JPY floating rate	0.796% to 1.475%	July 2015 and January 2017	**90,372**	96,716
JPY fixed rate	1.05%	September 2015	**2,288**	2,449
			92,660	99,165

There are eight (2014: eight) secured term loans held by the Group as at 31 March 2015 and they are secured on the property, plant and equipment and other assets of certain subsidiaries (Note 14).

The terms and interest rates are as follows:

			Outstanding as at 31 March	
	Effective interest rate	**Maturity date**	**2015 $'000**	**2014 $'000**
Secured term loans:				
JPY fixed rate	0.85% to 2.35%	March 2016 to March 2017	**864**	2,066
JPY floating rate	1.475% to 1.85%	April 2015 to March 2016	**11,440**	11,018
			12,304	13,084

Hedge of net investments in foreign operations

Included in loans as at 31 March 2015 was a term loan of JPY7.8 billion (2014: JPY7.8 billion), approximately $89.2 million (2014: $95.5 million), which has been designated 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. Foreign exchange gains or losses on the translation 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 ineffectiveness portion transferred to profit or loss in the year ended 31 March 2015.

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28. FINANCE LEASES

The Group has finance leases for 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 finance leases together with the present value of the net minimum lease payments are as follows:

	Group 31 March			
	2015		2014	
	Minimum payments $'000	**Present value of payments $'000**	**Minimum payments $'000**	**Present value of payments $'000**
Not later than one year	**177**	**176**	621	616
Later than one year but not later than five years	**84**	**83**	174	172
Later than five years	**–**	**–**	–	–
Total future minimum lease payments	**261**	**259**	795	788
Less: Amounts representing finance charges	**(2)**	**–**	(7)	–
Present value of minimum lease payments	**259**	**259**	788	788

The average discount rates implicit in the leases are 3.0% - 3.5% (2014: 1.5% - 3.5%) per annum for the lease of equipment and motor vehicles.

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 14 years of service as annual payment of plan benefit, and require contributions to be made to separately administered funds.

The following tables summarise the components of net benefit expense recognised in the income statement and the funded status and amounts recognised in the statement of financial position for the plans.

	Group 31 March	
Funded pension plans	**2015 $'000**	**2014 $'000**
Net benefit expense		
Current service cost	**1,595**	1,914
Interest cost on benefit obligation	**1,282**	1,329
Expected return on plan assets	**(1,216)**	(1,641)
Net benefit expense	**1,661**	1,602
Actual return on plan assets	**(7,086)**	(8,163)
Defined benefit plan liability		
Defined benefit obligation	**(81,675)**	(90,223)
Fair value of plan assets	**83,624**	85,455
Defined benefit asset/(liability)	**1,949**	(4,768)

29. DEFINED BENEFIT PLAN (cont'd)

	Group	
Funded pension plans	**2015 $'000**	**2014 $'000**
Change in present value of defined benefit obligations are as follows:		
As at 1 April	**90,223**	94,042
Current service cost	**1,595**	1,914
Interest cost	**1,282**	1,329
Benefits paid	**(5,806)**	(6,216)
Actuarial loss on obligation	**231**	5,926
Exchange differences	**(5,850)**	(6,772)
As at 31 March	**81,675**	90,223

	Group	
	2015 $'000	**2014 $'000**
Change in fair value of plan assets are as follows:		
As at 1 April	**85,455**	86,930
Expected return on plan assets	**1,216**	1,641
Contributions by employer	**1,295**	1,459
Benefits paid	**(4,511)**	(4,783)
Actuarial gain	**5,870**	6,522
Exchange differences	**(5,701)**	(6,314)
As at 31 March	**83,624**	85,455

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

	Group 31 March	
	2015 %	**2014 %**
Japan equities	**14.2**	12.3
Offshore equities	**11.6**	11.4
Japan bonds	**42.9**	39.8
Offshore bonds	**10.0**	9.7
Fixed deposits	**21.3**	26.8
	100.0	100.0

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29. DEFINED BENEFIT PLAN (cont'd)

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

	Group 31 March	
	2015 %	**2014 %**
Discount rates	**1.5**	1.5
Expected rate of return on assets	**1.5**	1.5
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 weighting 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 prices prevailing on that date, applicable to the period over which the obligation is to be settled.

30. 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 full financial statements, the following significant related party transactions took place on terms agreed between the parties during the financial year:

Sale and purchase of goods and services

	Group	
	2014-15 $'000	**2013-14 $'000**
Services rendered by:		
Related parties	**46,028**	53,789
Sales to:		
Related parties	**764,985**	722,278
Associates	**2,232**	3,552
	767,217	725,830

30. RELATED PARTY TRANSACTIONS (cont'd)

Directors' and key executives' remuneration

	Group	
	2014-15 $'000	**2013-14 $'000**
Directors		
Directors' fees (Note 6)		
– paid by the Company	**867**	931
– paid by subsidiaries of the Group	**56**	91
	923	1,022
Key executives		
Salary, bonuses and other costs	**5,293**	3,851
CPF and other defined contributions	**63**	52
Share-based compensation expense	**2,101**	1,283
	7,457	5,186

Share options granted to and exercised by key executives of the Group 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	(513,000)	111,500
Yacoob Bin Ahmed Piperdi	377,950	(377,950)	–

Shares awarded to key executives of the Group during the year and since the commencement of the Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") 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
Alexander Charles Hungate	541,000	748,236	(103,700)	644,536
Yacoob Bin Ahmed Piperdi	148,000	567,019	(162,193)	404,826
Tan Chuan Lye	148,000	1,012,992	(305,292)	707,700
Wong Hong	98,000	314,375	(27,500)	286,875
Ferry Chung Qing An	148,000	580,768	(177,400)	403,368
Cho Wee Peng	148,000	148,000	–	148,000

Shares grant is adjusted due to achievement of performance condition(s).

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31. CAPITAL AND OTHER COMMITMENTS

(a) The Group and the Company have commitments for capital expenditure. Such commitments aggregated to $91.8 million (2014: $80.9 million) for the Group and $16.5 million (2014: $19.6 million) for the Company. In aggregate, these commitments are not at prices in excess of current market prices.

(b) The Group has entered into operating lease agreements for ground support equipment and leasehold land and buildings. The lease periods range from 1 to 58 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	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Within one year	**13,936**	12,834	**1,515**	1,515
Later than one year but not later than five years	**26,993**	27,880	**6,062**	6,062
Later than five years	**31,364**	34,253	**4,865**	6,380
	72,293	74,967	**12,442**	13,957

32. CONTINGENT LIABILITIES

As at 31 March 2014, the Group had provided guarantee up to a maximum amount of approximately $6.1 million to a Bank for providing credit and banking facilities to an associate, which was liable for in the event of default by the associate. This guarantee had been withdrawn as at 31 March 2015.

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 net 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 exchange 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)

(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 its interest expense on term loans.

The Group's interest-bearing assets and interest-bearing liabilities are predominantly denominated in SGD and JPY. Information relating to other interest-bearing assets and liabilities are disclosed in the cash and short-term deposits (Note 25) and term loans (Note 27).

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

- Changes in market interest rates affecting the interest income or finance charges of variable interest financial instruments.
- Changes in market interest rates affecting 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 deposits and borrowings at 31 March would have the following effects:

	Group 31 March		Company 31 March	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Effect of an increase in 50 basis points in market interest rates				
Profit before tax	**1,552**	1,159	**1,003**	464
Equity	**1,288**	962	**832**	385
Effect of a decrease in 50 basis points in market interest rates				
Profit before tax	**(1,552)**	(1,159)	**(1,003)**	(464)
Equity	**(1,288)**	(962)	**(832)**	(385)

(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 2015 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. 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.

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

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

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 concentration 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	
Counter-party profiles	2015 $'000	2014 $'000	2015 %	2014 %
By Industry				
Airlines	**196,542**	212,730	**28.2**	33.7
Financial institutions	**411,818**	340,441	**59.2**	53.8
Others	**87,344**	78,673	**12.6**	12.5
	695,704	631,844	**100.0**	100.0
By Region				
Singapore	**594,921**	516,033	**85.5**	81.7
Japan	**61,643**	86,091	**8.9**	13.6
Others	**39,140**	29,720	**5.6**	4.7
	695,704	631,844	**100.0**	100.0
By Moody's Credit Ratings				
Investment grade (A to Aaa)	**409,743**	332,965	**58.9**	52.7
Investment grade (Baa)	**6,225**	5,770	**0.9**	0.9
Non-rated	**279,736**	293,109	**40.2**	46.4
	695,704	631,844	**100.0**	100.0

At the end of the reporting period, approximately:

– 48% (2014: 41%) of the Group's trade receivables were due from a major customer located in Singapore.

– 49% (2014: 43%) of the Group's trade receivables were due from related parties.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

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

Company	Outstanding balance		Percentage of total financial assets	
Counter-party profiles	2015 $'000	2014 $'000	2015 %	2014 %
By Industry				
Airlines	**638**	682	**0.1**	0.1
Financial institutions	**290,265**	188,200	**51.3**	36.9
Related parties	**268,525**	314,344	**47.5**	61.6
Others	**6,269**	6,904	**1.1**	1.4
	565,697	510,130	**100.0**	100.0
By Region				
Singapore	**547,782**	492,192	**96.8**	96.5
Others	**17,915**	17,938	**3.2**	3.5
	565,697	510,130	**100.0**	100.0
By Moody's Credit Ratings				
Investment grade (A to Aaa)	**290,252**	188,184	**51.3**	36.9
Investment grade (Baa)	**9**	7	**–**	–
Non-rated	**275,436**	321,939	**48.7**	63.1
	565,697	510,130	**100.0**	100.0

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with credit worthy debtors with good payment record with the Group. Cash and short-term deposits are entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 23 (Trade and other receivables).

(d) Liquidity Risk

As at 31 March 2015, the Group had at its disposal, cash and cash equivalents amounting to $429.7 million (2014: $339.6 million). In addition, the Group has available short-term credit facilities of approximately $272.8 million (2014: $194.9 million) from revolving credit facilities granted by commercial banks. The Group also has an alternative facility to issue notes up to $500 million (2014: $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.

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Liquidity Risk (cont'd)

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.

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
2015							
Financial assets:							
Trade and other receivables	282,561	–	–	–	–	–	282,561
Cash and short-term deposits	410,911	–	–	–	–	–	410,911
Total undiscounted financial assets	693,472	–	–	–	–	–	693,472
Financial liabilities:							
Other long-term liabilities	1,537	1,538	1,538	6	–	3,199	7,818
Term loans	16,213	90,165	–	–	–	–	106,378
Finance lease commitments	177	22	22	22	18	–	261
Trade and other payables	287,279	–	–	–	–	–	287,279
Total undiscounted financial liabilities	305,206	91,725	1,560	28	18	3,199	401,736
Total net undiscounted financial assets/(liabilities)	388,266	(91,725)	(1,560)	(28)	(18)	(3,199)	291,736
2014							
Financial assets:							
Trade and other receivables	287,483	–	–	–	–	–	287,483
Cash and short-term deposits	340,809	–	–	–	–	–	340,809
Total undiscounted financial assets	628,292	–	–	–	–	–	628,292
Financial liabilities:							
Other long-term liabilities	1,917	1,917	1,918	1,918	111	5,432	13,213
Term loans	16,839	1,325	96,624	–	–	–	114,788
Finance lease commitments	621	168	2	2	2	–	795
Trade and other payables	267,253	–	–	–	–	–	267,253
Bank overdraft	1,224	–	–	–	–	–	1,224
Total undiscounted financial liabilities	287,854	3,410	98,544	1,920	113	5,432	397,273
Total net undiscounted financial assets/(liabilities)	340,438	(3,410)	(98,544)	(1,920)	(113)	(5,432)	231,019

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
2015							
Financial assets:							
Trade and other receivables	32,603	–	–	–	–	–	32,603
Loan to subsidiaries	7,121	1,177	1,085	16,604	1,164	215,025	242,176
Cash and short-term deposits	289,821	–	–	–	–	–	289,821
Total undiscounted financial assets	329,545	1,177	1,085	16,604	1,164	215,025	564,600
Financial liabilities:							
Term loans	588	89,816	–	–	–	–	90,404
Trade and other payables	185,443	–	–	–	–	–	185,443
Total undiscounted financial liabilities	186,031	89,816	–	–	–	–	275,847
Total net undiscounted financial assets/(liabilities)	143,514	(88,639)	1,085	16,604	1,164	215,025	288,753
2014							
Financial assets:							
Trade and other receivables	55,419	–	–	–	–	–	55,419
Loan to subsidiaries	379	6,088	148	55	14,052	242,568	263,290
Cash and short-term deposits	188,194	–	–	–	–	–	188,194
Total undiscounted financial assets	243,992	6,088	148	55	14,052	242,568	506,903
Financial liabilities:							
Term loans	760	760	96,252	–	–	–	97,772
Trade and other payables	204,440	–	–	–	–	–	204,440
Total undiscounted financial liabilities	205,200	760	96,252	–	–	–	302,212
Total net undiscounted financial assets/(liabilities)	38,792	5,328	(96,104)	55	14,052	242,568	204,691

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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
2015				
Assets				
Long-term investments	–	8,366	–	8,366
Trade and other receivables	282,561	–	–	282,561
Amount due from associates	2,232	–	–	2,232
Cash and short-term deposits	410,911	–	–	410,911
	695,704	8,366	–	704,070
Total non-financial assets				1,315,579
Total assets				2,019,649
Liabilities				
Other long-term liabilities	–	–	7,818	7,818
Term loans	–	–	104,964	104,964
Finance lease commitments	–	–	259	259
Trade and other payables	–	–	287,279	287,279
	–	–	400,320	400,320
Total non-financial liabilities				101,784
Total liabilities				502,104

Group	Loans and receivables $'000	Available-for-sale financial assets $'000	Financial liabilities at amortised costs $'000	Total $'000
2014				
Assets				
Long-term investments	–	8,330	–	8,330
Trade and other receivables	287,483	–	–	287,483
Amount due from associates	3,552	–	–	3,552
Cash and short-term deposits	340,809	–	–	340,809
	631,844	8,330	–	640,174
Total non-financial assets				1,379,615
Total assets				2,019,789
Liabilities				
Other long-term liabilities	–	–	13,213	13,213
Term loans	–	–	112,249	112,249
Finance lease commitments	–	–	788	788
Trade and other payables	–	–	267,253	267,253
Bank overdrafts	–	–	1,224	1,224
	–	–	394,727	394,727
Total non-financial liabilities				110,693
Total liabilities				505,420

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
2015				
Assets				
Long-term investment	–	7,886	–	7,886
Trade and other receivables	32,603	–	–	32,603
Loan to subsidiaries	241,041	–	–	241,041
Amount due from associates	2,232	–	–	2,232
Cash and short-term deposits	289,821	–	–	289,821
	565,697	7,886	–	573,583
Total non-financial assets				1,120,391
Total assets				1,693,974
Liabilities				
Term loans	–	–	89,228	89,228
Trade and other payables	–	–	185,443	185,443
	–	–	274,671	274,671
Total non-financial liabilities				37,429
Total liabilities				312,100

Company	Loans and receivables $'000	Available-for-sale financial assets $'000	Financial liabilities at amortised costs $'000	Total $'000
2014				
Assets				
Long-term investment	–	7,886	–	7,886
Trade and other receivables	55,419	–	–	55,419
Loan to subsidiaries	262,965	–	–	262,965
Amount due from associates	3,552	–	–	3,552
Cash and short-term deposits	188,194	–	–	188,194
	510,130	7,886	–	518,016
Total non-financial assets				1,136,757
Total assets				1,654,773
Liabilities				
Term loans	–	–	95,492	95,492
Trade and other payables	–	–	204,440	204,440
	–	–	299,932	299,932
Total non-financial liabilities				37,865
Total liabilities				337,797

Notes to the Financial Statements

31 March 2015

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 values of the Group's unquoted equity instruments held as long-term investments (Note 20) are stated at a cost of $8,319,000 (2014: $8,205,000) because their fair values cannot be measured reliably. These equity instruments represent ordinary shares in companies that are not quoted on any market and do not have any comparable industry peers that are 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 these investments in the foreseeable future. The fair value of these investments are expected to be above their 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), Cash and short-term deposits (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 their respective 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 their respective 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 2015 and 31 March 2014, no changes were made in the objectives, policies or processes relating to the management of the Group's capital structure.

35. CAPITAL MANAGEMENT (cont'd)

The Group monitors capital based on the total debt-equity ratio, which is total debt divided by equity attributable to owners 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	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Term loans (Note 27)	**104,964**	112,249	**89,228**	95,492
Finance leases (Note 28)	**259**	788	**–**	–
Bank overdraft (Note 25)	**–**	1,224	**–**	–
Total debt	**105,223**	114,261	**89,228**	95,492
Equity attributable to owners of the Company	**1,441,102**	1,416,775	**1,381,874**	1,316,976
Total debt-equity ratio	**0.07**	0.08	**0.06**	0.07

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 and institutional catering, food processing, distribution services and airline laundry services.
2. The gateway services segment provides both airport and cruise terminal services. The airport terminal services includes airfreight handling services, passenger services, aviation security services, baggage handling services and apron services to the Group's airline customers. On the provision of cruise terminal services, the segment manages and operates the Singapore International Cruise Terminal at Marina South.
3. The corporate segment provides rental of premises and other services.

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

Segment accounting policies are the same as the policies described in Note 2. Segment assets comprise primarily of inventories, receivables, prepayments, amount due from associates, cash and short term deposits, other non-current assets and other long-term investments.

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 bases in a manner similar to transactions with third parties.

Notes to the Financial Statements

31 March 2015

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	Total $'000
Financial year ended 31 March 2015				
Revenue	1,051,526	697,032	4,624	1,753,182
Operating profit	127,447	39,638	10,909	177,994
Interest on borrowings	(404)	(6)	(824)	(1,234)
Interest income	510	19	1,104	1,633
Dividends from long-term investment, gross	9	–	659	668
(Loss)/gain on disposal of property, plant and equipment	(1,044)	(1,150)	21	(2,173)
Share of results of associates/joint venture, net of tax	9,221	38,864	1	48,086
Impairment of assets held for sale	(150)	(46)	–	(196)
Other non-operating (expenses)/income	(240)	(192)	432	–
Profit before tax	135,349	77,127	12,302	224,778
Income tax expense	(21,213)	(7,365)	(5,484)	(34,062)
Profit for the year	114,136	69,762	6,818	190,716
As at 31 March 2015				
Segment assets	423,861	187,741	200,157	811,759
Property, plant and equipment and investment property	304,373	225,178	29,095	558,646
Associates/joint venture	87,621	376,955	202	464,778
Deferred tax assets	15,880	3,059	–	18,939
Intangible assets	153,540	4,379	7,608	165,527
Total assets	985,275	797,312	237,062	2,019,649
Current liabilities	167,057	94,804	40,983	302,844
Long-term liabilities	23,964	39,854	33,658	97,476
Tax liabilities	45,220	19,114	37,450	101,784
Total liabilities	236,241	153,772	112,091	502,104
Capital expenditure	27,500	21,817	12,796	62,113
Depreciation and amortisation charges	35,740	26,037	6,454	68,231

36. SEGMENT REPORTING (cont'd)

By Business (cont'd)

	Food Solutions $'000	Gateway Services $'000	Corporate $'000	Total $'000
Financial year ended 31 March 2014				
Revenue	1,103,581	678,085	5,022	1,786,688
Operating profit	141,864	13,821	15,319	171,004
Interest on borrowings	(536)	–	(2,394)	(2,930)
Interest income	348	182	609	1,139
Dividends from long-term investment, gross	–	–	1,874	1,874
(Loss)/gain on disposal of property, plant and equipment	(226)	161	60	(5)
Share of results of associates/joint venture, net of tax	5,778	41,419	–	47,197
Impairment of assets held for sale	(1,783)	(870)	–	(2,653)
Other non-operating (expenses)/income	(316)	(64)	210	(170)
Profit before tax	145,129	54,649	15,678	215,456
Income tax expense	(28,893)	(1,486)	(3,022)	(33,401)
Profit for the year	116,236	53,163	12,656	182,055
As at 31 March 2014				
Segment assets	432,378	193,580	115,778	741,736
Property, plant and equipment and investment property	327,285	230,233	19,543	577,061
Associates/joint venture	74,424	420,092	201	494,717
Deferred tax assets	18,697	2,535	–	21,232
Intangible assets	169,675	4,514	10,854	185,043
Total assets	1,022,459	850,954	146,376	2,019,789
Current liabilities	167,630	86,069	33,445	287,144
Long-term liabilities	30,792	35,006	48,772	114,570
Tax liabilities	50,755	15,086	37,865	103,706
Total liabilities	249,177	136,161	120,082	505,420
Capital expenditure	26,691	22,853	8,522	58,066
Depreciation and amortisation charges	37,727	32,528	6,961	77,216

Notes to the Financial Statements

31 March 2015

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	Japan $'000	Others $'000	Total $'000
Financial year ended 31 March 2015				
Revenue	1,439,946	220,853	92,383	1,753,182
As at 31 March 2015				
Segment assets	719,085	74,617	18,057	811,759
Property, plant and equipment and investment property	446,066	104,514	8,066	558,646
Associates/joint venture	202	2,216	462,360	464,778
Deferred tax assets	2,861	13,069	3,009	18,939
Intangible assets	141,430	24,097	–	165,527
Total assets	1,309,644	218,513	491,492	2,019,649
Capital expenditure	58,155	3,087	871	62,113
Financial year ended 31 March 2014				
Revenue	1,421,036	268,098	97,554	1,786,688
As at 31 March 2014				
Segment assets	623,499	97,626	20,611	741,736
Property, plant and equipment and investment property	449,841	118,509	8,711	577,061
Associates/joint venture	201	2,255	492,261	494,717
Deferred tax assets	2,738	16,146	2,348	21,232
Intangible assets	157,750	27,293	–	185,043
Total assets	1,234,029	261,829	523,931	2,019,789
Capital expenditure	52,119	4,765	1,182	58,066

Information about a major customer

Revenue from one major customer amounted to $743 million (2014: $721 million), arising from sales by all segments.

Additional Information

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

1. INTERESTED PERSON TRANSACTIONS

The interested person transactions entered into during the financial year ended 31 March 2015 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
Transactions for the Sale of Goods and Services		
Scoot Pte Ltd	–	26,605
Singapore Airlines Cargo Pte Ltd	–	540,000*
Singapore Airlines Limited	–	76,111**
SilkAir (Singapore) Private Limited	–	337,680
SIA Engineering Company Limited	–	378
Tiger Airways Singapore Pte Ltd	–	100,400
	–	**1,081,174**
Transactions for the Purchase of Goods and Services		
SingTel Mobile Singapore Pte Ltd	–	20,229
	–	**20,229**

* An interested person transaction with a value of $2,040,000 was entered into with Singapore Airlines Cargo Pte Ltd for the extension of office space lease for a period of five years from 1 April 2014 to 31 March 2019. A decision was made to grant the said extension on a rent-free basis for commercial reason.

** An interested person transaction with a value of $415,215 was entered into with Singapore Airlines Limited for the extension of office and storage space lease for a period of five years from 1 October 2014 to 30 September 2019. A decision was made to grant the said extension on a rent-free basis for commercial reason.

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 2015, 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 Rules 712 and 715 of the Listing Manual of the SGX-ST in relation to its auditing firms.

Information on Shareholdings

As at 25 May 2015

Number of Issued Shares	:	1,124,056,275
Number of Issued Shares (excluding Treasury Shares)	:	1,104,633,026
Class of Shares	:	Ordinary shares
Number / Percentage of Treasury Shares	:	19,423,249 / 1.76%*
Voting Rights	:	1 vote per share

ANALYSIS OF SHAREHOLDINGS

Range of shareholdings	No. of shareholders	%	No. of shares (excluding treasury shares)	%
1 – 99	349	1.01	12,546	0.00
100 – 1,000	13,516	39.24	10,814,218	0.98
1,001 – 10,000	17,186	49.90	63,993,484	5.79
10,001 – 1,000,000	3,368	9.78	110,000,727	9.96
1,000,001 and above	25	0.07	919,812,051	83.27
Total	34,444	100.00	1,104,633,026	100.00

MAJOR SHAREHOLDERS

No.	Name	No. of shares held	%*
1	Venezio Investments Pte. Ltd.	479,096,858	43.37
2	Citibank Nominees Singapore Pte Ltd	121,775,484	11.03
3	DBS Nominees (Private) Limited	112,339,511	10.17
4	United Overseas Bank Nominees (Private) Limited	42,724,143	3.87
5	DBSN Services Pte. Ltd.	36,026,882	3.26
6	Raffles Nominees (Pte.) Limited	30,510,281	2.76
7	HSBC (Singapore) Nominees Pte Ltd	29,301,819	2.65
8	BNP Paribas Securities Services	22,012,127	1.99
9	Morgan Stanley Asia (Singapore)	11,068,563	1.00
10	Bank Of Singapore Nominees Pte. Ltd.	4,653,685	0.42
11	DB Nominees (Singapore) Pte Ltd	4,431,741	0.40
12	OCBC Nominees Singapore Private Limited	2,877,401	0.26
13	Mellford Pte Ltd	2,578,000	0.24
14	Heng Siew Eng	2,532,000	0.23
15	DBS Vickers Securities (Singapore) Pte Ltd	2,102,810	0.19
16	Merrill Lynch (Singapore) Pte Ltd	2,086,683	0.19
17	Leong Khuen Nyean	2,000,000	0.18
18	Wong Kong Choo	2,000,000	0.18
19	Yim Chee Chong	1,680,000	0.15
20	Phillip Securities Pte Ltd	1,623,189	0.15
		913,421,177	82.69

* The shareholding percentage has been calculated based on the number of issued ordinary shares of the Company as at 25 May 2015, excluding any ordinary shares held in treasury as at that date.

SUBSTANTIAL SHAREHOLDERS

As at 25 May 2015, the substantial shareholders of the Company and their direct and deemed interests, as shown in the Company's Register of Substantial Shareholders, were as follows:

Name of substantial shareholder	No. of shares in which the substantial shareholder has a direct interest (representing percentage* of total shareholding)	No. of shares in which the substantial shareholder has a deemed interest (representing percentage* of total shareholding)	Total no. of shares in which the substantial shareholder is interested (representing percentage* of total shareholding)
Temasek Holdings (Private) Limited	–	479,874,521** (approximately 43.44%*)	479,874,521 (approximately 43.44%*)
Tembusu Capital Pte. Ltd.	–	479,096,858** (approximately 43.37%*)	479,096,858 (approximately 43.37%*)
Napier Investments Pte. Ltd.	–	479,096,858** (approximately 43.37%*)	479,096,858 (approximately 43.37%*)
Venezio Investments Pte. Ltd.	479,096,858 (approximately 43.37%*)	–	479,096,858 (approximately 43.37%*)

* The shareholding percentage has been calculated based on the number of issued ordinary shares of the Company as at 25 May 2015, excluding any ordinary shares held in treasury as at that date.

** Derived mainly through the direct interest of Venezio Investments Pte. Ltd.

SHAREHOLDINGS HELD BY THE PUBLIC

Based on information available to the Company as at 25 May 2015, approximately 56.29% of the issued ordinary shares of the Company (excluding Treasury Shares) are held by the public (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**")). The Company hence confirms that Rule 723 of the Listing Manual of the SGX-ST has been complied with.

Notice of Annual General Meeting

SATS LTD.
(Incorporated in the Republic of Singapore)
Company Registration No. 197201770G

NOTICE IS HEREBY GIVEN that the 42nd Annual General Meeting of SATS Ltd. (the "**Company**") will be held at the Marina Mandarin Ballroom, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594, on Tuesday, 21 July 2015 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 March 2015 and the Auditor's Report thereon.

2. To declare a final ordinary tax-exempt (one-tier) dividend of 9 cents per share for the financial year ended 31 March 2015.

3. To re-appoint Mr David Zalmon Baffsky as a Director of the Company pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), to hold such office from the date of this Annual General Meeting until the next Annual General Meeting.

4. To re-appoint Mr Nihal Vijaya Devadas Kaviratne CBE as a Director of the Company pursuant to Section 153(6) of the Companies Act, to hold such office from the date of this Annual General Meeting until the next Annual General Meeting.

5. To re-elect Mr Edmund Cheng Wai Wing, who will retire by rotation in accordance with Article 83 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a Director of the Company.

6. To re-elect Ms Euleen Goh Yiu Kiang, who will retire by rotation in accordance with Article 83 of the Company's Articles of Association and who, being eligible, offers herself for re-election as a Director of the Company.

7. To re-elect Mr Michael Kok Pak Kuan, who will retire in accordance with Article 90 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a Director of the Company.

8. To approve payment of Directors' fees of up to S$1,300,000 for the financial year ending 31 March 2016 (2015: up to S$1,300,000).

9. That KPMG LLP be appointed as Auditors of the Company in place of the retiring Auditors, Ernst & Young LLP, to hold office until the conclusion of the next Annual General Meeting of the Company, and that the Directors be authorised to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:

10. That authority be and is hereby given to the Directors of the Company to:

    (a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

    (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

    at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

    (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force, provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 percent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 5 percent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(aa) new Shares arising from the conversion or exercise of any convertible securities or employee share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(bb) any subsequent bonus issue, consolidation or subdivision of shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(iv) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

11. That the Directors be and are hereby authorised to:

(i) grant awards in accordance with the provisions of the Performance Share Plan and/or the Restricted Share Plan; and

(ii) allot and issue from time to time such number of ordinary shares in the capital of the Company ("**Shares**") as may be required to be issued pursuant to the exercise of options under the SATS Employee Share Option Plan ("**Share Option Plan**") and/or such number of fully paid Shares as may be required to be issued pursuant to the vesting of awards under the Performance Share Plan and/or the Restricted Share Plan (the Share Option Plan, the Performance Share Plan and the Restricted Share Plan, together the "**Share Plans**"),

provided that:

(aa) the aggregate number of new Shares to be allotted and issued pursuant to the Share Plans shall not exceed 15 percent of the total number of issued Shares (excluding treasury shares) from time to time; and

(bb) the aggregate number of Shares under awards to be granted pursuant to the Performance Share Plan and/or the Restricted Share Plan during the period commencing from the date of this Annual General Meeting of the Company and ending on the date of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, shall not exceed 1 percent of the total number of issued Shares (excluding treasury shares) from time to time.

Notice of Annual General Meeting

SATS LTD.

(Incorporated in the Republic of Singapore)
Company Registration No. 197201770G

12. That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of the SGX-ST, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to the Letter to Shareholders dated 23 June 2015 (the "**Letter to Shareholders**") with any party who is of the class of interested persons described in the Appendix to the Letter to Shareholders, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

(b) the approval given in paragraph (a) above (the "**IPT Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

13. That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued shares ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the SGX-ST; and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Maximum Limit**" means that number of issued Shares representing 2 percent of the issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed, in the case of both a market purchase of a Share and an off-market purchase of a Share, 105 percent of the Average Closing Price of the Shares;

where:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the five consecutive trading days on which the Shares are transacted on the SGX-ST immediately preceding the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action that occurs after the relevant five-day period; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the basis set out herein) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

14. To transact any other business which may arise and can be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Prema d/o K Subramaniam
Company Secretary

Singapore, 23 June 2015

Notice of Annual General Meeting

SATS LTD.
(Incorporated in the Republic of Singapore)
Company Registration No. 197201770G

EXPLANATORY NOTES

1. (a) In relation to Ordinary Resolution No. 3, Mr David Zalmon Baffsky will be retiring from office at the Annual General Meeting pursuant to Section 153 of the Companies Act, and will be standing for re-appointment at the Annual General Meeting. Please refer to the sections on "Board of Directors" and "Corporate Governance" in the SATS Annual Report for FY2014-15 for more information relating to Mr Baffsky. Mr Baffsky will, upon re-appointment, continue to serve as Chairman of the Nominating Committee and a member of the Remuneration and Human Resource Committee. Mr Baffsky is considered an independent Director.

   (b) In relation to Ordinary Resolution No. 4, Mr Nihal Vijaya Devadas Kaviratne CBE will be retiring from office at the Annual General Meeting pursuant to Section 153 of the Companies Act, and will be standing for re-appointment at the Annual General Meeting. Please refer to the sections on "Board of Directors" and "Corporate Governance" in the SATS Annual Report for FY2014-15 for more information relating to Mr Kaviratne. Mr Kaviratne will, upon re-appointment, continue to serve as a member of the Audit Committee and the Board Risk and Safety Committee. Mr Kaviratne is considered an independent Director.

   (c) In relation to Ordinary Resolution No. 5, Mr Edmund Cheng Wai Wing will be retiring from office at the Annual General Meeting pursuant to Article 83 of the Company's Articles of Association, and will be standing for re-election at the Annual General Meeting. Please refer to the sections on "Board of Directors" and "Corporate Governance" in the SATS Annual Report for FY2014-15 for more information relating to Mr Cheng. Mr Cheng will, upon re-election, continue to serve as the Chairman of the Board Executive Committee and the Remuneration and Human Resource Committee as well as a member of the Nominating Committee. Mr Cheng is considered an independent Director.

   (d) In relation to Ordinary Resolution No. 6, Ms Euleen Goh Yiu Kiang will be retiring from office at the Annual General Meeting pursuant to Article 83 of the Company's Articles of Association, and will be standing for re-election at the Annual General Meeting. Please refer to the sections on "Board of Directors" and "Corporate Governance" in the SATS Annual Report for FY2014-15 for more information relating to Ms Goh. Ms Goh will, upon re-election, continue to serve as the Chairman of the Audit Committee and a member of the Board Executive Committee and Nominating Committee. Ms Goh is considered an independent Director.

   (e) In relation to Ordinary Resolution No. 7, Mr Michael Kok Pak Kuan will be retiring from office at the Annual General Meeting pursuant to Article 90 of the Company's Articles of Association, and will be standing for re-election at the Annual General Meeting. Please refer to the sections on "Board of Directors" and "Corporate Governance" in the SATS Annual Report for FY2014-15 for more information relating to Mr Kok. Mr Kok will, upon re-election, continue to serve as a member of the Board Executive Committee. Mr Kok is considered an independent Director.

2. Ordinary Resolution No. 8 is to approve the payment of an aggregate sum of up to S$1,300,000 as Directors' remuneration for the Directors of the Company for the current financial year ("**FY2015-16**"). If approved, the proposal will facilitate the payment of Directors' remuneration during the financial year in which such fees are incurred. The amount of Directors' remuneration has been computed on the basis of the anticipated number of Board and Board Committee meetings for FY2015-16, assuming attendance in person by all the Directors at such meetings, at the scale of fees set out in the section on "Corporate Governance" in the SATS Annual Report for FY2014-15, and also caters for additional fees (if any) which may be payable due to additional Board or Board Committee members being appointed in the course of FY2015-16. If, for unforeseen reasons, payments are required to be made to the Directors in excess of the amount proposed, the Company will revert to shareholders for approval at the subsequent Annual General Meeting before any such payments are made.

3. Ordinary Resolution No. 9 is to approve the appointment of KPMG LLP as the Auditors of the Company in place of the retiring auditors, Ernst & Young LLP, and to authorise the Directors to fix their remuneration. Please refer to the Letter to Shareholders for more details.

4. Ordinary Resolution No. 10, if passed, will empower Directors to issue Shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, from the date of this Annual General Meeting until the date of the next Annual General Meeting. The number of Shares which the Directors may issue under this Ordinary Resolution will not exceed 50 percent of the issued shares (excluding treasury shares) in the capital of the Company with a sub-limit of 5 percent for issues other than on a *pro rata* basis. The 5 percent sub-limit for non-*pro rata* issues is lower than the 20 percent sub-limit allowed under the Listing Manual of the SGX-ST and the Articles of Association of the Company. For the purpose of determining the aggregate number of Shares which may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible instruments or share options or vesting of share awards which are outstanding at the time this Ordinary Resolution is passed and (b) any subsequent bonus issue, consolidation or subdivision of shares.

5. Ordinary Resolution No. 11 is to empower the Directors to grant awards pursuant to the Performance Share Plan and/or Restricted Share Plan and to allot and issue Shares pursuant to the Share Option Plan, Performance Share Plan and Restricted Share Plan, provided that:

   (i) the aggregate number of new Shares which may be issued under the Share Option Plan, Performance Share Plan and Restricted Share Plan is limited to 15 percent of the total number of issued Shares (excluding treasury shares) from time to time; and

   (ii) the aggregate number of Shares under awards which may be granted pursuant to the Performance Share Plan and/or the Restricted Share Plan from this Annual General Meeting to the next Annual General Meeting shall not exceed 1 percent of the total number of issued Shares (excluding treasury shares) from time to time.

   The Share Option Plan was adopted by the Company in February 2000 and the last grant of options thereunder was made on 1 July 2008. The Performance Share Plan and Restricted Share Plan were adopted at an Extraordinary General Meeting of the Company held on 19 July 2005 for an initial duration of up to a maximum period of 10 years from the date of adoption. The Company has obtained shareholders' approval at the Annual General Meeting held on 23 July 2014 for an extension of the duration of the Performance Share Plan and Restricted Share Plan for a further period of 10 years from 19 July 2015 up to 18 July 2025 (both dates inclusive) in accordance with the rules of the Performance Share Plan and Restricted Share Plan.

6. Ordinary Resolution No. 12 is to renew the mandate to allow the Company, its subsidiaries and associated companies that are entities at risk (as the term is used in Chapter 9 of the Listing Manual of the SGX-ST) or any of them, to enter into certain interested person transactions with certain classes of interested persons as described in the Letter to Shareholders. The authority will, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company. Please refer to the Letter to Shareholders for more details.

7. Ordinary Resolution No. 13 is to renew the mandate to allow the Company to purchase or otherwise acquire Shares, on the terms and subject to the conditions set out in the Resolution.

   The Company intends to use its internal sources of funds, external borrowings or a combination of internal resources and external borrowings, to finance the purchases or acquisitions of its Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of Shares purchased or acquired, the price at which such Shares were purchased or acquired and whether the Shares purchased or acquired are held in treasury or cancelled.

   Based on the existing issued Shares as at 25 May 2015 (the "**Latest Practicable Date**"), the purchase by the Company of 2 percent of its issued Shares (excluding Shares which are held as treasury Shares) will result in the purchase or acquisition of a maximum number of 22,092,660 Shares.

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In the case of both market purchases and off-market purchases by the Company and assuming that the Company purchases or acquires the maximum number of 22,092,660 Shares at the maximum price of S$3.54 for one Share (being the price equivalent to 5 percent above the average closing prices of the Shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 22,092,660 Shares is approximately S$78,208,016.40.

The financial effects of the purchase or acquisition of such Shares by the Company pursuant to the proposed Share Purchase Mandate on the audited financial statements of the Company and the Company and its subsidiaries for the financial year ended 31 March 2015, based on certain assumptions, are set out in paragraph 3.7.4 of the Letter to Shareholders.

Please refer to the Letter to Shareholders for more details.

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902, not less than 48 hours before the time appointed for the Annual General Meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN that, subject to the approval of shareholders of the proposed final dividend being obtained at the 42nd Annual General Meeting of the Company to be held on 21 July 2015, the Transfer Books and Register of Members of the Company will be closed on 29 July 2015 for the preparation of dividend warrants.

Duly completed and stamped transfers together with all relevant documents of or evidencing title received by the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902, up to 5.00 p.m. on 28 July 2015 will be registered to determine shareholders' entitlements to the proposed final dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 28 July 2015 will be entitled to the proposed final dividend.

The proposed final dividend, if approved by shareholders, will be paid on 12 August 2015.

Proxy Form

SATS LTD.
(Incorporated in the Republic of Singapore)
Company Registration No. 197201770G

IMPORTANT
CPF Investors
1. For investors who have used their CPF monies to buy the Company's shares, this Report is forwarded to them at the request of their CPF approved nominees and is sent solely FOR THEIR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as observers have to submit their request through their CPF Approved Nominees so that their CPF Approved Nominee may register, within the specified timeframe, with the Company's Share Registrar. (CPF Approved Nominee: Please refer to Note No. 8 on the reverse side of this form on the required details).
4. CPF investors who wish to vote must submit their voting instructions to their CPF Approved Nominees to enable them to vote on their behalf.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 23rd June 2015.

*I/We ______________________________ (NRIC/Passport No. ______________) of

______________________________ (Address)

being a *member/members of SATS Ltd. (the "**Company**") hereby appoint

Name	Address	NRIC/ Passport No.	No. of Shares Represented	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	No. of Shares Represented	Proportion of Shareholdings (%)

or failing *him/her, the Chairman of the Annual General Meeting ("**AGM**") of the Company as *my/our *proxy/proxies to attend and to vote for *me/us and on *my/our behalf and, if necessary, to demand a poll, at the AGM of the Company to be held at the Marina Mandarin Ballroom, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on 21 July 2015 at 11.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the AGM and at any adjournment thereof. If no person is named in the above boxes, the Chairman of the AGM shall be *my/our proxy to vote, for or against the Resolutions to be proposed at the AGM as indicated hereunder, for *me/us and on *my/our behalf and, if necessary, to demand a poll, at the AGM and at any adjournment thereof.

No.	Resolutions	**For	**Against
ORDINARY BUSINESS			
1	Adoption of the Directors' Report, Audited Financial Accounts and the Auditor's Report		
2	Declaration of a final dividend		
3	Re-appointment of Mr David Zalmon Baffsky as Director		
4	Re-appointment of Mr Nihal Vijaya Devadas Kaviratne CBE as Director		
5	Re-election of Mr Edmund Cheng Wai Wing as Director		
6	Re-election of Ms Euleen Goh Yiu Kiang as Director		
7	Re-election of Mr Michael Kok Pak Kuan as Director		
8	Approval of Directors' fees for the financial year ending 31 March 2016		
9	To appoint Auditors and authorise Directors to fix their remuneration		
SPECIAL BUSINESS			
10	To grant authority to the Directors to issue additional shares and convertible instruments pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore		
11	To grant authority to the Directors to grant awards and issue shares in accordance with the provisions of the SATS Performance Share Plan and SATS Restricted Share Plan, and to issue shares pursuant to the SATS Employee Share Option Plan		
12	To approve the proposed renewal of the Mandate for Interested Person Transactions		
13	To approve the proposed renewal of the Share Purchase Mandate		
14	Any other business		

* Delete accordingly
** Indicate your vote "For" or "Against" with a (✓) within the box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution.

Dated this ______ day of ______________ 2015.

Total Number of Shares Held

____
Signature(s) of Member(s) or Common Seal

Important: Please read notes on the reverse side

Notes:

1. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member appoints two proxies, he must specify the proportion of his shareholding to be represented by each proxy, failing which the appointments will be deemed to have been made in the alternative.
3. The instrument appointing a proxy or representative must be signed by the appointor or his duly authorised attorney or if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.
4. A corporation which is a member may also appoint by resolution of its directors or other governing body an authorised representative or representatives in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore, to attend and vote on its behalf.
5. The instrument appointing a proxy or proxies (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 at least 48 hours before the time appointed for the AGM.
6. A member should insert the total number of Shares held. If the member has Shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of Shares. If the member has Shares registered in his name in the Register of Members, he should insert that number of Shares. If the member has Shares entered against his name in the Depository Register as well as Shares registered in his name in the Register of Members, he should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by the member.
7. The Company shall be entitled to reject this instrument of proxy if it is incomplete, or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of a member whose Shares are entered in the Depository Register, the Company shall be entitled to reject this instrument of proxy which has been lodged if such member is not shown to have Shares entered against his name in the Depository Register at least 48 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.
8. CPF Approved Nominees acting on the request of the CPF investors who wish to attend the AGM as observers are requested to submit in writing, a list with details of the CPF investors' names, NRIC/Passport numbers, addresses and number of Shares held. The list, signed by an authorised signatory of the CPF Approved Nominee, should reach the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 at least 48 hours before the time appointed for the AGM.

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Please affix postage stamp

The Company Secretary
SATS Ltd.
c/o M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

3rd fold along this line and glue overleaf. Do not staple.

3rd fold along this line and glue overleaf. Do not staple.

SATS LTD.
Company Registration No. 197201770G

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