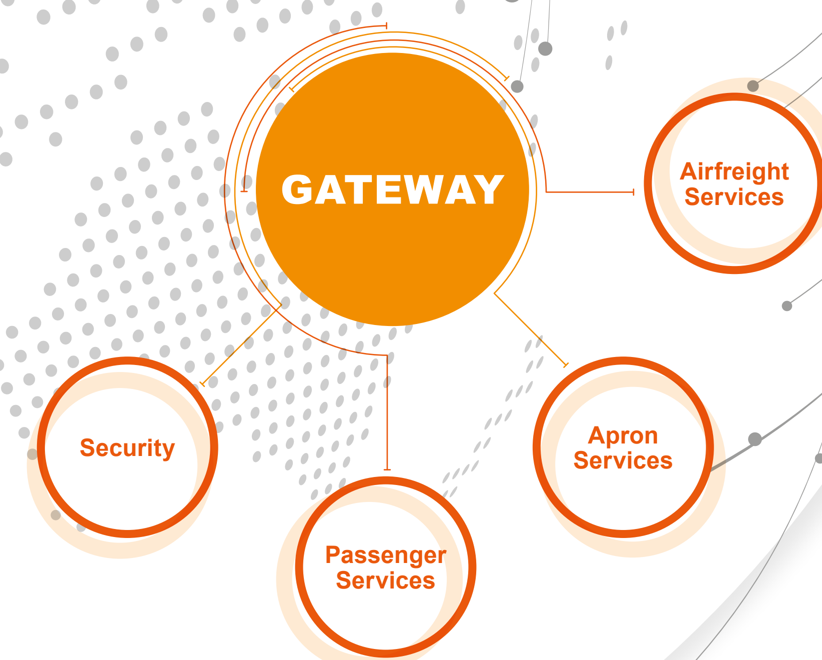
We feed Asia by operating central kitchens to provide inflight and institutional catering.

Our Gateway business connects Asia with airfreight, apron, passenger and security services.



FEEDING & CONNECTING ASIA

SATS LTD.
Annual Report 2015-16

Transformation

MORE PRODUCTIVE
Autonomous guided vehicles and flexible tray assembly lines in our inflight kitchens

FASTER
Deployment of iTrek and iPax technology in our ground handling processes: Personal Digital Assistants used by Passenger Services and Aircraft Interior Cleaning departments to improve deployment and real-time reporting

GREENER
SATS one-stop e-Acceptance initiative: Paperless airfreight acceptance process that reduces processing time and enhances security

Expansion

01. BRAHIM'S SATS FOOD SERVICES
Joint venture with Brahim's Holdings Berhad to supply inflight catering to airlines, and expand to provide institutional catering in Malaysia

02. JOINT VENTURE WITH YIHAI KERRY
Joint venture with Yihai Kerry, a subsidiary of Wilmar, to operate large central kitchens in China

03. SATS BRF FOOD
Joint venture with BRF to scale up our food distribution and processing business

04. OMAN SATS CARGO
Joint venture with Oman Air to provide cargo handling services in Muscat International Airport

05. DFASS SATS
Joint venture with DFASS to enter into the fast growing travel retail market

Contents

SATS is a leading provider of Food Solutions and Gateway Services. Our vision is to feed and connect Asia.

With over 65 years of experience, and a growing regional presence, SATS is entering a new phase of growth, creating value for our customers, partners and shareholders.

We are transforming SATS by investing in our people, injecting new technology and building a more sustainable business.

We are also expanding our business across the region to create value for our customers as we connect our services internationally.

For more information, visit www.sats.com.sg/InvestorRelations

All values in the tables, graphs and charts are expressed in Singapore Dollars unless otherwise stated. Any discrepancies in the tables, graphs and charts included in this report between the listed amounts and total thereof are due to mathematical rounding. Where applicable, measurements in square metres ("sq m") are converted to square feet ("sq ft") and vice versa based on the conversion rate of 1 sq m = 10.7639 sq ft.

Five-Year Group Financial and Operational Summary

	FY2015-16	FY2014-15	FY2013-14	FY2012-13	FY2011-12
Income Statement ($ million)					
Total revenue	**1,698.2**	1,753.2	1,786.7	1,819.0	1,871.6
Operating profit	**214.7**	178.0	171.0	192.3	165.7
Share of results of associates/joint ventures, net of tax	**48.0**	48.1	47.2	52.7	41.2
Profit after tax	**218.4**	190.7	182.1	184.8	175.0
Profit attributable to owners of the Company	**220.6**	195.7	180.4	184.8	170.9
Statement of Financial Position ($ million)					
Equity holders' funds	**1,490.8**	1,441.1	1,416.8	1,403.4	1,508.3
Non-controlling interests	**74.3**	76.5	97.6	96.8	105.8
Total Equity	**1,565.1**	1,517.6	1,514.4	1,500.2	1,614.1
Property, plant and equipment	**516.8**	551.7	567.9	592.2	653.9
Investment properties	**13.9**	7.0	9.2	11.3	13.5
Other non-current assets	**745.4**	668.3	718.1	619.5	625.0
Current assets	**829.6**	792.7	724.6	780.3	831.2
Total assets	**2,105.7**	2,019.7	2,019.8	2,003.3	2,123.6
Non-current liabilities	**70.3**	156.3	175.9	193.0	237.2
Current liabilities	**470.3**	345.8	329.5	310.1	272.3
Total liabilities	**540.6**	502.1	505.4	503.1	509.5
Net Assets	**1,565.1**	1,517.6	1,514.4	1,500.2	1,614.1
Financial Ratios					
Return on equity (%)	**15.0**	13.7	12.8	12.7	11.3
Return on total assets (%)	**10.6**	9.4	9.1	9.0	7.9
Net margin (%)	**12.9**	10.9	10.2	10.2	9.4
Debt-equity ratio (times)	**0.07**	0.07	0.08	0.09	0.10
Economic value added (EVA) ($ million)	**79.6**	49.9	39.9	68.5	42.7
Productivity and Employee Data					
Value added ($ million)	**1,068.9**	1,022.0	1,011.4	1,018.3	1,014.7
Value added per employee ($)	**76,635**	71,704	69,222	70,732	69,475
Value added per $ employment cost (times)	**1.48**	1.43	1.43	1.48	1.50
Revenue per employee ($)	**121,749**	123,004	122,284	126,354	128,148
Staff costs per employee ($)	**51,653**	50,134	48,254	47,705	46,305
Average number of employees	**13,948**	14,253	14,611	14,396	14,605

	FY2015-16	FY2014-15	FY2013-14	FY2012-13	FY2011-12
Per Share Data					
Earnings after tax					
- Basic (cents)	**19.9**	17.5	16.1	16.6	15.4
- Diluted (cents)	**19.7**	17.4	16.0	16.5	15.4
Net asset value per share (cents)	**134.4**	130.4	126.6	126.0	136.0
Dividends					
Interim dividend per share (cents)	**5.0**	5.0	5.0	5.0	5.0
Final and special dividends per share (cents)	**10.0**	9.0	8.0	10.0	21.0
Dividend cover (times)	**1.3**	1.3	1.2	1.1	0.6
Dividend payout (%)	**75.5**	79.6	80.9	90.7	168.6
Cash Flows ($ million)					
Cash flows from operations	**309.9**	272.8	288.3	277.5	210.7
Free cash flow	**221.9**	175.1	189.8	208.1	103.7
Capital expenditure	**51.2**	61.3	57.1	37.8	64.3
Operating Statistics (Singapore)					
Cargo/mail processed (million tonnes)	**1.60**	1.57	1.50	1.46	1.50
Passengers handled (million)	**44.88**	41.60	43.47	41.23	37.92
Gross meals produced (million)	**27.68**	26.44	26.11	28.26	26.50
Flights handled (thousand)	**133.28**	126.11	134.09	123.01	115.19

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 Average number of employees refers to the number of full time equivalent employees, including participants in the flexible-hour work scheme that was introduced since FY2014-15.
5 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.
6 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.
7 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.
8 Dividend cover is derived by dividing profit attributable to owners of the Company by total dividend (net of tax).
9 Dividend payout ratio is derived by dividing total dividend (net of tax) by profit attributable to owners of the Company.
10 Free cash flow comprises cash flows from operating activities less cash purchases of capital expenditure.
11 Final dividend for FY2015-16 is subject to shareholders' approval at the forthcoming Annual General Meeting.
12 Gross meals produced refer to airline meals catered at Singapore Changi Airport but exclude meals sold on board low-cost carriers.

Performance Indicators

1 FINANCIAL

The Board sets financial performance targets for the Company which are aligned with the long-term interests of shareholders. Here are some of the key financial indicators we target which are also embedded in our remuneration framework for key executives:

- Absolute Total Shareholder Return
- Relative Total Shareholder Return
- Return on Equity
- Economic Value Added
- Profit attributable to Shareholders of the Company

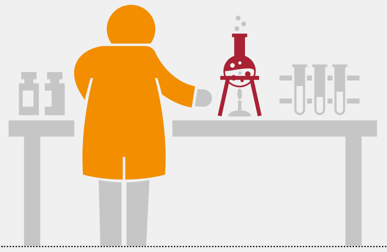
The Company also has an internal dividend policy which aims to provide sustainable and progressive dividend payouts.

2 CUSTOMERS

Our customers help make us Asia's first-choice provider of Food Solutions and Gateway Services.

We have a robust customer engagement programme, facilitate regular audits, and conduct systematic surveys to get customer feedback to enhance services provided.

3 QUALITY



We pride ourselves as a Company that offers high quality and safe products to our customers and partners.

With international quality certifications, a strong inhouse Quality Assurance team with laboratory capabilities, and a good quality management system, we ensure that the highest standards of food hygiene and quality are met.

4 CORPORATE GOVERNANCE

SATS strives to maintain high standards of corporate governance within the Company and our subsidiaries.

We promote performance management and accountability to enhance long-term shareholder value, and constantly benchmark our processes and policies to best-in-class practices.

5 SAFETY

Safety is our number one priority. We are committed to creating and maintaining a safe work environment for our people, and upholding our world-class safety record.

SATS has a comprehensive Occupational Health & Safety policy, and monitors accidents and injuries across our entire operations. We review our Safety targets and strive to lower the number of incidents year-on-year.

6 SECURITY

We believe that security is everyone's responsibility. We reinforce the importance of security in operations through training and regular briefings, and monitor our Security targets quarterly.

We are also proud of our auxiliary police force which specialises in aviation security and helps us to deliver a fully integrated security service to our customers.

7 PEOPLE

Our people power our business, so we commit considerable resources to engage, develop, and reward them as they grow with SATS.

We conduct regular Employee Engagement Surveys to help us understand and motivate our people.

8 COMMUNITY

SATS recognises the importance of giving back and creating value for the community at large. We are an advocate of active citizenship and share a belief in building a sustainable future.

We continue to find innovative ways to effect positive change in our communities and minimise our impact on the environment.

Opportunities

We are driving business growth by broadening our service offerings into adjacent activities and expanding our operations throughout the region.

1

Scale

Our highly automated central kitchens create a scale advantage for our Food Solutions business.

2

Connectivity

Our operations are connected by state-of-the-art technology, making our services faster and smarter.

3

Brand

Our brand promise, “Passion to Delight”, drives service excellence and innovation, building and strengthening our reputation.

Capabilities

We help our people develop new competencies through training and skills development programmes, creating opportunities for them as they increase productivity and grow our business.

1 Knowledge

We share knowledge across our network of strategic partnerships, to enhance our capabilities and drive operational excellence.

2 Automation

Our people embrace new technology to accelerate its adoption throughout our operations to increase productivity, and improve service.

3 Progression

We create opportunities for our people to develop their skills, broaden their responsibilities, and grow their careers at SATS.

Chairman's Statement

Edmund Cheng
Chairman

Return on Equity

15%

Earnings per Share

19.9¢

Dear Shareholders,

FY2015-16 marks my 13th and last year as Chairman. Looking back, I feel a great sense of fulfilment from the transformation of SATS into a strong multinational company, trusted for our reliable and high quality service.

Over this long period of time, inevitably there were many challenges and crises to overcome, like the Severe Acute Respiratory Syndrome outbreak in 2003 and the world financial crisis in 2008. These testing events helped shape the values and character of our organisation. They taught us the importance of being agile and made us bold enough to venture out on our own after we were divested from Singapore Airlines in 2009.

FY2015-16 presented another set of challenges: decelerating growth in China; falling oil prices; the weakening Japanese Yen; with declining manufacturing exports and a slowing economy in Singapore. On the aviation front, intense competition between airlines maintained the pressure on their yield and pricing pressure for SATS.

SATS has been proactive in pursuing opportunities to become a leading Food Solutions and Gateway Services company by building up into adjacent businesses, and building out our geographic presence to create value for our customers as we connect our services across our operations in Asia.

SATS navigated these challenges resourcefully to deliver a creditable performance. For the financial year in review, our Group revenue declined 3.1% year-on-year to $1.7 billion. Excluding the transfer of revenue to our food distribution joint venture (JV) company SATS BRF Food, and the divestment of Urangan Fisheries, the Group's revenue would have increased 3% or $53.2 million.

The people of SATS have embraced technology to work smarter and faster, innovating and redesigning processes to enhance productivity and manage costs. This has resulted in a 12.7% increase in profit attributable to owners of the Company to $220.6 million. Return on equity was 15%, up from 13.7% a year ago.

As at 31 March 2016, our total assets were $2.1 billion with a 14% increase in cash and cash equivalents to $489.9 million. Free cash flow generated during the year amounted to $221.9 million, and debt-to-equity ratio remained healthy at 0.07 times.

In view of our financial performance as well as capital management and long-term growth objectives, your Board of Directors has proposed a final ordinary dividend of 10 cents per share. Including the interim ordinary dividend of 5 cents per share paid on 4 December 2015, the total dividend of 15 cents per share translates to a dividend payout ratio of 75.5%. If approved at the forthcoming Annual General Meeting (AGM) on 19 July 2016, the proposed dividend will be paid on 10 August 2016.

The inclusion of SATS as one of the 30 component stocks in Singapore's benchmark Straits Times Index (STI) from 21 September 2015 was another milestone that reflected the growth in our market capitalisation and consistent trading liquidity.

Being a constituent stock in the STI has helped boost visibility for SATS and heightened exposure to international investors.

CONTINUING THE MOMENTUM OF GROWTH

SATS has been proactive in pursuing opportunities to become a leading Food Solutions and Gateway Services company by building up into adjacent businesses, and building out our geographic presence to create value for our customers as we connect our services across our operations in Asia.

We formed a strategic partnership with DFASS, to enter into the fast-growing travel retail market. This JV provides SATS with an opportunity to innovate and develop new ways of retailing to travellers and fulfilling their orders.

In January, we entered into a JV agreement with Yihai Kerry, a Chinese subsidiary of Wilmar International. Leveraging our experience in operating large central kitchens, we will be supplying high quality and safe food to the growing middle class population in the major cities in China. In addition, we also expanded into Malaysia through a JV with Brahim's Holdings Berhad. Through the new company – Brahim's SATS Food Services – SATS will be supplying inflight catering to airlines, and extending its service offerings in Malaysia to provide institutional catering too.

We are also expanding our footprint in Oman, and have signed a JV agreement with Oman Air to provide cargo handling services at Muscat International Airport. The JV company – Oman SATS Cargo – will be an addition to our growing network in Asia and the Middle East and will enhance connectivity for our cargo customers across the region.

These investments will create greater momentum for growth.

Chairman's Statement

CARING FOR THE COMMUNITY

Our passion to delight extends beyond serving our customers to serving the community at large. In Singapore, our people are encouraged to engage with the community with support from both the SATS Foundation and the SATS Staff Association.

Our overseas operations are equally engaged. Air India SATS Airport Services (AISATS) provided the children and youth of the Trilokpuri resettlement colony in Delhi with computer education and skills. This gave them the opportunity to interact with computers and develop technical and vocational skills to become more self-sufficient. In addition, AISATS organised health check-up camps and medical camps in Hyderabad and Trivandrum respectively.

The Group has also embarked on several projects this year that have provided us with energy savings and minimised our carbon footprint. An example of this would be the installation of solar panels at PT Jasa Angkasa Semesta and Taj SATS Air Catering, and the replacement of fluorescent lights with energy-efficient LED lights in several of our Singapore operations, as well as at Asia Airfreight Terminal in Hong Kong.

FORGING AHEAD

We will continue to invest in our people, introduce new technology and innovate to bring value to our customers, partners and shareholders.

In the near to medium term, the business environment will continue to be challenging as financial volatility, tight manpower resources and low consumer confidence cloud Asia. We expect to experience modest and uneven global growth.

However, we have made great progress this financial year and laid the foundation to further the future growth of our business. Not one to rest on our laurels, we will forge ahead to create greater opportunities for our business.

The people of SATS have embraced technology to work smarter and faster, innovating and redesigning processes to enhance productivity and manage costs.

ACKNOWLEDGEMENTS

For the year in review, SATS was awarded one of the top 50 publicly listed companies in ASEAN, as well as one of the top two publicly listed Singapore companies with outstanding achievement, at the inaugural ASEAN Corporate Governance Awards 2015, organised by the Philippine Securities and Exchange Commission.

We are also honoured to have two new Directors, Thierry Breton and Tan Soo Nan, come on the Board during the year. They bring with them extensive knowledge and expertise that will enhance and complement the competencies and skills of the present Board.

For the forthcoming 43rd AGM of the Company, two of our fellow Directors David Zalmon Baffsky and Nihal Vijaya Devadas Kaviratne CBE have elected to retire from the Board. David and Nihal have contributed immeasurably through their wise counsel and active participation, and I am privileged to have worked closely with both of them. On behalf of the Company and the Board, I would like to thank them for their invaluable support and stellar service, and wish them every success in their future endeavours.

As already mentioned, I will be retiring as Chairman of the Company with effect from the AGM. I would like to take this opportunity to thank my fellow Board members, SATS' management team, customers, business partners, staff unions and you, our shareholders, for your trust, confidence, and unwavering support. I would also like to extend my gratitude to all our people for their hard work and commitment in making the SATS brand, a seal of quality. Their collective passion to delight is the cornerstone of our transformation journey and the key to the successful implementation of our long-term strategy.

Succession plans are well in place for Euleen Goh to take on the Chairmanship. She is no stranger, having joined the Board in August 2013. Euleen has been instrumental as the Chairman of the Audit Committee and a member of the Board Executive and Nominating Committee. I know that she will make an excellent Chairman and am confident that under her competent leadership and with the strong management team in position, the Company will continue the growth momentum to drive greater value for years to come.

It has been a memorable and satisfying 13 years. I am truly humbled to have been part of this transformational journey. Farewell, and thank you for your support as loyal shareholders of SATS.

Edmund Cheng
Chairman

24 May 2016

In Conversation with PCEO

Alex Hungate
President and
Chief Executive Officer

Net Profit

$220.6M

Free Cash Flow

$221.9M

Q How has SATS performed this FY2015-16?

A Despite the challenges posed by slower economic growth and intense competition, SATS' operating and net profit grew by 20.6% and 12.7% to $214.7 million and $220.6 million respectively. These profits are the highest ever achieved by the Company.

This performance was the result of improved service and increased productivity throughout our operations, driven by the introduction of innovative new technology. Productivity, measured using Value Added per Employment Cost, increased 3.5% year-on-year. This would not have been possible without the active participation of our people in the redesign of jobs and work processes across the various business units.

For example, we have introduced an automated cutlery sorting and packing system in our catering operations. The intelligent system is able to scan and identify the different cutlery, sort, pack and then seal them within a transparent foil. With this highly automated system, we were able to achieve a 36% increase in productivity for the cutlery line.

The use of technology allows us to increase volume without increasing cost proportionately. So the growth in our customer base and business volumes also contributed to the 240 basis point expansion of operating margins.

Q Tell us about the recent investments that SATS has made?

A While our aviation business in Singapore remains a pillar of strength, we see significant opportunities in the growth of travel and eCommerce as well as the increased demand for safe, high quality food from the burgeoning urban population in Asia.

We are seeking to get more exposure to these opportunities by building up into adjacent businesses and building out geographically in the region. In this dynamic environment, with our strong brand and existing network of partners and customers, we have a strong pipeline of opportunities which align with our vision of feeding and connecting Asia.

Passenger volume in Asia is expected to grow strongly and airports across the region are adding capacity to meet the growing demand. We continue to build out our aviation footprint in the region to tap into the growth potential of these markets. For example, we formed a catering joint venture (JV) with Brahim's Holdings Berhad, the market leader in inflight catering in Malaysia.

Building up adjacent businesses and expanding across the region will involve a certain amount of risk, but we mitigate this by working with the right partners. For example, we have recently teamed up with Wilmar International, a group with a strong customer base and established supply chain in China, to set up central kitchens in the major cities in that country. We are combining our expertise in cooking high quality, safe food on a large scale with Wilmar's existing strengths which will help us to operate effectively in China.

We will continue to explore opportunities in the region that have a strategic fit with our business and provide good returns.

While our aviation business in Singapore remains a pillar of strength, we see significant opportunities in the growth of travel and eCommerce as well as the increased demand for safe, high quality food from the burgeoning urban population in Asia.

In Conversation with PCEO

Q How do the different parts of the Group work together to benefit customers?

A SATS has the largest Food Solutions and Gateway Services network in Asia, with presence in 51 cities and 12 countries across the region. At one level, this gives us a marketing advantage as we sell and support our aviation and non-aviation customers. The teamwork between TFK and SATS to win the Delta business in Japan this year is a great example of such cooperation.

Our Food Solutions customers can tap into culinary expertise from chefs from across the world. They work closely with each other until they can faithfully reproduce authentic dishes for our airline customers who are proud of their national dishes both outbound from their home base as well as inbound. These chefs, together with our panel of celebrity chefs, work closely with our customers to help them develop new, signature menus that can help them to generate new revenues.

We are constantly trying out new technology and processes in our Food Solutions and Gateway Services operations. The most successful of these innovations, which in some cases we can patent, create quality and productivity advantages for other operations in our network when they are rolled out. This is on top of the growing number of opportunities that we are developing to aggregate our purchasing volumes across the region.

The success of SATS in the long-term is in the hands of our people. It is their passion to delight our customers over the decades of this Company's history that powers our brand and reputation.

As we connect passengers and airfreight across Asia, we use software and data to minimise connection times. This capability has a revenue benefit for our airline customers because they can market shorter journey times. For passengers, it means that we can make end-to-end travel more seamless, and for airfreight with special requirements, like temperature, it means that we can handle it with higher quality than our competitors. For example, we handled about 270,000 tonnes of temperature-sensitive cargo this year through SATS Coolport, our cold-chain facility in Singapore. With our help, Air India SATS Airport Services will soon open a similar cold-chain facility at Bengaluru airport which will allow them to pursue this fast growing market segment in India.

The fact that many of our JV partnerships go back decades is testament to the enduring value that cooperation across our network can create for them and our shared customers.

Q How will SATS sustain long-term growth and value creation?

A The success of SATS in the long-term is in the hands of our people. It is their passion to delight our customers over the decades of this Company's history that powers our brand and reputation. It is their innovation that is accelerating the introduction of new technology and delivering higher productivity and better service. It is their entrepreneurship that has forged new businesses and partnerships that will drive growth and create value for SATS in the future. Without them, we could not put our strong balance sheet to such good use, but with their commitment and talents, we can continue to pursue organic and inorganic investments that will create long-term value.

This is why we invest systematically in our people, so that we build their capabilities and leadership qualities at the same time as they build their careers with SATS. Our STEP plus LEAP talent assessment framework, SATS Connect leadership development programme, and robust performance management processes, collectively help us to identify and develop talent at all levels across the Group. We are actively expanding our bench strength at all levels so that we can accelerate the implementation of our vision of feeding and connecting Asia. Even as we expand the company, we know how important it is to remain true to our core values. Everyone at the company, whether they are a newcomer or a 40-year veteran, attends our SATS Ambassador programme to ensure that we all uphold our brand promise and that our culture remains a source of strength.

There is no one more committed to our people and their personal and professional development than our outgoing Chairman, Edmund Cheng. Over 13 years of stewardship, he has personified our passion for customer service, culinary excellence and above all, the development of our human capital. We have all been inspired by him and I would like to thank him wholeheartedly for everything that he has done for SATS.

Alex Hungate
President and Chief Executive Officer

24 May 2016

Geographical Presence

As at 24 May 2016

651,000
Flights Handled*

91,000,000
Passengers Handled*

96,000,000
Meals Served*

* Based on FY2015-16 aviation statistics for Singapore and overseas operations

Spans **45** Airports

Across **12** Countries

Food Solutions

Gateway Services

Gateway Services + Food Solutions

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. Malaysia

Kuala Lumpur
Penang

10. Singapore

Singapore

11. 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

12. Australia

Brisbane
Rockhampton

Board of Directors

From left:

1. **Yap Chee Meng**
   Non-Executive and Independent Director
2. **Euleen Goh**
   Non-Executive and Independent Director
3. **Edmund Cheng**
   Chairman, Non-Executive and Independent Director
4. **Alex Hungate**
   Executive Director, President and Chief Executive Officer
5. **Thierry Breton**
   Non-Executive and Independent Director
6. **Nihal Kaviratne**
   Non-Executive and Independent Director
7. **Koh Poh Tiong**
   Non-Executive and Independent Director
8. **David Baffsky**
   Non-Executive and Independent Director
9. **Michael Kok**
   Non-Executive and Independent Director
10. **Tan Soo Nan**
    Non-Executive and Independent Director

Operations Review

FOOD SOLUTIONS

Food Solutions' revenue fell 8% to $967.4 million due to the transfer of the food distribution business to SATS BRF Food, weakening of the Japanese Yen and the loss of revenue from the divestment of our Australian subsidiary, Urangan Fisheries. Excluding the impact from the transfer of food distribution revenue, and the Urangan divestment, revenue for Food Solutions would have increased 2.3% or $24.1 million.

Despite the economic uncertainty and low consumer confidence across most of Asia, operating profit for Food Solutions increased 23.2% to $156.9 million. Share of after-tax profits of our food associates and joint ventures improved by 4.3% to $9.6 million.

FEEDING ASIA

We have been actively pursuing opportunities to build up adjacent business and build out our geographical presence in order to grow scale and improve operating leverage.

At Changi Airport, we have secured new customers such as AirBridgeCargo Airlines, Silk Way West Airlines and West Air. We now cater for 47 airlines and produced more than 26 million airline meals in Singapore during the year.

Last year, we expanded our pool of culinary partners and established a panel of SATS Culinary Consultants by collaborating with five international industry-recognised master chefs. Together with our inhouse culinary experts, the panel of culinary consultants work closely with customers to further innovate and create authentic menus.

Our institutional catering business continued to grow during the year through new accounts such as Yale-National University of Singapore and Sengkang Health, which have contributed to an increase in our underlying Food Solutions' revenue for the year. Large-scale events at the Singapore Sports Hub including the 28th SEA Games in May to June and the ASEAN Paralympic Games in November to December added to the growth.

To strengthen our existing partnership and to grow the scale of our food business in the Philippines, we made a strategic move to acquire an additional 13% interest in MacroAsia Catering Services (MACS), raising our stake from 20% to 33%.

In Japan, TFK achieved an improvement in revenue as well as an increase in overall market share. This was mainly due to the commencement of Delta Airlines flights in October 2015, along with other airline accounts. An increase in visitors to Japan from China over the past couple of years has also led to the launch of additional flights by a number of Chinese carriers during the year. These new flights have also contributed to the growth in TFK's market share at both Narita and Haneda airports. We also saw a number of new and returning client accounts including Aero Mexico, Alitalia, China Eastern Airlines, KLM Royal Dutch Airlines, Sichuan Airlines and XiamenAir.

Despite challenging conditions, our associates continued to grow scale through securing new contracts. Taj SATS Air Catering (TSAC) grew its market share thanks to new and increased business from Air India, IndiGo, Jet Airways and Vistara. Evergreen Sky Catering Corporation (EGSC) secured four new airline customers including Air China, China Eastern Airlines and Shanghai Airlines, while Macau Catering Services (MCS) was awarded a contract with Wynn Palace, a luxury Macau Hotel.

INNOVATION AND PRODUCTIVITY IMPROVEMENTS

As we grow scale, we seek to increase the productivity of our food operations through technology innovation and job redesign.

To improve the once labourious process of cutlery sorting and packing, we introduced a highly automated system which not only enables us to achieve a 36% increase in productivity, but is also eco-friendly. The electrolysis technique and ultrasonic equipment we use clean the cutlery that then goes through granulates made of biodegradable corncob to polish and dry them. This process eliminates the need for detergent and demineralised water. Our cutlery sorting system comes with a vision recognition tunnel to scan and identify each cutlery item digitally. This system also assembles the components needed for each cutlery set and seals them automatically.

We continue to invest in the development of our staff to equip them with additional skills as they grow and develop their career with SATS. Through our skills progression scheme, we provided structured training for cooks, allowing our staff to fulfil their aspiration and obtain a Higher Certificate in Food and Beverage Production from the Singapore Workforce Development Agency.

Similarly, our food preparation programme, which was awarded Approved Training Centre status by the Institute of Technical Education, continued to create opportunities for our catering assistants in the institutional catering business. A customised syllabus was developed to upgrade the skills of our catering assistants as they advance to become assistant cooks. In addition, we developed an inhouse training programme tailored to staff at our Cookhouse Training Kitchen to strengthen the cooking skills of newly promoted assistant cooks. These training initiatives build up the capabilities of our people to support our transformation initiatives such as Cookhouse of the Future.

TSAC undertook an upgrade of its facilities including the installation of new blast chillers with blast freezers to improve product quality, safety and efficiency.

Similarly, Taj Madras Flight Kitchen (TMFK) upgraded its ovens, which helped to increase its capacity by a third while decreasing cooking cycle time by 50%. The installation of a vegetable processing machine also significantly improved TMFK's efficiency and resulted in a reduction of labour.

A refresh of its handling processes and procedures helped Maldives Inflight Catering to enhance its laundry business and secure additional revenue from new client accounts.

Such examples illustrate the breadth of initiatives that are being undertaken across the Group to improve our productivity and create additional value.

AWARDS AND ACCOLADES

As always, we strive to achieve the highest level of service for our customers. It is an honour to be recognised for our excellence through awards and accolades.

We were proud to receive 10 awards at last year's AVA Food Safety Awards, an annual event that acknowledges the food industry's efforts in maintaining high standards of food safety. In recognition for achieving 20 consecutive years of grade "A" ratings, SATS also received the inaugural Platinum Award.

TFK was awarded 2015 Caterer of the Year by Jetstar Japan and received the Best Catering Award 2015 from Air China. In addition, TMFK was bestowed the Singapore Airlines CEO Transforming Customer Service Award 2016 for its support to Singapore Airlines during November and December when Chennai International Airport was shut due to flooding. MACS also achieved a Gold award in Cathay Pacific's caterers' performance recognition programme, placing it as one of the airline's top two caterers that support Cathay Pacific worldwide.

Operations Review

GATEWAY SERVICES

Gateway Services' revenue increased 4.1% to $725.9 million. This was primarily driven by the overall growth in flights, passengers and cargo tonnage handled across our gateway business units. Our operating profit increased 19.2% to $47.2 million due to increased revenue and sustained productivity initiatives. However, share of after-tax profits declined by 1.3% to $38.4 million as a result of lower cargo volumes and pricing pressures reported by some of our associates.

CONNECTING ASIA

We remain focused on our strategy to grow scale and enhance connectivity across our businesses. During the year, we extended our reach through new partnerships and client accounts.

Serving 68 airlines with our comprehensive suite of gateway services, we maintained our leadership position at Singapore Changi Airport. In the past year, we increased our broad customer base by securing nearly all the airlines that were new to Singapore including AirBridge Cargo, Batik Air and Thai Lion Air. Apart from regaining the Jetstar Asia account, we also renewed contracts with airlines including Cebu Pacific Airways, China Eastern Airlines, Eva Air, Thai Airways International and Vietnam Airlines.

At the Marina Bay Cruise Centre, we handled 110 ship calls and more than 485,000 passengers, an increase of more than 19% compared to the prior year. Vessels such as Mariner of the Seas and Sapphire Princess continued to be home-ported at the terminal while we welcomed new vessels including Mein Schiff 1 and Celebrity Millennium. During the year, Qantas subscribed to CruiseFly™, our sea-to-air check-in and baggage transfer service that offers cruise passengers a seamless and convenient travel experience. This unique service allows airline passengers to check-in for their flights and deposit their bags at the Marina Bay Cruise Centre upon disembarkation, freeing them to enjoy Singapore's attractions during their short stop-over.

We look to enhance our connectivity and extend our network across Asia. In March, we signed an agreement to form a cargo handling joint venture (JV) with Oman Air. To be named Oman SATS Cargo, the company will be the single source provider of cargo handling services first at the existing cargo facility and then at the new state-of-the-art cargo terminal at Muscat International Airport. As Oman increasingly becomes an important air cargo and transshipment hub, this strategic partnership also provides SATS with opportunities to develop cold-chain handling capabilities and promote the transport of premium and temperature-controlled airfreight for Oman Air and other airlines.

We are also exploring how we can connect more deeply with travellers by converting our touchpoints into service and sales opportunities. We see a number of ways to complement the user experience by adding further services and product offerings to customer interactions with SATS and enhancing the sell-through of travel retail. To support this strategy, we announced in January an agreement to establish a 50:50 travel retail JV with DFASS, through our subsidiary Asia-Pacific Star. By combining the experience of DFASS in the inflight retail business with SATS' passenger reach and experience, the company will benefit from cost savings while innovating and developing new ways of retailing to travellers and consequently fulfilling their orders. Named DFASS SATS, the company aims to transform the travel retail experience for our customers.

Our overseas subsidiaries and associates sustained the growth momentum with new customer wins. SATS HK secured new airline customers such as Asian Air, Centurion Cargo, Etihad Airways, Malindo Air and Scandinavian Airlines while PT JAS has grown to handle 38 airlines across its network with new contract wins including Emirates, AirAsia Indonesia, Royal Jordanian Airways, Qantas Airways, Ethiopian Airlines, AirAsia X and Tigerair Austrialia.

Air India SATS Airport Services (AISATS) added Kuwait Airways, Malaysia Airlines Freighter, Trujet and Vistara as new customers for its Bengaluru station as well as Etihad Airways at both its Hyderabad and Delhi stations. AISATS was also accorded with IATA Safety Audit for Ground Operations (ISAGO) certification for its operations at the Indira Gandhi International (IGI) Airport in New Delhi. This adds to the list of ISAGO certifications that AISATS has already achieved at its other stations in Bengaluru, Hyderabad, Trivandrum, and at its headquarters in Mumbai, underscoring AISATS' commitment to high safety standards and continued assurance to its customers.

INNOVATION AND PRODUCTIVITY

Global economic and political conditions remain challenging and competition in all markets remains intense, so it is essential that we at SATS continue to raise productivity by adopting new technologies and introducing innovative services across our network.

In August we announced a collaboration agreement to establish the SATS eCommerce AirHub, which will provide airmail consignment handling services to SingPost as the anchor customer. The new automated facility will be located at SATS Airfreight Terminal 1 within the Changi Airfreight Centre, integrating the airmail consignment handling capabilities of both SATS and SingPost under one roof. This will enable single scanning and sorting, and remove the need to tow consignments such as mail, parcel bags and pallets between facilities, enhancing operational efficiencies and space utilisation. As a result, SATS will become the first ground handler in the world to own an airside facility of this type and once fully operational, we expect SATS eCommerce AirHub to contribute a productivity saving of more than 30%.

We continued to embrace technology and redesign processes across our operations to drive productivity. One example is the adoption of video analytics technology at our Premier Lounges in Singapore to track passenger throughput and provide our staff with alerts for meal replenishments and maintenance. Another example is the introduction of automated elevated transfer vehicles to our cargo operations which reduced our dependency on manpower and allowed us to redeploy eight operators and achieve manpower savings of $120,000 annually.

In Hong Kong, SATS HK installed a tracking system which uses Global Positioning System technology to gather real-time information such as the precise location, movement and fuel consumption of its aircraft ground support equipment. This enhanced efficiency in equipment deployment as well as better safety management on the apron. Asia Airfreight Terminal developed an online, self-service e-Invoice service to allow its cargo agents to download paperless invoices and shorten transaction time for credit agents at the counters. Apart from reducing the usage of paper and transportation costs, the e-Invoice also provides better tracking visibility and information transparency for its customers.

AWARDS AND ACCOLADES

SATS aims to become the first-choice provider for our customers by constantly improving our services. We are truly gratified to know that our efforts have received recognition for excellence both locally and overseas.

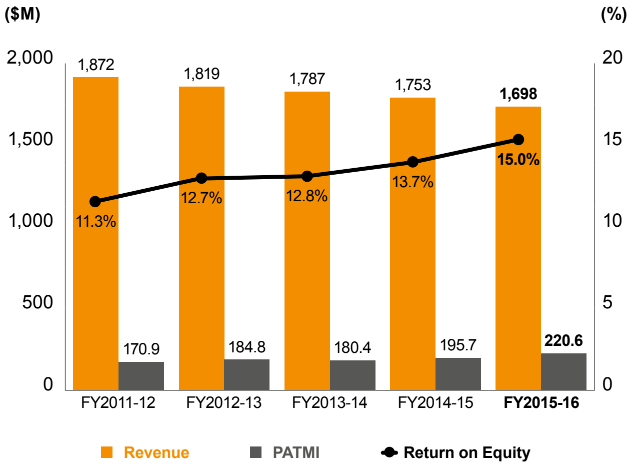
SATS was named Ground Handler of the Year at the Payload Asia Awards 2015 for the second consecutive year. We were also awarded the Most Scalable Transformation Award at the 2016 Singapore International Chamber of Commerce Awards in recognition for the SATS one-stop e-Acceptance initiative that transformed the cargo lodge-in acceptance process of export cargo which benefitted 340 freight forwarders at Changi Airport. At the 17th Annual Ground Handling International Conference, we were awarded the Ground Service Equipment Safety Innovation Award for five equipment enhancements which we introduced at our ramp operations.

In March, SATS was given the "Best Cooperation Award" by Lufthansa Cargo at its "Supplier Awards" ceremony held in Berlin. SATS came out first from 42 stations in Asia Pacific.

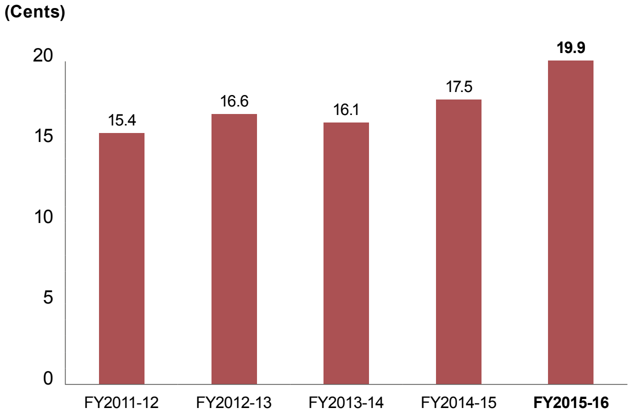
SATS HK received several awards from the Airport Authority of Hong Kong for their exemplary contributions towards providing high quality services and enhancing safety at Hong Kong International Airport. For the fifth consecutive year, AISATS was conferred the Best Air Cargo Terminal Operator by the Indian Chambers of Commerce at the Indian Supply Chain and Logistics Excellence Awards. Its Bengaluru station also received three Warehouse Excellence awards in the categories of Warehouse Initiative of the Year at the 9th Express Logistics and Supply Chain Conclave.

Financial Review

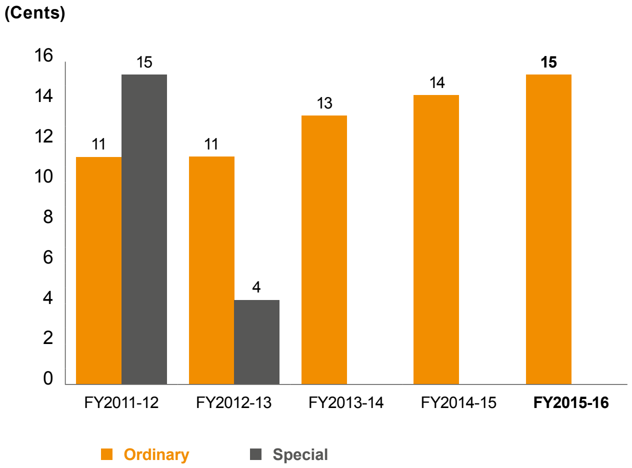
Revenue and Profitability



Earnings Per Share



Dividend Per Share



HIGHLIGHTS

For the financial year ended 31 March 2016, the Group achieved revenue of $1,698.2 million, a drop of $55 million or 3.1% year-on-year. Excluding the transfer of food distribution revenue to the joint venture company SATS BRF Food during the year and the loss of revenue due to the divestment of its Australian subsidiary, Urangan Fisheries, the Group's underlying revenue reflected a growth of $53.2 million or 3%. Underlying revenue from Food Solutions grew $24.1 million or 2.3% while Gateway Services' revenue grew $28.9 million or 4.1% compared to the preceding year.

The Group continued to focus on productivity enhancement through scale and use of technology, resulting in better cost management. The Group's expenditure dropped $91.7 million or 5.8% to $1,483.5 million. All expense categories have recorded reduction except for staff costs and depreciation and amortisation charges to support underlying growth in business volume and to improve the customers' service level.

The Group's operating profit for the financial year was $214.7 million, a significant increase of $36.7 million or 20.6% over last year.

Share of after-tax profits from associates/joint ventures dropped marginally by $0.1 million or 0.2% year-on-year to $48 million. The Food Solutions' associates/joint ventures have shown better performance though there was some slight deterioration from the Gateway Services' associates/joint ventures performance.

Profit attributable to owners of the Company was $220.6 million, a growth of $24.9 million or 12.7% year-on-year. The Group achieved return on equity of 15% for the financial year, which was 1.3 percentage points higher than last year.

The Group maintained a strong balance sheet with total assets of $2.1 billion. Cash and short-term deposits stood at a healthy level of $489.9 million as at 31 March 2016 while free cash flow generated during the year amounted to $221.9 million. Debt-to-equity ratio of 0.07 times was at the same level a year ago.

EARNINGS PER SHARE

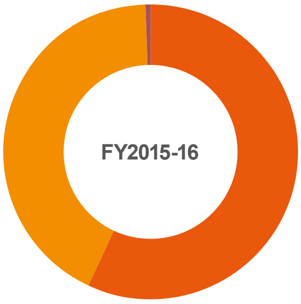
The Group's earnings per share grew 13.7% year-on-year to 19.9 cents compared to 17.5 cents a year ago.

DIVIDENDS

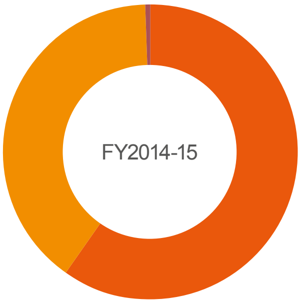
During the year, the Company paid an interim dividend of 5 cents per share in respect of FY2015-16 amounting to $55.6 million. The Board of Directors has proposed a final ordinary dividend of 10 cents per share to be paid, subject to shareholders' approval in the forthcoming Annual General Meeting. The total ordinary dividend for FY2015-16, if approved, will be 15 cents per share, representing a payout ratio of 75.5%.

REVENUE - BY BUSINESS, INDUSTRY AND GEOGRAPHICAL LOCATION

Business



- Food Solutions 57.0%
- Gateway Services 42.7%
- Corporate 0.3%



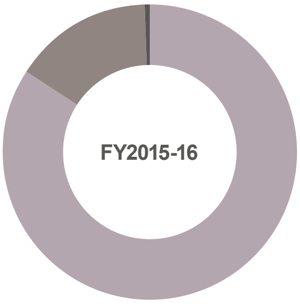
- Food Solutions 60.0%
- Gateway Services 39.7%
- Corporate 0.3%

By Business

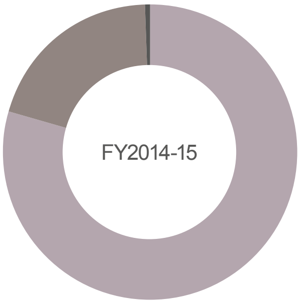
Revenue ($M)	FY2015-16	FY2014-15	YOY % Change
Food Solutions	967.4	1,051.5	(8.0)
Gateway Services	725.9	697.0	4.1
Corporate	4.9	4.7	4.2
Total	1,698.2	1,753.2	(3.1)

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 services.

Industry



- Aviation 84.3%
- Non-aviation 15.4%
- Corporate 0.3%



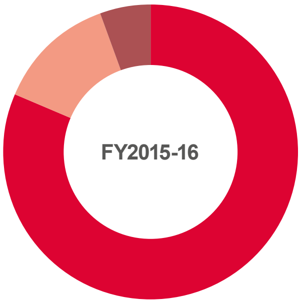
- Aviation 79.6%
- Non-aviation 20.1%
- Corporate 0.3%

By Industry

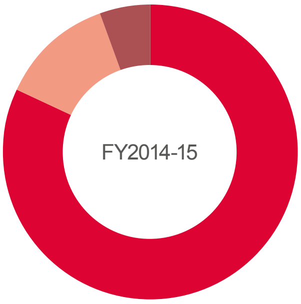
Revenue ($M)	FY2015-16	FY2014-15	YOY % Change
Aviation	1,431.7	1,395.4	2.6
Non-aviation	261.6	353.1	(25.9)
Corporate	4.9	4.7	4.2
Total	1,698.2	1,753.2	(3.1)

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 services.

Geographical Location



- Singapore 81.5%
- Japan 13.0%
- Others 5.5%



- Singapore 82.1%
- Japan 12.6%
- Others 5.3%

By Geographical Location

Revenue ($M)	FY2015-16	FY2014-15	YOY % Change
Singapore	1,383.3	1,439.9	(3.9)
Japan	221.7	220.9	0.4
Others	93.2	92.4	0.9
Total	1,698.2	1,753.2	(3.1)

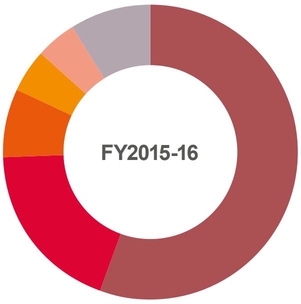
Notes:
- Singapore: revenue from Food Solutions and Gateway Services within Singapore.
- Japan: revenue from TFK.
- Others: revenue from Singapore Food Industries group (Australia), Food and Allied Support Services Corporation group (Abu Dhabi and India) and SATS HK.

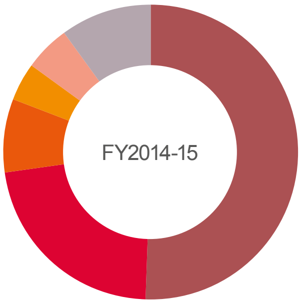
Financial Review

EXPENDITURE

The Group's operating expenditure in FY2015-16 was $1,483.5 million, a drop of $91.7 million or 5.8% year-on-year. Staff costs and cost of raw materials made up 74.7% of the total expenses of the Group. All expense categories recorded reduction in costs except for staff costs and depreciation and amortisation charges which increased in line with business volume and enhanced service level.

Staff costs	55.7%
Cost of raw materials	19.0%
Company premise and utilities	7.3%
Depreciation and amortisation	4.7%
Licence fees	4.6%
Other costs	8.7%





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%

CASH FLOWS AND FINANCIAL POSITION

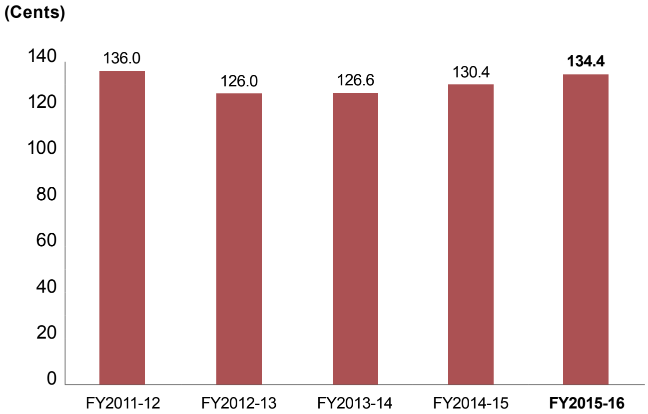
As at 31 March 2016, the equity attributable to the owners of the Company was $1,490.8 million, an increase of 3.4% compared to $1,441.1 million a year ago. The increase was mainly due to profits generated during the year and the reduction in treasury shares following the issuance of shares under the equity compensation plans. This was partly offset by the dividend payment to shareholders and higher foreign currency translation reserve losses.

The Group's total assets as at 31 March 2016 was $2,105.7 million, an increase of $86 million or 4.3% compared to a year ago.

The Group had cash and cash equivalents of $489.9 million as at 31 March 2016, $60.1 million higher year-on-year. The increase was mainly attributed to higher cash generated from operations and lower cash used in financing activities, offset by higher cash used in investing activities during the year.

Net cash from operating activities in this financial year was $273.1 million, an increase of $36.7 million from last financial year largely due to higher profits generated. Net cash used in investing activities of $56.3 million for FY2015-16 was higher than last financial year by $114.5 million mainly due to investments in associates/joint ventures, lower dividends received from associates/joint ventures and absence of last year's proceeds from disposal of interest in associated companies. These increases in outflow were partly mitigated by the lower capital expenditure compared to the preceding financial year. The cash used in financing activities was $157.2 million, $42.4 million lower than prior year, mainly due to the reduction in purchase of treasury shares, absence of last year's repurchase of shares by a subsidiary and higher proceeds from exercise of share options. These reductions in outflows were partly offset by the higher dividends paid to shareholders during the financial year.

Net Asset Value Per Share



The Group's free cash flow generated during the financial year was $221.9 million. Group gearing (as measured by gross debt/equity) remained healthy at 0.07 times, same level as preceding year.

The Group's net asset value per share as at end of FY15-16 was $1.34, an improvement of 3.1% over last year.

VALUE ADDED

The Group's value added was $1,068.9 million, an increase of $46.9 million or 4.6% compared to the preceding year. The value distribution for FY2015-16 is reflected in the chart below.

Value Added Statement ($ million)	FY2015-16	FY2014-15	FY2013-14	FY2012-13	FY2011-12
Total Revenue	**1,698.2**	1,753.2	1,786.7	1,819.0	1,871.6
Less: Purchase of goods and services	**692.6**	792.4	833.4	847.0	920.9
	1,005.6	960.8	953.3	972.0	950.7
Add/(less):					
Interest income	**3.5**	1.6	1.1	1.1	1.1
Share of profits before tax of associates/ joint ventures	**59.7**	61.3	57.9	64.2	55.5
Amortisation of deferred income	**–**	–	–	–	0.7
(Loss)/Gain on disposal of property, plant and equipment	**(0.4)**	(2.2)	–	(2.5)	0.1
Income from long term investments	**0.0**	0.7	1.9	1.3	1.2
Exceptional items *	**0.5**	(0.2)	(2.8)	(17.8)	5.4
Total value added available for distribution	**1,068.9**	1,022.0	1,011.4	1,018.3	1,014.7
Applied as follows:					
To employees					
- Salaries and other staff costs	**720.5**	714.6	705.0	686.8	676.3
To government					
- Corporate taxes **	**58.5**	47.3	44.2	51.3	51.8
To supplier of capital					
- Dividends	**155.5**	145.6	168.4	288.6	188.5
- Interest on borrowings	**1.1**	1.2	2.9	2.6	2.9
Retained for future capital requirements					
- Depreciation and amortisation	**70.4**	68.2	77.2	92.9	108.6
- Non-controlling interests	**(2.2)**	(5.0)	1.7	–	4.1
- Retained profits	**65.1**	50.1	12.0	(103.9)	(17.5)
Total value added	**1,068.9**	1,022.0	1,011.4	1,018.3	1,014.7
Value added per $ revenue	**0.63**	0.58	0.57	0.56	0.54
Value added per $ employment cost	**1.48**	1.43	1.43	1.48	1.50
Value added per $ investment in fixed assets	**0.71**	0.67	0.67	0.67	0.67

Notes:

* Exceptional items refer to
(i) Net gain from transfer of business to a joint venture (FY2015-16: $2.5 million, FY2014-15: nil).
(ii) Impairment loss on property, plant and equipment (FY2015-16: $2.1 million, FY2014-15: nil).
(iii) Impairment loss on carrying value of assets held for sale (FY2015-16: nil, FY2014-15: $0.2 million).

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

STAFF STRENGTH AND PRODUCTIVITY

The average full time equivalent number of employees in the Group during the current financial year was 13,948, a drop of 2.1% from the preceding year. This was achieved through Groupwide initiatives to use technology to drive efficiencies and job redesign to optimise manpower deployment. The increase in Gateway Services' staff strength was mainly in response to the growth in business volume and enhanced service level.

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

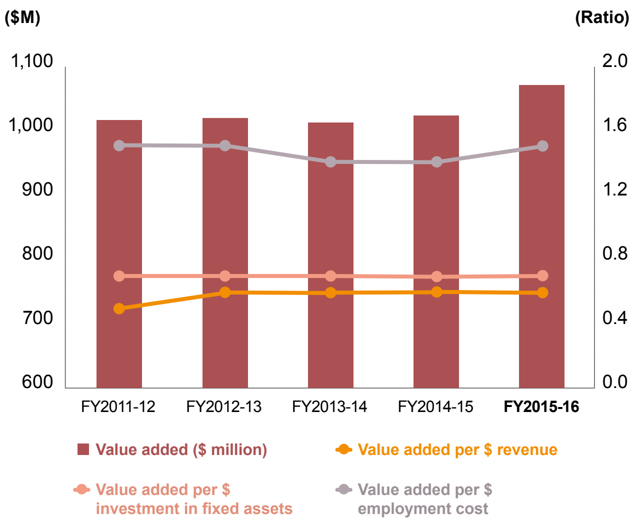
	FY2015-16	FY2014-15	YOY % Change
Food Solutions	**5,252**	5,597	(6.2)
Gateway Services	**8,424**	8,376	0.6
Corporate	**272**	280	(2.9)
Total	**13,948**	14,253	(2.1)

Staff productivity achieved during the year, measured by value added per employment cost, increased 3.5% from 1.43 times to 1.48 times.

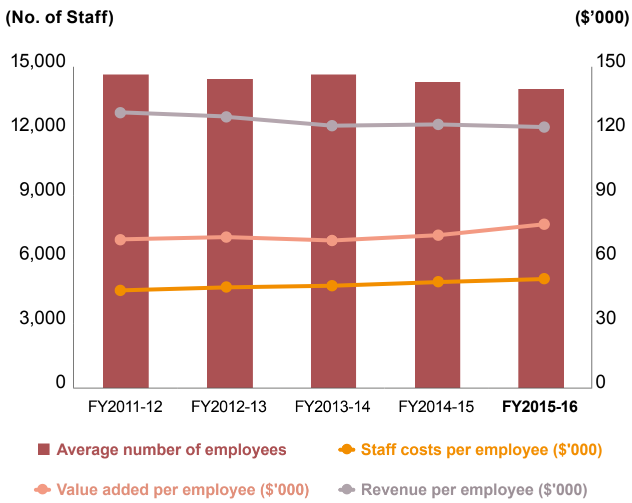
Productivity Analysis	FY2015-16	FY2014-15	FY2013-14	FY2012-13	FY2011-12
Value added ($ million)	**1,068.9**	1,022.0	1,011.4	1,018.3	1,014.7
Value added per employee ($)	**76,635**	71,704	69,222	70,732	69,475
Value added per $ employment cost (times)	**1.48**	1.43	1.43	1.48	1.50
Revenue per employee ($)	**121,749**	123,004	122,284	126,354	128,148
Staff costs per employee ($) **	**51,653**	50,134	48,254	47,705	46,305

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

Group Value Added Productivity Ratios



Group Staff Strength and Productivity



ECONOMIC VALUE ADDED (EVA)

EVA for the Group was $79.6 million, a significant improvement of $29.7 million or 59.5% over the preceding financial year mainly due to higher operating profit.

Board of Directors

As at 24 May 2016

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
21 July 2015
Length of service as a Director
13 years 0 months

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, Design Singapore Council
- Founding Chairman, The Old Parliament House Ltd
- 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 Meritorious Service Medal from the Singapore Government
- The Public Service Star (BAR) 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
- The Public Service Star (BBM) 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
4 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 BRF Food Pte. Ltd.
- SATS (India) Co. Private Limited
- SATS Investments Pte. Ltd.
- SATS Investments (II) Pte. Ltd.
- Singapore International Chamber of Commerce
- TFK Corporation

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

Board of Directors

As at 24 May 2016

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
21 July 2015
Length of service as a Director
8 years 0 months

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 Property Group
- Chairman, Investa Funds Management Limited
- FASSCO International (Australia) Pty Ltd
- Australian Brandenburg Orchestra
- Destination NSW

Major appointments (other than directorships)
- Honorary Chairman, Accor Asia Pacific
- 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
- Director, Sydney Olympic Park Authority
- Trustee and Chairman of Risk Management Committee, Art Gallery of New South Wales
- Deputy Chairman of Audit, Risk & Compliance Committee, Sydney Olympic Park Authority

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

Thierry Breton

Non-Executive and Independent Director

Date of first appointment as a Director
1 October 2015
Date of last re-election as a Director
N.A.
Length of service as a Director
8 months

Board committee(s) served on
Nil

Present directorships
Listed companies
- Chairman and Chief Executive Officer, Atos S.E.
- Chairman, Worldline S.A.
- Carrefour S.A.
- Sonatel S.A.

Others
- ANRT (the French National Association for Research and Technology)

Major appointments (other than directorships)
- Council Member, Bank of America Global Advisory
- Member, National Academy of Technologies (France)

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

Past key appointments
- Ministry of Economy, Finance and Industry, France
- Professor at Harvard Business School
- Chairman and Chief Executive Officer of France Telecom
- Chairman and Chief Executive Officer of Thomson
- Vice Chairman and Chief Executive Officer of Honeywell Bull Group

Achievements
- French Legion d'Honneur (Officer) in 2008
- French National Order of Merit in 2004
- European Business Leader of the year in 2004

Academic and professional qualification(s)
- Master Degree in Electrical Engineering and Computer Science
- French Institute for Higher National Defense (IHEDN)

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
21 July 2015
Length of service as a Director
2 years 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
- Trustee, Temasek Trust
- Rector, Cinnamon College, National University of Singapore

Past directorships in listed companies held over the preceding three years
- Director, Singapore Airlines 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
21 July 2015
Length of service as a Director
5 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.
- DBS Bank Ltd
- DBS Foundation Ltd

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
Nil

Past key appointments
- Chairman and Chief Executive Officer of PT Unilever, Indonesia
- Chairman, Home & Oral Care, Unilever Asia
- President Commissioner, PT TVS Motor Company
- Managing Director, Unilever Argentina
- Director, TVS Motor Company (Europe) BV
- Director, Wildlife Reserves Singapore Pte Ltd
- Director, Agro Tech Foods Limited (an Affiliate of ConAgra Foods Inc)
- Director, Titan Industries Limited
- Director, TVS Motor (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
4 years 6 months

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

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

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

Major appointments (other than directorships)
- Chairman, Singapore Kindness Movement
- Chairman, National Kidney Foundation
- Member, Ministry of Trade and Industry – Evaluation Panel (Advisory Panel to Casino Regulatory Authority on Integrated Resorts' Tourism Performance)

Past directorships in listed companies held over the preceding three years
- Chairman and Senior Adviser, Ezra Holdings Limited

Past key appointments
- Chairman, Agri-Food & Veterinary Authority
- Chairman of School 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
21 July 2015
Length of service as a Director
1 year 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

Board of Directors

As at 24 May 2016

Tan Soo Nan

Non-Executive and Independent Director

Date of first appointment as a Director
25 April 2016
Date of last re-election as a Director
N.A.
Length of service as a Director
1 month

Board committee(s) served on
Nil

Present directorships
Listed companies
- OSIM International Ltd
- Raffles Medical Group Ltd

Others
- ICE Futures Singapore Pte Ltd
- ICE Clear Singapore Pte Ltd
- ICE Singapore Holdings Pte Ltd
- Raffles Health Insurance Pte Ltd
- Woh Hup Trust

Major appointments (other than directorships)
- Chairman, Raffles Country Club
- Chairman, The Advisory Board of The Photographic Society of Singapore
- Vice President, Football Association of Singapore Council
- Board Member, SPD
- Member, Singapore Symphony Orchestra Council
- Special Advisor, Singapore Pools (Private) Limited

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

Past key appointments
- Chairman, Asia Pacific Lottery Association
- Co-Chair, Responsible Gambling Forum
- Chief Executive, Singapore Totalisator
- Board Member / Chief Executive Officer, Singapore Pools (Private) Limited
- Executive Committee Member, World Lottery Association
- Member, High Performance Sport Steering Committee
- Director, Caring Fleet Services Limited
- Director, Selegie Management Pte Ltd
- Director, Temasek Education Foundation CLG Limited
- Co-opted Executive Committee Member, Singapore National Olympic Council
- Singapore Totalisator Board SCO Trust
- Sporting Singapore Fund Board of Trustees

Achievements
- Lottery Industry Hall of Fame 2014

Academic and professional qualification(s)
- Bachelor of Business Administration, University of Singapore
- Associate, IFS School of Finance
- Program for Management Development, Harvard Business School

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
2 years 7 months

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

Present directorships
Listed companies
- SMRT Corporation Ltd

Others
- AXA Insurance Singapore Pte Ltd
- The Esplanade Co Ltd
- Keppel Land Limited
- Pavilion Gas Pte Ltd
- RHB Securities Singapore Pte Ltd

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

Past directorships in listed companies held over the preceding three years
- Keppel Land Limited
  (Delisted on 16 July 2015)

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

Corporate Social Responsibility

Our mission to delight customers with our passion and innovation guides our approach to the community and sustainability. SATS is a service company powered by people that want to help others, so we feel strongly about supporting the communities we serve across our network of cities.

EMPOWERING OUR COMMUNITIES

In Singapore, we foster employee-community engagement through both the SATS Foundation and SATS Staff Association. SATS Foundation anchors our community engagement through initiatives that are geared towards enabling change, empowering individuals, and rebuilding lives. SATS Staff Association complements the work of our Foundation by encouraging employees to come together and volunteer.

A key theme for our work with the community that resonates with our values is the empowerment of people through education. This year, we maintained our support for Assumption Pathway School (APS) and RSVP Singapore, contributing approximately $346,000 in total. We work with APS in various ways, including offering financial assistance and awards for achievement, advising on the operations of the school's training restaurant, and offering students internships with SATS so that they can gain real-world experience. We are supporting RSVP Singapore in the set-up of a training and development facility to train volunteers and equip them with the skills and knowledge required for community work.

Our overseas associates Beijing Airport Inflight Kitchen and PT Jasa Angkasa Semesta (PT JAS) have also contributed to youth education by providing selected students with scholarships.

Air India SATS Airport Services (AISATS) organised an initiative to promote education among the differently-abled children of the Government School for the Visually Impaired, Vazhuthacaud and the children of Our Lady of Fatima Orphanage, Thumba. It also donated books and library shelves, and built canteens and toilets for a school in Hyderabad.

A highlight of our year was the SATS-Elderly Sector Network Carnival which we organised for a second time last September. Over 200 volunteers from SATS cared for 350 elderly friends from 20 homes who enjoyed a day of food, games, and performances at the Marina Bay Cruise Centre.

In total, the SATS Staff Association in Singapore contributed over $188,000 and a large amount of their time to nearly 20 different events and initiatives. These included:

- Providing monthly food packages to about 60 needy families, and daily lunches for the beneficiaries of the Arc Children's Centre;
- Taking residents of the Society for the Aged Sick to the River Safari;
- Donating over $9,000 to the Movement for the Intellectually Disabled of Singapore's Christmas Stocking Challenge; and
- Contributing $20,000 to the Civil Aviation Authority of Singapore's Aviation Run fundraising drive, in benefit of the Community Chest.

Our subsidiaries and associates were also active in their respective communities. For instance, PT JAS and MacroAsia Catering Services organised blood donation drives, and collected a total of nearly 335 units of blood. Taj SATS Air Catering (TSAC) and Taj Madras Flight Kitchen assisted in disaster relief by sending food packets to the flood affected areas in Anakapathur. In addition, AISATS extended help to the Tamil Nadu rain disaster relief programme with 11 employees volunteering over 300 man hours to help out.

PROTECTING THE ENVIRONMENT

Minimising the impact of our activities on the environment is important, and every year we strive to find new ways to do this better.

To celebrate Singapore's golden jubilee and the nation's long-standing identity as a garden city, SATS partnered National Parks Board and planted 50 trees in a bid to green up the city and inspire employees to co-create our green spaces. AISATS has also planted trees around its Hyderabad office premises in an effort to create a greener working environment.

Last year, we digitised the export clearance process for airfreight through our transformative one-stop e-Acceptance initiative which is expected to reduce the industry's carbon footprint by saving an estimated 600,000 sheets of paper annually. This March, our local cargo business also began archiving documents electronically; a move which will save an estimated 1.4 million pieces of paper annually.

Across the Group, we saved significant amounts of energy by upgrading equipment with more energy efficient models. In Singapore, we replaced the chiller systems at two of our airfreight terminals, and changed to fluorescent lights in several of our operations and we substituted the lights with LED versions in TFK, Asia Airfreight Terminal and TSAC. On top of this, TSAC and PT JAS have installed solar panels in some of their facilities. All these initiatives will save significant amounts of electricity every year.

We will continue to find innovative ways to minimise our impact on the environment.

Executive Management

1. Andrew Lim
Senior Vice President,
Greater China

2. Bob Chi
Senior Vice President,
Sales and Marketing

3. Tan Li Lian
Senior Vice President,
Human Capital

4. Yacoob Piperdi
Executive Vice President,
Gateway Services

5. Cho Wee Peng
Chief Financial Officer

6. Prema Subramaniam
Senior Vice President,
Legal and Secretariat,
General Counsel and
Company Secretary

7. Ronald Yeo
Senior Vice President,
Planning and
Support Services

8. Wong Chee Meng
Senior Vice President,
Cargo Services

9. Pauline Tan
Senior Vice President,
Technology

10. Nazri Othman
Senior Vice President,
Passenger Services

11. Thomas Ching
Senior Vice President,
Institutional Catering

12. Alex Hungate
President and
Chief Executive Officer

13. Tan Chuan Lye
Chairman,
Food Solutions

14. Goh Siang Han
Senior Vice President,
Inflight Catering

15. Helen Chan
Senior Vice President,
Finance

16. Denis Marie
Senior Vice President,
Apron Services and
Security Services

Executive Management

Tan Chuan Lye

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

Mr Tan joined SATS in May 1976. In a career spanning over 40 years, he has held managerial positions in SIA Ground Services and SATS Airport Services Pte Ltd, and was responsible for both SIA's 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 SATS Delaware North Pte. Ltd. He is also the Vice Chairman of Beijing Airport Inflight Kitchen Ltd.

Mr Tan sits on various Boards of SATS' subsidiaries and associate 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, public affairs and branding functions of the Group. In addition, Mr Cho also assumed the responsibility for business development since July 2015.

Mr Cho has over 20 years of 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 (Honours) degree, and also holds a Master of Science (Applied Finance) from the National University of Singapore. He is a Chartered Financial Analyst since 2001.

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 associate companies. He graduated from the National University of Singapore with a Bachelor of Arts (Honours) degree, majoring in English.

Helen Chan Yin Foong

Ms Chan is SATS' Senior Vice President, Finance. She joined the company in August 2011 as the Group Financial Controller and was promoted to her current position in October 2013. She manages both the 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's degree in Accountancy. She is a Chartered Accountant (Singapore) and a member of the Institute of Singapore Chartered Accountants.

Bob Chi Cheng Bock

Mr Chi is the Senior Vice President, Sales and Marketing of SATS. He joined SATS in August 1988 and was promoted to his current position in January 2016. He is responsible for airline network marketing, and the management of key accounts and ground handling contracts in Singapore.

Prior to this position, he was Chief Executive Officer of SATS-Creuers Cruise Services Pte. Ltd., where he was responsible for the management of the cruise terminal at Marina Bay Cruise Centre.

Mr Chi has held other executive and managerial positions in SATS, where he served in various capacities in cargo, marketing as well as catering services. He was instrumental in setting up Asia-Pacific Star Private Limited, a wholly-owned subsidiary of SATS which provides ground handling and inflight catering services to low-cost carriers at Singapore Changi Airport.

Mr Chi holds a Master's degree in Business Administration from Leicester University and graduated as a Public Services Scholar from the National University of Malaysia (UKM).

Thomas Ching Chun Fong

Mr Ching is the Senior Vice President, Institutional Catering of SATS 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 and was responsible for managing its operations and growing its aviation and non-aviation customer base.

Mr Ching sits on various Boards of SATS' subsidiaries. He 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 SATS Inflight Catering Centre 1. He has also assumed various positions in passenger services, apron and baggage, 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 associate companies.

He graduated from the National 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 Senior Vice President, Passenger Services.

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

Mr Lim sits on various Boards of SATS' subsidiaries and associate 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 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 Othman 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 Othman joined SATS in July 1994 and took on various positions in apron and baggage transport, passenger services, and cargo services.

Mr Othman sits on various Boards of SATS' subsidiaries and he is also a member in the Board of Commissioner 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 legal and corporate secretarial affairs 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.

Executive Management

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

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

She has a wealth of experience in the field of human capital and is currently the Treasurer in the Human Capital Board of Singapore.

Ms Tan sits on the Board of a SATS' subsidiary. 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 creating solutions to realise the Group's strategy through the delivery of the technology roadmap for SATS which includes process and product innovation.

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

She 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 Senior Vice President of Company Planning and Projects.

Mr Wong joined SATS in April 1989 and has assumed various positions in catering, human capital 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 Beijing Airport Inflight Kitchen Ltd and Air Macau.

Mr Wong sits on the Board of a SATS' subsidiary. He 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 since July 2015. His portfolios include risk and safety management, company planning and projects, and corporate support services such as central purchasing and tender management, property management, and staff transport.

Prior to this, he was 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 is a Board member of Tan Son Nhat Cargo Services Ltd. He graduated from the University of Singapore with a Bachelor of Engineering (Honours) degree.

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	Chairman & Independent Director	Chairman		Member	Chairman	
Mr Alex Hungate	Executive Director	Member				Member
Mr David Baffsky	Independent Director			Chairman	Member	
Ms Euleen Goh	Independent Director	Member	Chairman	Member		
Mr Nihal Kaviratne	Independent Director		Member			Member
Mr Koh Poh Tiong	Independent Director		Member		Member	
Mr Michael Kok	Independent Director	Member				
Mr Yap Chee Meng	Independent Director		Member			Chairman
Mr Thierry Breton[1]	Independent Director					
Mr Tan Soo Nan[2]	Independent Director					

Notes:
1 Mr Thierry Breton was appointed as an Independent Non-Executive Director with effect from 1 October 2015.
2 Mr Tan Soo Nan was appointed as an Independent Non-Executive Director with effect from 25 April 2016.

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 and the Board Executive Committee. The Board and Board Committees may invite any member of the Management team to be present at the meetings.

The Constitution of the Company ("**Constitution**") allows 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 FY2015-16, the Board meeting held on 12 February 2016 was held via telephone conference. In addition, during the same period, some Directors did participate in Board Committee meetings via telephone conference.

The Directors' attendance at Board and Board Committee meetings as well as the two-day Board strategy meeting and the Annual General Meeting held in FY2015-16 are set out below.

	No. of Board and Board Committee meetings and Annual General Meeting attended in FY2015-16						
	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")	AGM
No. of meetings held	**7**	**5**	**5**	**1**	**2**	**4**	**1**
Board Members							
Mr Edmund Cheng	7	5		1	2		1
Mr Alex Hungate	7	5				4	1
Mr David Baffsky	6			1	2		1
Ms Euleen Goh	7	5	5	1			1
Mr Nihal Kaviratne	7		5			4	1
Mr Koh Poh Tiong	6		5		2		1
Mr Michael Kok[1]	6	4/4					1
Mr Yap Chee Meng	7		5			4	1
Mr Thierry Breton[2]	4/5						1
Mr Tan Soo Nan[3]	NA						1

Notes:
1 Mr Michael Kok was appointed as a member of Board Executive Committee with effect from 1 May 2015. He attended 4 out of 4 Board Executive Committee meetings held during his term as a member of the Board Executive Committee.
2 Mr Thierry Breton was appointed as an Independent Non-Executive Director with effect from 1 October 2015. He attended 4 out of 5 Board meetings held during his term as a Director of the Company.
3 Mr Tan Soo Nan was appointed as an Independent Non-Executive Director with effect from 25 April 2016.

All members of the Board participate actively in Board discussions and share their insights on issues and matters tabled. In the event of conflicts of interests, Directors seek appropriate legal advice and abstain from such discussions or decisions. 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. Summary of 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

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 five times in FY2015-16. 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. Copies of the minutes of immediate past Board and Board Committee meetings are made available on the Director's online Portal accessible by all Board members. 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 to 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 FY2015-16, a presentation was made to the Board on Amendments to the Companies Act Cap 50. During the 2015 Board Strategy meeting, external consultants were invited to speak to the Board on Disruptive Innovations. As part of the Directors' ongoing training programme, Directors are recommended and encouraged to attend conferences, 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. Mr Yap Chee Meng and Ms Euleen Goh attended a Dialogue Forum – Board at Risk in March 2016.

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 nine out of the ten 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 have determined that with the exception of Mr Alex Hungate, the Executive Director, the remaining nine Non-Executive Directors are considered as 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 and Mr Thierry Breton, who has extensive knowledge and experience in the areas of Economics, Finance and Information Technology, were subsequently appointed to the Board on 6 March 2015 and 1 October 2015 respectively. On 25 April 2016, Mr Tan Soo Nan was appointed as a Non-Executive and Independent Director of the Company. Mr Tan has more than 40 years' experience in various sectors including banking, finance and investments. His wealth of experience will enhance and complement the competencies and skills of the Board.

At the conclusion of the Annual General Meeting to be held on 19 July 2016 ("43rd AGM"), Mr David Baffsky and Mr Nihal Kaviratne will be retiring from the Board and will not be submitting themselves for re-election. Mr. Edmund Cheng, the Chairman of the Board, has served as Director and Chairman since 22 May 2003. He will be stepping down at the conclusion of the 43rd AGM. Ms Euleen Goh was appointed to the Board on 1 August 2013 and is a non-executive and independent Director. She is the Audit Committee Chairman and a member of the Board Executive Committee and the Nominating Committee. Upon Mr Edmund Cheng's stepping down, Ms Euleen Goh will be appointed as the Chairman of the Board.

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 discussions 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. Upon Mr Edmund Cheng's stepping down, Ms Euleen Goh will be appointed as the Chairman of the Board. Ms Euleen Goh is a non-executive and independent Director and is not related to the PCEO, Mr Alex Hungate.

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. During the financial year under review, the Nominating Committee had revised its Terms of Reference to be in line with the Nominating Committee Guide launched by The Singapore Institute of Directors on 27 October 2015 and it was adopted and approved by the Board of Directors. The duties of the Nominating Committee 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

The Nominating Committee met once in FY2015-16, which met the requirement under its terms of reference. The Nominating Committee members met informally on a number of occasions to interview potential candidates to be appointed as Directors on the Board.

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	Chairman	22 May 2003 (as Director and Chairman)	21 July 2015
Mr Alex Hungate[1]	Executive Director	27 July 2011	26 July 2013
Mr David Baffsky	Director	15 May 2008	21 July 2015
Ms Euleen Goh	Director	1 August 2013	21 July 2015
Mr Nihal Kaviratne	Director	30 July 2010	21 July 2015
Mr Koh Poh Tiong[2]	Director	1 November 2011	23 July 2014
Mr Michael Kok	Director	6 March 2015	21 July 2015
Mr Yap Chee Meng	Director	1 October 2013	23 July 2014
Mr Thierry Breton[3]	Director	1 October 2015	Not Applicable
Mr Tan Soo Nan[4]	Director	25 April 2016	Not Applicable

Notes:
1 Mr Alex Hungate who is also the PCEO of the Company will retire pursuant to Article 83, has indicated his willingness to stand for re-election at the 43rd AGM.
2 Mr Koh Poh Tiong who will retire pursuant to Article 83, has indicated his willingness to stand for re-election at the 43rd AGM.
3 Mr Thierry Breton was appointed to the Board on 1 October 2015 and will retire pursuant to Article 90 at the 43rd AGM. He has indicated his willingness to stand for re-election at the 43rd AGM.
4 Mr Tan Soo Nan was appointed to the Board on 25 April 2016 and will retire pursuant to Article 90 at the 43rd AGM. He has indicated his willingness to stand for re-election at the 43rd AGM.

The Constitution requires 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 Constitution. 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.

The Directors standing for re-election pursuant to Article 83 at the 43rd AGM are Mr Alex Hungate and Mr Koh Poh Tiong. Mr Thierry Breton and Mr Tan Soo Nan are standing for re-election pursuant to Article 90.

The Nominating Committee (after having taken into consideration the principles for the determination of the Board size and composition adopted by it) and the duration of their appointments to the Board, recommends their retirement and re-appointment as Directors, after assessing their contribution and performance (including attendance, preparedness, participation and candor) 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.

Mr David Baffsky and Mr Nihal Kaviratne have served on the Board as non-executive and independent Directors since 15 May 2008 and 30 July 2010 respectively. They have both expressed that they will retire at the conclusion of the 43rd AGM. Mr. Edmund Cheng, the Chairman of the Board, has served as Director and Chairman since 22 May 2003. He will be stepping down at the conclusion of the 43rd AGM. Ms Euleen Goh who was appointed to the Board on 1 August 2013 will thereafter be appointed as the Chairman of the Board. Ms Euleen Goh is a non-executive and independent 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 by having Directors to complete an annual confirmation of independence, 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. The relationships referred to in the 2012 Code are the relationships with the Company, its related corporations, its 10 percent shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company. The Directors are mindful that the relationships identified in the annual confirmation of independence are indicators of possible situations where independent judgement may be impaired, but are not in themselves conclusive. Independence is often only meaningful in the context of each particular relationship considering the business environment, shareholding organisational structure and operating constraints.

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 FY2015-16, 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' Statement**" 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 FY2015-16, the Nominating Committee conducted the Board assessment by way of a questionnaire (the "**Questionnaire**") developed in conjunction with external consultants, Aon Hewitt and subsequently revised internally in November 2015 to be more robust and open ended to allow Directors the opportunity to provide more comprehensive feedback and comments rather than adopting a rating system. 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 when the Chairman deems as necessary. These one-to-one sessions provide a forum for the Chairman to raise and address with each Director, in a conducive setting, issues or matters pertaining to the Board and the individual Director's performance on the Board, and for free and constructive dialogue on an individual basis. It also enables the Chairman and each Director, respectively, to give mutual feedback on individual performance of the Director as well as the Chairman, in order to identify areas for individual improvement as well as to assess how each Director may contribute more effectively to the collective performance of the Board (and, in the case of the Chairman, enhance the leadership of the Board).

PRINCIPLE 6:
BOARD'S ACCESS TO INFORMATION

The Board is issued with detailed Board papers by Management giving the background, explanatory information, justification, risks and mitigation 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 Constitution, 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 Constitution, 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 FY2015-16.

The Remuneration and Human Resource Committee plays an important role in helping to ensure that the Group is able to attract, recruit, motivate and retain the best talents through competitive remuneration and progressive policies such as pay-for-performance so as to achieve the Group's goals and deliver sustainable shareholder value.

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 and policies, including long-term incentive schemes, 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 for key management personnel and the leadership pipeline, including the recruitment and promotion of suitable talent to such position of the Group on an annual basis;
- 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 on remuneration. In FY2015-16, 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' Statement**" 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 FY2015-16. 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 FY2015-16, 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 a 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.

The proposed scale of Directors' fees for financial year ending 31 March 2017 remains unchanged from that of FY2015-16, 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 FY2015-16 is as indicated in the table below:

Directors	Total Fees Paid (S$)
Mr Edmund Cheng[1]	187,644
Mr Alex Hungate[2]	0
Mr David Baffsky[3]	108,500
Ms Euleen Goh	121,981
Mr Nihal Kaviratne	126,500
Mr Koh Poh Tiong	96,900
Mr Michael Kok	72,181
Mr Yap Chee Meng	110,161
Mr Thierry Breton[4]	38,500
Mr Tan Soo Nan[5]	0

Notes:

1 Mr Edmund Cheng was, as the Chairman of TFK Corporation ("**TFK**"), a subsidiary of the Company, paid retainer and attendance fees of S$17,744 by TFK.

2 Mr Alex Hungate's remuneration will be paid based on his service agreement with the Company. The details of his remuneration are disclosed under 'Key Executives Remuneration' of this Corporate Governance Report.

3 Mr David Baffsky was paid retainer fees and attendance fees of S$18,000 as Chairman of Food and Allied Support Services Corporation Pte. Ltd, a subsidiary of the Company.

4 Mr Thierry Breton was appointed as a Director of the Company on 1 October 2015.

5 Mr Tan Soo Nan was appointed as a Director of the Company with effect from 25 April 2016. He will receive his Director's fee for FY2016-17.

At the 43rd 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 2017. The additional fees sought are to provide for the appointment of additional Directors, additions 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 43rd 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.

Remuneration Mix

The key executives' remuneration mix includes the fixed and variable components. The remuneration components for key executives are summarized as below:

TOTAL REMUNERATION	Fixed Components		Variable Components (Performance-Related)	
	Base Salary	Benefits & Provident	Variable Bonus	Long-Term Incentive

Fixed Components

The fixed components comprises base salary, the annual wage supplement ("**AWS**") and cash allowances. The fixed components are benchmarked to comparable positions in the market, and reflect the market worth of the positions.

Variable Components

Variable Bonus comprises the following two components:

(a) Performance Bonus

Performance Bonus ("PB") is designed to support good balance of both the Group's financial objectives and the Company's operating performance. On an individual level, the PB will vary according to the actual achievement against Group, business unit and individual performance objectives.

(b) Economic Value Added ("EVA") – based Incentive Plan ("EBIP")

The EBIP rewards for sustainable shareholder value creation over the medium term achieved by growing profits deploying capital efficiently and managing the risk profile and risk time horizon of the business. A portion of the annual performance-related bonus of key senior executives is tied to the EVA achieved by the Group in the year. Under the plan, one-third of the accumulated EBIP bonus, comprising the EBIP declared in the financial year and the balance of such bonus brought forward from preceding years (which comprises multiple years of incentive dollar retained in the EVA bank), is paid out of cash each year. The remaining two-thirds are carried forward in the individual executive's EBIP account and at risk as it is subject to performance-related clawback and could be reduced in the event of EVA underperformance in the future years. This mechanism encourages key Senior Management to work for sustainable EVA generation and to adopt strategies that are aligned with long-term interests of the Group.

The rules of the EBIP are subject to review by the Remuneration and Human Resource Committee, which has the discretion, under authority of the Board, to amend the rules where appropriate and relevant to the business conditions.

Long-term Incentive

Long-term incentives reinforces the delivery of long-term growth and shareholder value to drive an ownership culture and retain key talent. The SATS RSP and the SATS PSP are equity awards provisionally granted to 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.

(a) The SATS Restricted Share Plan ("SATS RSP")

Under the SATS RSP, an initial award is made in the form of rights of shares, provided performance conditions are met in future. Annual grants are made based on individual performance of employees of managerial grade and above. Final awards may vary between 0-120% of the initial award, depending on the extent to which target based on Group Return of Equity ("**ROE**") is met over a one-year performance period. The final awards will vest over a three-year period.

As part of SG50 celebrations, approval was granted by the Remuneration and Human Resource Committee to award 50 SATS remuneration shares, with no performance condition, to each eligible non-management employee to recognize their contributions. A total of 197,900 shares were awarded to the eligible employees on 17 November 2015.

(b) The SATS Performance Share Plan ("SATS PSP")
Under the SATS PSP 2015, an initial award is made in the form of rights of shares, provided performance targets are met. Annual awards are made based on the performance of key senior executives. The final award, which can vary between 0-150% of the initial award, depends on stretched performance targets. They are based on absolute and relative Total Shareholder Return ("**TSR**"), meeting targets over the performance period of three financial years.

In FY2015-16, a total of 1,758,400 shares and 1,810,000 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 Plans are set out in the Share-Based Payment section of the Directors' Statement and the corresponding "**Notes to the Financial Statements**" section of this Report.

No termination, retirement or post-employment benefits were granted to Directors, the PCEO or the relevant key management personnel of the Company (who are not Directors or the PCEO) during FY2015-16.

The aggregate compensation paid to or accrued to the PCEO and the relevant key management personnel (who are also not Directors or the PCEO as at the date of this Report) for FY2015-16 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	990,000	881,000	67,000	**1,938,000**	161,000	550,000

Key Management Personnel	Remuneration Band[1] S$	Salary[2] %	Bonuses[3] %	Benefits %	Total %	Award under SATS RSP[4]	Award under SATS PSP[4]
Tan Chuan Lye	1,000,001 to 1,250,000	78	16	6	**100**	25,000	70,000
Yacoob Bin Ahmed Piperdi	750,001 to 1,000,000	54	41	5	**100**	68,000	185,000
Cho Wee Peng	750,001 to 1,000,000	64	32	4	**100**	51,000	140,000

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 2016.
3 Variable bonus comprises both actual performance bonus and economic value added (EVA) bonus paid for FY2014-15 company and individual performance.
4 Denotes the base awards of shares granted under the SATS RSP and the SATS PSP for FY2015-16 on 3 August 2015 and 2 November 2015 respectively. The final number of RSP award will range from 0% to 120% of the initial grant and is contingent on the achievement of pre-determined target over a one-year performance period and will vest equally over a three-year period. The final number of PSP award will range from 0% to 150% of the initial grant and is contingent on the achievement of pre-determined targets over a three-year performance period.
5 The fair value at grant for the SATS RSP and SATS PSP for FY2015-16 is at $2.87 and $1.04 respectively.
6 The above table reflects the remuneration of the employees who hold the rank of Executive Vice President and above, who are the Relevant Key Management Personnel of the Company.

The aggregate total compensation paid to the relevant key management personnel (who are not also Directors or the PCEO as at the date of this report) was S$2,713,000.

None of the immediate family members of a Director or of the PCEO was employed by the Company or its related companies during FY2015-16.

Further details regarding each of the Share Plans are provided in the Annexure to this Report, and also in the "**Directors' Statement**" 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.

During the year, the Board reviewed the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Reviews of the key profiles of the Group were conducted internally, assessed against the effectiveness of the respective internal controls and mapped onto the Assurance Reporting Dashboard.

SATS Code of Conduct

Passion to Delight
Standing behind the Company's promise of quality are the people with the passion to delight. The Company believes in fostering a collaborative environment where every employee of the organisation is obliged to observe the Company's code of conduct in interactions within the employees, customers and business partners.

High Integrity
The Company builds trust with business partners through integrity. The Company forbids employees to seek work outside of the Company so that they could give full devotion to the work they do at the Company. Integrity is further protected through non-competition and non-solicitation for a period of one year after the employee has ceased employment with the Company.

The Company is careful in avoiding situations where personal connections or financial interests may influence impartiality. Employees are required to inform the Company of situations where they have family members who have business dealings with the Company. Further, employees and members of their family are not allowed to accept gifts or preferential treatment arising from their employment with the Company.

Information is valuable to the Company's business. Employees are expected to keep confidentiality, not make false claims and refrain from insider trading.

Safety in the Workplace
Workplace safety is of paramount importance to the Company's business. The Company ensures that all employees and contractors are adequately trained to perform their tasks competently and insists on strict adherence to safety rules.

Safeguarding Company's Assets
Employees are expected to exercise responsibility and good judgement in the use of Company's assets. Use of these properties must be authorised and the individual is required to comply with the rules governing usage.

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.

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 FY2015-16.

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

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 five times in FY2015-16, 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 FY2015-16, 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 103.

At the last AGM of the Company, the shareholders approved the appointment of KPMG LLP as Auditors of the Company in place of the retiring Auditors, 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.

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, and management's response in respect of the Company and all its controlled entities;
- the assistance given by the executive officers of the Group and the Company Secretary to the external auditors;
- 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. Complaints or suspicions of impropriety can be made by employees, customers, suppliers or other persons in the form of emails, faxes, letters or written/verbal reports. A dedicated email address and hotline is maintained by the Internal Audit Department to receive such complaints or reports. 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.

Internal Audit Department is responsible for reviewing all complaints received unless it concerns the Head of Internal Audit or the PCEO. Any complaint concerning the Head of Internal Audit or PCEO is escalated to the Audit Committee Chairman who may delegate investigation of such complaints to any person deemed fit by the Audit Committee Chairman. Depending on the complexity and the nature of complaint, external service providers may be engaged to assist in investigations.

All information received is treated confidentially to the extent permitted by law or the applicable regulatory authority. Results of the investigation would not be disclosed or discussed with anyone other than those who have a legitimate right to know.

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 under the existing Constitution, to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance. Following the amendments to the Companies Act, Cap 50 which was effective from 3 January 2016, Institutional Shareholders are allowed to appoint multiple proxies. The Company will be seeking shareholders' approval on the adoption of a new Constitution to include this provision to be in line with the Companies Act, Cap 50.

Shareholders are briefed by independent scrutineers 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.

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 and ensures 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 Public Affairs & Branding department, together with the PCEO, and the Chief Financial Officer 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 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 Public Affairs & Branding 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. Shareholders who wish to contact the Company may do so by contacting the Public Affairs & Branding department. The contact particulars are listed on the Company's website.

The Company has an internal dividend policy which targets to provide sustainable and progressive dividend payouts. The past four years' and the current year's proposed dividend payout is reflected under the Financial Review of the Annual Report which should give Shareholders sufficient insights into the dividend payout trends of the Company.

PRINCIPLE 16:
GREATER SHAREHOLDER PARTICIPATION AT GENERAL MEETINGS

The Constitution currently does 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 Constitution 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. Voting by poll allows for an equitable and transparent voting process. Shareholders will be better able to demonstrate their concerns in a manner more accurately reflective of their shareholdings. Independent scrutineers are appointed to conduct the voting process. Independent scrutineers brief the shareholders on the e-polling voting process and verify and tabulate votes after each resolution. The results of the voting at the general meetings showing the number of votes cast for and against each resolution and the respective percentages are shown to the shareholders at the end of each resolution before the Chairman makes a declaration on the passing of the resolution. In addition, the voting results at the general meetings showing the number of votes cast for and against each resolution and the respective percentages and the name of the independent scrutineer will be announced via SGXNET immediately after each general meeting.

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. The Non-Executive Directors who are currently shareholders of the Company hold insignificant number of shares of the Company and have not traded their shares since their appointment.

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 "**Directors' Statement**" 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, market share and/or market ranking.

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 FY2015-16, 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 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 (including requirements under the listing rules of the SGX-ST) and adoption of applicable corporate governance best practices; and
- the identification and management 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 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 any announcements relating to the Group's financial performance. The AC reviews and reports to the Board:

- the adequacy and effectiveness of the Group's internal controls;
- the effectiveness of the internal audit function;
- the scope and results of external audits and the independence and objectivity of the external auditors;
- proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.

The Group's internal audit provides an independent assessment to the AC on the processes and controls which may have a material financial, operational, compliance and technological impact on the Company. There are formal procedures for both internal and external auditors to report independently their conclusions and recommendations to the AC. On a yearly basis, the AC meets with the external auditors, and the internal auditors, in each case without the presence of Management.

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 Board Risk and Safety Committee ("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.

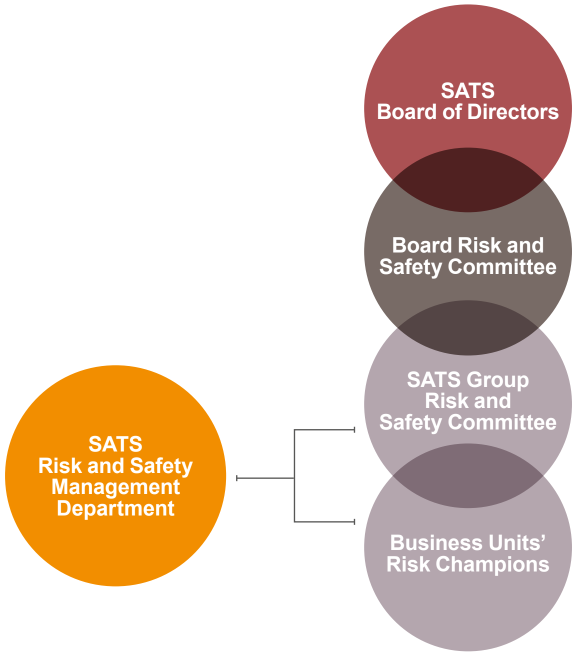
The BRSC is supported by the SATS Group Risk and Safety Committee ("**SGRSC**"). The BRSC reviews the activities of the SGRSC, including regular risk management reports, initiatives, processes and exercises. The SGRSC, chaired by the President and Chief Executive Officer ("**PCEO**"), meets on a quarterly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

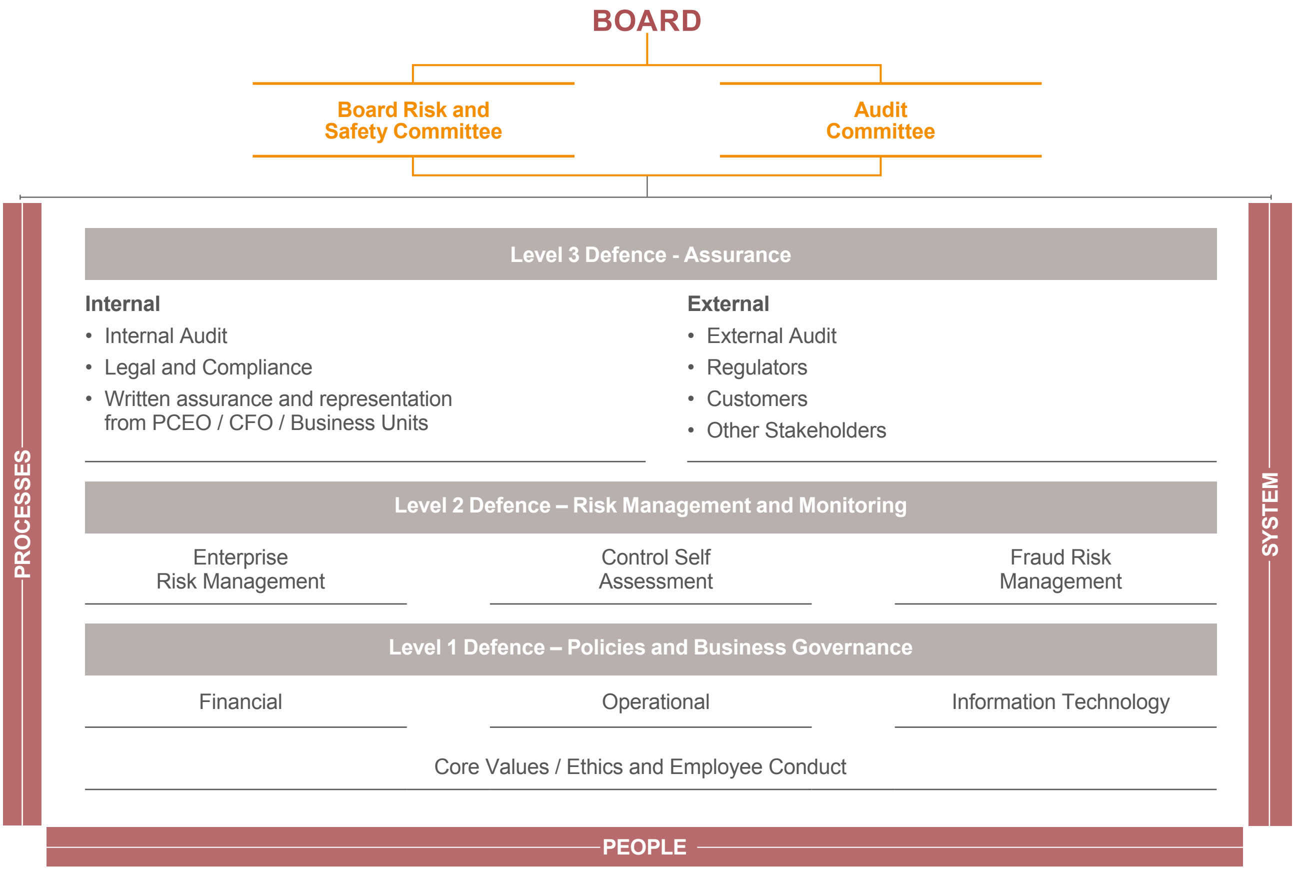
During the year, Management and a third-party consultant completed the review of the Group's risk management policies and processes against the risk management practices set out in ISO31000:2009 standards. Management has received the consultant's recommendations and implemented the relevant recommendations.

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 to 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. An additional parameter has been included during the year to address the time factor in the occurrence, impact and recovery of each risk. This further differences the importance of the risks and 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, mandatory block leave for sensitive positions, as well as implementation of policies such as SATS Whistle-Blower Policy and Code of Conduct to establish a clear tone from the top regarding 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' Statement**".

Financial Calendar

2015
Financial year ended 31 March 2016

Date	Event
23 JUL	Announcement of 1Q FY2015-16 results Results conference call with live webcast
12 AUG	Payment of final dividend
4 NOV	Announcement of 2Q FY2015-16 results Results conference call with live webcast
4 DEC	Payment of interim dividend

2016

Date	Event
12 FEB	Announcement of 3Q FY2015-16 results Results conference call with live webcast
23 MAY	Announcement of 4Q FY2015-16 results Results briefing for analysts and media with live webcast
21 JUN	Despatch of Summary Report to shareholders
5 JUL	Despatch of Annual Report to shareholders
19 JUL	43rd Annual General Meeting
27 JUL	Book closure date
10 AUG	Proposed payment of final dividend

2016
Financial year ending 31 March 2017

Date	Event
21 JUL	Proposed announcement of 1Q FY2016-17 results
10 NOV	Proposed announcement of 2Q FY2016-17 results

2017

Date	Event
FEB	Proposed announcement of 3Q FY2016-17 results
MAY	Proposed announcement of 4Q FY2016-17 results

Financial Statements

Directors' Statement

The Directors are pleased to present their statement 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 2016.

1. OPINION OF THE DIRECTORS

In the opinion of the Directors:

(a) The financial statements set out on pages 76 to 160 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and the financial performance, changes in equity and cashflows of the Group and changes in equity of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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.

The Directors have, on the date of this statement, authorised these financial statements for issue.

2. DIRECTORS

The Directors of the Company in office at the date of this statement 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	
Yap Chee Meng	
Thierry Breton	(appointed on 1 October 2015)
Tan Soo Nan	(appointed on 25 April 2016)

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed in this statement, 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.

4. 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, Chapter 50, an interest in shares and share options of the Company as stated below:

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

	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	369,036	–	–
Euleen Goh Yiu Kiang	2,774	2,774	–	–
Michael Kok Pak Kuan	30,000	30,000	–	–
Award under SATS Restricted Share Plan ("RSP")				
Alexander Charles Hungate[(1)]	264,536	284,400	–	–
Award under SATS Performance Share Plan ("PSP")				
Alexander Charles Hungate[(2)]	380,000	930,000	–	–

(1) The final number of RSP award will range from 0% to 120% of the initial grant and is contingent on the achievement of pre-determined target over a one-year performance condition and will vest equally over a three-year period. During the financial year, 161,000 shares were awarded and 165,336 shares were vested.

(2) The final number of PSP will range from 0% to 150% of the initial grant and is contingent on the achievements of pre-determined targets over a three-year performance conditions period. During the financial year, 550,000 shares were awarded.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2016.

Except as disclosed in this statement, 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.

5. 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.

6. 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.

6. SHARE-BASED PAYMENTS (cont'd)

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

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 6,208,785 unissued ordinary shares in the Company were outstanding:

Date of grant	Balance at 1.4.2015	Forfeited/ Lapsed	Exercised	Balance at 31.3.2016	Exercise price	Exercisable period
01.07.2005	1,719,000	(374,300)	(1,344,700)	–	$1.97	01.07.2006 - 30.06.2015
03.07.2006	1,569,585	(52,200)	(630,500)	886,885	$1.80	03.07.2007 - 02.07.2016
02.07.2007	6,225,600	(158,000)	(2,303,000)	3,764,600	$2.76	02.07.2009 - 01.07.2017
01.07.2008	2,182,900	(69,800)	(555,800)	1,557,300	$1.92	01.07.2010 - 30.06.2018
	11,697,085	(654,300)	(4,834,000)	6,208,785		

(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 expired in July 2015 were subsequently approved during the 41st Annual General Meeting held on 23 July 2014 for further extension of 10 years to July 2025.

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.

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.

From FY2013-14 onwards, the RSP final number of award will range from 0% to 120% of the initial grant and is contingent on the achievement of pre-determined targets over a one-year peformance period and will vest equally 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 final number of award will range from 0% to 150% of the initial grant and is contingent on the achievement of pre-determined targets 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.

6. 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 are as follows:

RSP

	Number of restricted shares				
Date of grant	Balance at 1.4.2015/ Date of grant	Vested	Forfeited	Adjustments#	Balance at 31.3.2016
01.08.2011	49,166	(49,166)	–	–	–
03.08.2011	204,244	(202,892)	(1,352)	–	–
01.08.2012	394,253	(215,722)	(13,673)	–	164,858
11.10.2012	23,095	(11,600)	–	–	11,495
16.07.2013	103,536	(103,536)	–	–	–
15.11.2013	969,900	(497,700)	(58,100)	–	414,100
03.12.2013	109,500	(54,800)	–	–	54,700
06.08.2014	1,626,000	(598,800)	(137,500)	236,400	1,126,100
03.08.2015	1,560,500	–	(145,000)	–	1,415,500
17.11.2015	197,900	(197,900)	–	–	–
	5,238,094	(1,932,116)	(355,625)	236,400	3,186,753

\# Adjustments due to the performance factor at the end of the performance period upon meeting stated performance target.

PSP

	Number of performance shares				
Date of grant	Balance at 1.4.2015/ Date of grant	Vested	Forfeited	Adjustments#	Balance at 31.3.2016
11.03.2013	659,155	(608,000)	(7,612)	(43,543)	–
15.11.2013	874,000	–	(281,700)	–	592,300
03.12.2013	326,000	–	–	–	326,000
20.10.2014	1,373,000	–	(230,000)	–	1,143,000
02.11.2015	1,810,000	–	(100,000)	–	1,710,000
	5,042,155	(608,000)	(619,312)	(43,543)	3,771,300

\# Adjustments due to the performance factor at the end of the performance period upon meeting stated performance targets.

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 $3.44 to $3.69 (2015: $2.65 to $2.89) and the estimated weighted average fair values at the date of grant for each share granted during the year under the PSP are $3.12 (2015: $1.09).

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.

6. 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 2016 were 3,186,753 (2015: 3,479,694) and 3,771,300 (2015: 3,232,155) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from 1,771,253 to 3,469,853 (2015: 1,853,694 to 3,804,894) and zero to a maximum of 5,656,950 (2015: zero to maximum 5,177,810) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

7. AUDIT COMMITTEE

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

8. 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.

9. AUDITORS

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors,

EDMUND CHENG WAI WING
Chairman

ALEXANDER CHARLES HUNGATE
Executive Director / President and Chief Executive Officer

Dated this 20 May 2016

Independent Auditors' Report

for the financial year ended 31 March 2016 to the members of SATS Ltd.

OPINION

We have audited the accompanying financial statements of SATS Ltd. (the "**Company**") and its subsidiaries (the "**Group**"), which comprise the statements of financial position of the Group and the Company as at 31 March 2016, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the Group and statement of changes in equity for the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 76 to 160.

In our opinion, the accompanying 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 Companies Act, Chapter 50 and the Singapore Financial Reporting Standards ("FRSs") so as to give a true and fair view of the financial position of the Group and the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Group, and the changes in equity of the Company for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code"), together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

IMPAIRMENT OF GOODWILL

Refer to note 2.15 'Impairment of non-financial and financial assets' and note 3.5 'Impairment of non-financial assets' for relevant accounting policy and discussion of significant accounting estimates, and note 16 'Intangible assets' for the key assumptions used in impairment testing of goodwill.

The key audit matter

The Group had goodwill of $112 million and $18 million allocated to the SATS Institutional Catering ("SIC") and the TFK Corporation ("TFK") cash generating units ("CGUs") as at 31 March 2016.

These CGUs are tested for impairment annually. Management applies the value-in-use (discounted cash flow) method to determine the recoverable amount of each CGU. Any shortfall of the recoverable amounts against the carrying amounts would be recognised as impairment losses.

The recoverable amounts are determined based on estimates of forecasted revenues, growth rates, profit margins, tax rates and discount rates. These estimates require judgement and the determination of the recoverable amounts is a key focus area for our audit.

How the matter was addressed in our audit

We assessed the governance process over the determination of estimates for forecasted revenues, growth rates, profit margins, tax rates and discount rates.

We challenged management's estimates applied in the value-in-use models based on our knowledge of the CGUs' operations, and compared them against historical forecasts and performance, regional indices and industry benchmarks. This included obtaining an understanding of management's planned strategies around business expansion, revenue stream growth strategies and cost initiatives, the progress of negotiations with target customers, the review of the secured and lost contracts, and the analyses of the impact to the headroom when breakeven or independently derived discount rates were applied.

Findings

We observed that management has established governance processes over the estimates for forecasted revenues, growth rates, profit margins, tax rates and discount rates.

We found the estimates applied in the value-in-use models to be reasonable and the discounted cash flow to be in accordance to approved plans and balanced. We concurred with management that no impairment was required for the CGUs.

IMPAIRMENT OF ASSOCIATES AND JOINT VENTURES

Refer to note 2.15 'Impairment of non-financial and financial assets' and note 3.5 'Impairment of non-financial assets' for relevant accounting policy and discussion of significant accounting estimates.

The key audit matter

The carrying value of associates and joint ventures amounted to $546 million, which accounted for more than 25% of the Group's total assets as at 31 March 2016.

Management determines at the end of each reporting period the existence of any objective evidence through which the Group's investments in associates or joint ventures may be impaired. If there are indicators of impairment, the deficit between the recoverable amount of the associate or joint venture and its carrying value would be recognised in profit and loss.

The identification of different CGUs, assessment of indicators of impairment and where such indicators exist, the determination of the recoverable amounts of the CGUs require judgement. The determination of the recoverable amounts when value in use is applicable requires estimates of forecasted revenues, growth rates, profit margins, tax rates and discount rates.

How the matter was addressed in our audit

We assessed the determination of the CGUs and the recoverable amounts of the CGUs based on our understanding of the nature of the Group's business and the economic environment in which its CGUs operate.

We studied recent analyst market reports to obtain an understanding of the industries' actual growth rates and outlook. We reviewed the CGUs' historical performances and held discussions with management to understand their assessment of the future performance of the CGUs.

We challenged management's forecasted revenues, growth rates, profit margins, tax rates and discount rates based on our knowledge of the CGUs' operations, and compared them against historical forecasts and performance, regional indices and industry benchmarks. This included obtaining an understanding of management's planned strategies around business expansion, revenue stream growth strategies and cost initiatives, the progress of negotiations with target customers, the review of secured and lost contracts, and the analyses of the impact to the recoverable amounts when breakeven or independently derived discount rates were applied.

Findings

We concluded that the identification of CGUs was appropriate.

We found the estimates applied in the value-in-use models to be reasonable and the discounted cash flow to be in accordance with approved plans and balanced. We concurred with management that no impairment was required for the CGUs.

ACCOUNTING FOR BUSINESS COMBINATIONS

Refer to note 2.4 'Basis of consolidation and business combinations' and note 2.5 'Subsidiaries, associates and joint ventures' for relevant accounting policies.

The key audit matter

As part of its growth strategy, the Group made a number of business acquisitions during the financial year. These acquisitions were effected primarily by transferring cash or other assets, or incurring liabilities, in exchange for equity interests.

Such transactions could be complex and judgement was required in determining if these acquisitions resulted in the Group obtaining control, joint control or significant influence over the investee. There was also inherent uncertainty in the determination of the fair values of the contingent consideration, assets transferred, identifiable assets acquired and liabilities assumed in the transactions.

How the matter was addressed in our audit

We assessed the governance process over the determination of the appropriate accounting treatment to be adopted for acquisitions.

We assessed management's processes for the selection of the external valuers, the determination of the scope of work of the valuers, and the review and acceptance of the external valuation reports. We evaluated the qualifications and competence of the external valuers. We also read the terms of engagement of the valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.

We compared the valuation methodologies and key assumptions used in deriving these fair values to generally accepted market practices and market data, and tested the integrity of the inputs in the valuation to supporting documents. We examined legal and contractual documents to determine if the classification of the acquisitions as subsidiaries, joint ventures or associates was appropriate.

Findings

We observed that management has established governance processes over the appropriate accounting for acquisitions.

Estimates used in the determination of the fair values of the contingent consideration, assets transferred, identifiable assets acquired and liabilities were fair.

OTHER MATTER

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the year ended 31 March 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 13 May 2015.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS 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 Act and FRSs, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act. The engagement partner on the audit resulting in this independent auditors' report is Lau Kam Yuen.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
20 May 2016

Consolidated Income Statement

for the financial year ended 31 March 2016

	Note	2015-16 $'000	2014-15 $'000
Revenue	4	**1,698,152**	1,753,182
Expenditure			
Staff costs	5	**(825,937)**	(800,589)
Cost of raw materials		**(282,667)**	(349,338)
Licence fees		**(68,008)**	(78,081)
Depreciation and amortisation charges		**(70,373)**	(68,231)
Company premise and utilities expenses		**(108,134)**	(124,983)
Other costs		**(128,318)**	(153,966)
		(1,483,437)	(1,575,188)
Operating profit	6	**214,715**	177,994
Interest on borrowings	7	**(1,142)**	(1,234)
Interest income	8	**3,468**	1,633
Dividends from long-term investment, gross		**10**	668
Loss on disposal of property, plant and equipment		**(367)**	(2,173)
Share of results of associates/joint ventures, net of tax		**48,009**	48,086
Impairment of assets held for sale		**–**	(196)
Impairment of property, plant and equipment		**(2,065)**	–
Net gain from transfer of business to a joint venture		**2,543**	–
Profit before tax		**265,171**	224,778
Income tax expense	9	**(46,776)**	(34,062)
Profit for the year		**218,395**	190,716
Profit attributable to:			
Owners of the Company		**220,591**	195,695
Non-controlling interests		**(2,196)**	(4,979)
		218,395	190,716
Earnings per share (cents)			
Basic	10	**19.9**	17.5
Diluted	10	**19.7**	17.4

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 2016

	2015-16 $'000	2014-15 $'000
Profit for the year	**218,395**	190,716
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Actuarial (loss)/gain on defined benefit plan	**(6,231)**	4,581
Items that may be reclassified subsequently to profit or loss:		
Net fair value changes on available-for-sale assets	**(66)**	(14)
Foreign currency translation	**(14,263)**	4,232
Reclassification of foreign currency translation to profit or loss	**–**	185
	(14,329)	4,403
Other comprehensive income for the year, net of tax	**(20,560)**	8,984
Total comprehensive income for the year	**197,835**	199,700
Total comprehensive income attributable to:		
Owners of the Company	**199,569**	208,233
Non-controlling interests	**(1,734)**	(8,533)
Total comprehensive income for the year	**197,835**	199,700

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

Statements of Financial Position

as at 31 March 2016

		Group		Company	
	Note	31.3.2016 $'000	31.3.2015 $'000	31.3.2016 $'000	31.3.2015 $'000
Equity attributable to owners of the Company					
Share capital	12	**367,947**	367,947	**367,947**	367,947
Treasury shares	12	**(47,199)**	(56,377)	**(47,199)**	(56,377)
Share-based compensation reserve	13	**12,348**	14,277	**12,348**	14,277
Statutory reserve	13	**8,097**	7,800	**–**	–
Foreign currency translation reserve	13	**(126,644)**	(109,926)	**–**	–
Revenue reserve		**1,278,903**	1,217,980	**1,100,086**	1,061,313
Other reserves	13	**(2,691)**	(599)	**(7,293)**	(5,286)
		1,490,761	1,441,102	**1,425,889**	1,381,874
Non-controlling interests		**74,349**	76,443	**–**	–
Total equity		**1,565,110**	1,517,545	**1,425,889**	1,381,874
Non-current assets					
Property, plant and equipment	14	**516,792**	551,662	**13,991**	7,923
Investment properties	15	**13,929**	6,984	**262,644**	283,857
Intangible assets	16	**163,697**	165,527	**5,411**	7,608
Investment in subsidiaries	17	**–**	–	**541,114**	541,030
Investment in associates	18	**480,207**	437,910	**272,755**	264,131
Investment in joint ventures	19	**65,868**	26,868	**12,014**	12,014
Long-term investments	20	**8,304**	8,366	**7,886**	7,886
Loan to subsidiaries	17	**–**	–	**306,694**	234,240
Deferred tax assets	21	**15,462**	18,939	**–**	–
Defined benefit plan	30	**–**	1,949	**–**	–
Other non-current assets	22	**11,810**	8,745	**–**	–
		1,276,069	1,226,950	**1,422,509**	1,358,689

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

Statements of Financial Position

as at 31 March 2016

		Group		Company	
	Note	31.3.2016 $'000	31.3.2015 $'000	31.3.2016 $'000	31.3.2015 $'000
Current assets					
Trade and other receivables	23	**277,402**	282,561	**45,851**	32,603
Prepayments and deposits		**18,464**	17,080	**2,344**	3,599
Amounts due from associates/ joint ventures	18,19	**10,434**	2,232	**1,895**	2,232
Loan to subsidiaries	17	**–**	–	**6,717**	6,801
Inventories	24	**22,375**	18,672	**245**	229
Cash and short-term deposits	25	**489,863**	410,911	**319,074**	289,821
Assets of disposal groups classified as held for sale	26	**11,099**	61,243	**–**	–
		829,637	792,699	**376,126**	335,285
Current liabilities					
Trade and other payables	27	**309,061**	287,279	**235,878**	185,443
Income tax payable		**51,382**	42,920	**13,203**	9,776
Term loans	28	**109,577**	15,389	**93,612**	–
Finance leases	29	**328**	176	**–**	–
		470,348	345,764	**342,693**	195,219
Net current assets		**359,289**	446,935	**33,433**	140,066
Non-current liabilities					
Deferred tax liabilities	21	**55,405**	58,864	**26,479**	27,653
Term loans	28	**–**	89,575	**–**	89,228
Finance leases	29	**831**	83	**–**	–
Defined benefit plan	30	**3,064**	–	**–**	–
Other long-term liabilities		**10,948**	7,818	**3,574**	–
		70,248	156,340	**30,053**	116,881
Net assets		**1,565,110**	1,517,545	**1,425,889**	1,381,874

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 2016

GROUP	Note	Attributable to owners of the Company: 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 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
Profit for the year		–	–	–	–	–	220,591	–	–	–	220,591	(2,196)	218,395
Other comprehensive income for the year		–	–	–	–	(16,718)	(4,219)	–	–	(85)	(21,022)	462	(20,560)
Total comprehensive income for the year		–	–	–	–	(16,718)	216,372	–	–	(85)	199,569	(1,734)	197,835
Contributions by and distributions to owners													
Share-based payment		–	–	6,647	–	–	592	–	–	–	7,239	–	7,239
Share options lapsed		–	–	(313)	–	–	313	–	–	–	–	–	–
Treasury shares reissued pursuant to equity compensation plans		–	22,068	(8,263)	–	–	(592)	–	(2,007)	–	11,206	–	11,206
Purchase of treasury shares		–	(12,890)	–	–	–	–	–	–	–	(12,890)	–	(12,890)
Dividends, net	11	–	–	–	–	–	(155,465)	–	–	–	(155,465)	–	(155,465)
Total contributions by and distributions to owners		–	9,178	(1,929)	–	–	(155,152)	–	(2,007)	–	(149,910)	–	(149,910)
Others													
Capital contributions from non-controlling interests		–	–	–	–	–	–	–	–	–	–	490	490
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(850)	(850)
Transfer to statutory reserve		–	–	–	297	–	(297)	–	–	–	–	–	–
Balance at 31 March 2016		367,947	(47,199)	12,348	8,097	(126,644)	1,278,903	4,567	(7,293)	35	1,490,761	74,349	1,565,110

* Certain countries in which some of the 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 2016

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
		Attributable to owners of the Company											
		$'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 lapsed		–	–	(419)	–	–	419	–	–	–	–	–	–
Treasury shares reissued pursuant to equity compensation plans		–	14,221	(5,296)	–	–	–	–	(3,139)	–	5,786	–	5,786
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 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 2016

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 2015		367,947	(56,377)	14,277	1,061,313	(5,286)	1,381,874
Profit for the year		–	–	–	193,925	–	193,925
Total comprehensive income for the year		–	–	–	193,925	–	193,925
Contributions by and distributions to owners							
Share-based payment		–	–	6,647	592	–	7,239
Share options lapsed		–	–	(313)	313	–	–
Treasury shares reissued pursuant to equity compensation plans		–	22,068	(8,263)	(592)	(2,007)	11,206
Purchase of treasury shares		–	(12,890)	–	–	–	(12,890)
Dividends, net	11	–	–	–	(155,465)	–	(155,465)
Total contributions by and distributions to owners		–	9,178	(1,929)	(155,152)	(2,007)	(149,910)
Balance at 31 March 2016		367,947	(47,199)	12,348	1,100,086	(7,293)	1,425,889

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 lapsed		–	–	(419)	419	–	–
Treasury shares reissued pursuant to equity compensation plans		–	14,221	(5,296)	–	(3,139)	5,786
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

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 2016

	Note	2015-16 $'000	2014-15 $'000
Cash flows from operating activities			
Profit before tax		**265,171**	224,778
Adjustments for:			
Interest and investment income, net		**(2,336)**	(1,067)
Depreciation and amortisation charges		**70,373**	68,231
Unrealised foreign exchange gain		**(354)**	(2,354)
Loss on disposal of property, plant and equipment		**367**	2,173
Share of results of associates/joint ventures, net of tax		**(48,009)**	(48,086)
Share-based payment expense		**7,239**	6,343
Impairment of assets held for sale		**–**	196
Impairment of property, plant and equipment		**2,065**	–
Net gain from transfer of business to a joint venture		**(2,543)**	–
Other non-cash items		**1,441**	1,301
Operating cash flows before working capital changes		**293,414**	251,515
Changes in working capital:			
Decrease in receivables		**2,613**	4,256
Increase in prepayments and deposits		**(1,937)**	(3,665)
Decrease in inventories		**5,328**	3,120
Increase in payables		**18,658**	16,249
(Increase)/decrease in amounts due from associates/joint ventures		**(8,202)**	1,320
Cash generated from operations		**309,874**	272,795
Interest paid to third parties		**(940)**	(1,106)
Income taxes paid		**(35,858)**	(35,270)
Net cash from operating activities		**273,076**	236,419
Cash flows from investing activities			
Capital expenditure	25	**(51,225)**	(61,322)
Dividends from associates/joint ventures		**33,615**	88,682
Dividends from long-term investment, gross		**664**	1,249
Acquisition of interest in associates		**(42,506)**	–
Net cash flow from the investment in a joint venture		**(2,356)**	–
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		**2,028**	542
Interest received from deposits		**3,446**	1,633
Net cash (used in)/from investing activities		**(56,334)**	58,137
Cash flows from financing activities			
Repayment of term loans		**(544)**	(1,066)
Repayment of finance leases and related charges		**(495)**	(489)
Proceeds from borrowings		**1,381**	1,145
Proceeds from exercise of share options		**11,206**	5,786
Dividends paid		**(155,465)**	(145,575)
Purchase of treasury shares		**(12,890)**	(54,910)
Repurchase of shares by a subsidiary		**–**	(5,520)
Capital contributions from non-controlling interests		**490**	1,960
Dividends paid to non-controlling interests		**(850)**	(910)
Net cash used in financing activities		**(157,167)**	(199,579)
Net increase in cash and cash equivalents		**59,575**	94,977
Effect of exchange rate changes		**574**	(4,848)
Cash and cash equivalents at beginning of financial year		**429,714**	339,585
Cash and cash equivalents at end of financial year	25	**489,863**	429,714

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

Notes to the Financial Statements

31 March 2016

The consolidated financial statements for the financial year ended 31 March 2016 were authorised for issue in accordance with a resolution of the Directors on 20 May 2016.

1. GENERAL

SATS Ltd. (the "**Company**" or "**SATS**") 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 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.

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 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 Disclosure Initiative	1 January 2016
FRS 109 Financial Instruments	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018

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 replaces most of the existing guidance in FRS 39 Financial Instruments: Recognition and Measurement. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

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 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 Revenue, FRS 11 Construction Contracts, INT FRS 113 Customer Loyalty Programmes, INT FRS 115 Agreements for the Construction of Real Estate, INT FRS 118 Transfers of Assets from Customers and INT FRS 31 Revenue – Barter Transactions Involving Advertising Services.

As FRS 109 and FRS 115, when effective, will change the existing accounting standards and guidance applied by the Group in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and the Company. The Group does not plan to adopt these standards early.

The Accounting Standards Council announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for financial year ending 31 December 2018. Singapore-incorporated companies listed in SGX will have to assess the impact of IFRS 1 First-time adoption of IFRS when transitioning to the new reporting framework. The Group is currently evaluating the impact of transitioning to the new reporting framework on 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.

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

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

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.

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 ventures

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 ventures

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 ventures 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.

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

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

Associates and joint ventures (cont'd)

Under the equity method, the investment in associates or joint ventures 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 ventures. The profit or loss reflects the share of the results of the operations of the associates or joint ventures. Distributions received from the associates or joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, 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 ventures are eliminated to the extent of the interests in the associates or joint ventures.

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.

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 ventures. 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.

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

2.7 Foreign currency (cont'd)

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.

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.

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

2.8 Property, plant and equipment (cont'd)

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

Freehold buildings	–	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.

2.9 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.

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

2.10 Intangible assets (cont'd)

Goodwill (cont'd)

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 Group and Company do not have other intangible assets with indefinite useful life.

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.

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.

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

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

2.11 Financial assets (cont'd)

De-recognition

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

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

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 generally cover 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.

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.

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

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

Financial assets (cont'd)

a) **Financial assets carried at amortised cost** (cont'd)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 costs.

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

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.

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.

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

2.19 Taxes (cont'd)

Deferred tax (cont'd)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

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

2.21 Employee benefits (cont'd)

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.

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.

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

2.22 Revenue (cont'd)

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 28.

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.

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

2.27 Related parties (cont'd)

(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 financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect that application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements and information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are discussed below.

3.1 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 judgement 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.

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

3.2 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.

3.3 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 30.

3.4 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.

3.5 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.

3.6 Consolidation; whether the Group has control over an investee

In determining whether the Group has control over an investee requires management judgement. In exercising its judgement, management considers the proportion of its ownership interest and voting rights, the Group's decision making authority over the investee, as well as the Group's overall exposure to variable returns.

4. REVENUE

Revenue comprises revenue from Food Solutions, Gateway Services and rental income provided by the Company and the Group. Food Solutions refers 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	
	2015-16 $'000	**2014-15 $'000**
Food Solutions	**967,399**	1,051,526
Gateway Services	**725,935**	697,032
Corporate (rental and other services)	**4,818**	4,624
	1,698,152	1,753,182

5. STAFF COSTS

	Group	
	2015-16 $'000	**2014-15 $'000**
Salaries, bonuses and other costs *	**751,177**	729,129
CPF and other defined contributions	**65,775**	63,522
Defined benefit plan	**1,746**	1,595
Share-based compensation expense #	**7,239**	6,343
	825,937	800,589

* Included in salaries, bonuses and other costs are contract labour expenses of $105,478,000 (2015: $86,030,000).

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

6. OPERATING PROFIT

	Group	
	2015-16 $'000	**2014-15 $'000**
The following items have been included in arriving at operating profit:		
Directors' fees	**862**	923
Audit fee paid to auditors of the Company	**368**	660
Audit fee paid to other auditors	**240**	293
Non-audit fee paid to auditors of the Company	**113**	323
Allowance of doubtful receivables, net	**1,132**	628
Maintenance of equipment and vehicles	**36,792**	37,589
IT expenses	**23,618**	21,029
Lease of ground support equipment	**7,688**	9,634
Rental for leasehold land and premises	**11,008**	14,103
Exchange gain, net	**(354)**	(2,354)

7. INTEREST ON BORROWINGS

	Group	
	2015-16 $'000	2014-15 $'000
Interest expenses on loan from third parties	**1,142**	1,234

8. INTEREST INCOME

	Group	
	2015-16 $'000	2014-15 $'000
Interest income from third parties	**3,468**	1,633

9. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2016 and 2015 are:

	Group	
	2015-16 $'000	2014-15 $'000
Consolidated income statement:		
Current income tax :		
Current income taxation	**42,879**	36,021
Over provision in respect of prior years	**(1,044)**	(1,593)
	41,835	34,428
Deferred income tax (Note 21):		
Origination and reversal of temporary differences	**1,888**	(1,370)
Under/(over) provision of deferred taxation in respect of prior years	**390**	(1,063)
Withholding tax expenses on share of results of associates/joint ventures	**2,663**	2,067
Income tax expense recognised in profit or loss	**46,776**	34,062

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	
	2015-16 $'000	**2014-15 $'000**
Accounting profit before tax	**265,171**	224,778
Taxation at statutory tax rate of 17% (2015: 17%)	**45,079**	38,212
Adjustments:		
Non-deductible expenses	**9,695**	7,783
Effect of different tax rates in other countries	**(1,724)**	(1,178)
Effect of reduction in tax rate*	**91**	2,040
Over provision of current taxation in respect of prior years	**(1,044)**	(1,593)
Under/(over) provision of deferred taxation in respect of prior years	**390**	(1,063)
Utilisation of previously unrecognised tax losses/capital allowances	**(536)**	(2,991)
Tax exempt income	**(2,485)**	(1,619)
Effect of share of results of associates/joint ventures	**(8,110)**	(8,199)
Withholding tax expenses on share of results of associates/joint ventures	**2,663**	2,067
Deferred tax assets not recognised	**2,807**	395
Others	**(50)**	208
Income tax expense recognised in profit or loss	**46,776**	34,062

* The corporate income tax rate applicable to the Japan subsidiaries will be reduced to 30.42% for tax years on or after 1 April 2016.

10. EARNINGS PER SHARE

	Group	
	2015-16 $'000	**2014-15 $'000**
Profit attributable to owners of the Company	**220,591**	195,695

	Group 31 March	
	2015-16	**2014-15**
Weighted average number of ordinary shares in issue used for computing basic earnings per share	**1,108,694,593**	1,115,917,311
Adjustment for share options, RSP and PSP	**8,733,701**	8,635,515
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	**1,117,428,294**	1,124,552,826
Earnings per share (cents)		
Basic	**19.9**	17.5
Diluted	**19.7**	17.4

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

The following exempt (one-tier) dividends were declared and paid by the Group and Company to owners of the Company:

	Group and Company	
	2015-16 $'000	2014-15 $'000
Dividends paid:		
Final dividend of 9 cents (2015: 8 cents) per ordinary share in respect of previous financial year	**99,912**	89,792
Interim dividend of 5 cents (2015: 5 cents) per ordinary share in respect of current financial year	**55,553**	55,783
	155,465	145,575

Proposed but not recognised as a liability as at 31 March 2016:

	2015-16 $'000
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:	
Final dividend of 10 cents per ordinary share (one-tier tax exempt)	**110,900**

12. SHARE CAPITAL AND TREASURY SHARES

Share Capital

	Group and Company 31 March	
	2016 $'000	2015 $'000
Issued and fully paid share capital		
Ordinary shares		
Balance at beginning and end of the year: 1,124,056,275 (2015: 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.

No ordinary shares were issued pursuant to equity compensation plans during the year and in previous financial year.

Treasury Shares

	Group and Company 31 March	
	2016 $'000	2015 $'000
Balance at beginning of the year: 18,894,849 (2015: 5,120,201) shares	**56,377**	15,688
Shares acquired during the year: 3,532,600 (2015: 18,446,700) shares	**12,890**	54,910
Shares reissued pursuant to equity compensation plans during the year: 7,374,116 (2015: 4,672,052) shares	**(22,068)**	(14,221)
Balance at end of the year: 15,053,333 (2015: 18,894,849) shares	**47,199**	56,377

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

Treasury Shares (cont'd)

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

During the year, 7,374,116 (2015: 4,672,052) treasury shares were reissued pursuant to the equity compensation plans of which 4,834,000 (2015: 2,843,600) were reissued for the Employee Share Option Plan, 1,932,116 (2015: 1,393,152) were reissued for the Restricted Share Plan, and 608,000 (2015: 435,300) were reissued for the Performance Share Plan.

Employee Share Option Plan

During the year, 4,834,000 (2015: 2,843,600) 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 fully exercised by reissuance of 4,834,000 (2015: 2,843,600) treasury shares.

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

	Group 31 March			
	2016		2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of the year	**11,697,085**	**$2.36**	15,364,485	$2.29
Exercised	**(4,834,000)**	**$2.32**	(2,843,600)	$2.03
Forfeited/Lapsed	**(654,300)**	**$2.14**	(823,800)	$2.16
Outstanding at end of the year	**6,208,785**	**$2.41**	11,697,085	$2.36
Exercisable at end of the year	**6,208,785**	**$2.41**	11,697,085	$2.36

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.

	Group	
	2015-16 $'000	2014-15 $'000
Proceeds received from share options exercised	**11,206**	5,786

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

Employee Share Option Plan (cont'd)

Terms of share options outstanding as at 31 March 2016:

Exercise period	Exercise Price	Number Outstanding	Number Exercisable
03.07.2007 to 02.07.2016	$1.80	30,900	30,900
03.07.2008 to 02.07.2016	$1.80	789,485	789,485
03.07.2009 to 02.07.2016	$1.80	32,125	32,125
03.07.2010 to 02.07.2016	$1.80	34,375	34,375
02.07.2009 to 01.07.2017	$2.76	3,764,600	3,764,600
01.07.2010 to 30.06.2018	$1.92	1,557,300	1,557,300
		6,208,785@	6,208,785

@ The total number of options outstanding includes 823,100 (2015: 1,991,200) share options not exercised by employees who have retired or ceased to be employed by SATS or any of its subsidiary companies by reason of (i) ill health, injury, disability or death; (ii) redundancy; or (iii) any other reason approved in writing by the Remuneration Committee. The said options are exercisable up to the expiration of the applicable exercise period or the period of five years from the date of retirement or cessation of employment, whichever is earlier.

Details of movements of share options:

Date of grant	Balance at 1.4.2015	Forfeited/ Lapsed	Exercised	Balance at 31.3.2016	Exercise price	Exercisable period
01.07.2005	1,719,000	(374,300)	(1,344,700)	–	$1.97	01.07.2006 - 30.06.2015
03.07.2006	1,569,585	(52,200)	(630,500)	886,885	$1.80	03.07.2007 - 02.07.2016
02.07.2007	6,225,600	(158,000)	(2,303,000)	3,764,600	$2.76	02.07.2009 - 01.07.2017
01.07.2008	2,182,900	(69,800)	(555,800)	1,557,300	$1.92	01.07.2010 - 30.06.2018
	11,697,085	(654,300)	(4,834,000)	6,208,785		

The range of exercise prices for options outstanding at the end of the year is $1.80 - $2.76 (2015: $1.80 - $2.76). The weighted average remaining contractual life for these options is 1.36 years (2015: 2.01 years).

The weighted average share price for options exercised during the year was $3.56 (2015: $3.10).

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

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 management staff, which were approved by the shareholders of the Company on 19 July 2005. Both share plans which expired in July 2015 were subsequently 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 in FY2010-11 to FY2012-13		
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 Total Shareholder Return (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.
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 FY2013-14		
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on achievement of both corporate pre-determined performance targets set over one-year period and individual performance.	Award of fully-paid ordinary shares of the Company, conditional on achievement of both corporate pre-determined performance targets set at the start of a three-year overlapping performance period based on stretched long-term corporate objectives and individual performance.
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 pre-determined targets.	0% - 150% 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 grants in FY2014-15 to FY2015-16		
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on achievement of both corporate pre-determined performance targets set over one-year period and individual performance.	Award of fully-paid ordinary shares of the Company, conditional on achievement of both pre-determined performance targets set at the start of a three-year overlapping performance period based on stretched long-term corporate objectives and individual performance.
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.
For award in November 2015 (SG50 celebrations)		
Plan Description	Award of fully-paid ordinary shares of the Company.	
Performance Conditions	No performance conditions.	
Vesting Condition	No vesting conditions.	
Payout	100%	

^ ROE denotes Returns on Equity.
@ PATMI denotes Profit after Taxes and Non-controlling interests.

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

Share-Based Incentive Plans (cont'd)

Fair values of RSP and PSP

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

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

RSP	Aug 2015	Aug 2014	Dec 2013	Nov 2013
Expected dividend yield (%)	Management's forecast			
Expected volatility (%)	14.4	16.5	18.2	18.3
Risk-free interest rate (%)	0.8 – 1.3	0.3 – 0.7	0.3 – 0.4	0.3 – 0.4
Expected term (years)	0.9 – 2.9	0.9 – 2.9	0.3 – 2.3	0.4 – 2.4
Share price at date of grant ($)	3.82	3.01	3.18	3.19

PSP	Nov 2015	Oct 2014	Dec 2013	Nov 2013
Expected dividend yield (%)	Management's forecast			
Expected volatility (%)	15.3	13.1	18.2	18.3
Risk-free interest rate (%)	1.46	0.71	0.43	0.40
Expected term (years)	2.8	2.8	2.3	2.4
Index (for Relative TSR)	MSCI Asia Pac ex-Japan Industrial Index	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 (%)	13.18	N.A	22.7	22.7
Correlation with Index (%)	14.7	N.A	60.8	62.3
Share price at date of grant ($)	3.84	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.

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

Share-Based Incentive Plans (cont'd)

Fair values of RSP and PSP (cont'd)

The details of the movement of RSP and PSP shares award during the year are as follows:

RSP

	Number of restricted shares				
Date of grant	Balance at 1.4.2015/ Date of Grant	Vested	Forfeited	Adjustments#	Balance at 31.3.2016
01.08.2011	49,166	(49,166)	–	–	–
03.08.2011	204,244	(202,892)	(1,352)	–	–
01.08.2012	394,253	(215,722)	(13,673)	–	164,858
11.10.2012	23,095	(11,600)	–	–	11,495
16.07.2013	103,536	(103,536)	–	–	–
15.11.2013	969,900	(497,700)	(58,100)	–	414,100
03.12.2013	109,500	(54,800)	–	–	54,700
06.08.2014	1,626,000	(598,800)	(137,500)	236,400	1,126,100
03.08.2015	1,560,500	–	(145,000)	–	1,415,500
17.11.2015	197,900	(197,900)	–	–	–
	5,238,094	(1,932,116)	(355,625)	236,400	3,186,753

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

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 $3.44 to $3.69 (2015: $2.65 to $2.89).

PSP

	Number of performance shares				
Date of grant	Balance at 1.4.2015/ Date of grant	Vested	Forfeited	Adjustments#	Balance at 31.3.2016
11.03.2013	659,155	(608,000)	(7,612)	(43,543)	–
15.11.2013	874,000	–	(281,700)	–	592,300
03.12.2013	326,000	–	–	–	326,000
20.10.2014	1,373,000	–	(230,000)	–	1,143,000
02.11.2015	1,810,000	–	(100,000)	–	1,710,000
	5,042,155	(608,000)	(619,312)	(43,543)	3,771,300

Adjustments due to the performance factor at the end of the performance period upon meeting stated performance targets.

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

Share-Based Incentive Plans (cont'd)

Fair values of RSP and PSP (cont'd)

The estimated weighted average fair values at the date of grant for each share granted during the year under the PSP are $3.12 (2015: $1.09) 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 2016, were 3,186,753 (2015: 3,479,694) and 3,771,300 (2015: 3,232,155) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from 1,771,253 to 3,469,853 (2015: 1,853,694 to 3,804,894) and zero to a maximum of 5,656,950 (2015: zero to maximum 5,177,810) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

For the current financial year, the Group has provided $7,239,000 (2015: $6,343,000) 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 of which, $591,000 relates to 197,900 shares awarded to the eligible non-management employees to recognise their contributions as part of SG50 celebrations. The cost was based on the average treasury share price at grant date.

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

	Group	
	2015-16 $'000	**2014-15 $'000**
Share-based compensation expense		
Restricted share plan	**5,955**	5,001
Performance share plan	**1,284**	1,342
	7,239	6,343

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, net of cumulative shares vested.

(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) 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 28).

(d) 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.

(e) Capital Reserve

Capital 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	Work in progress $'000	Total $'000
Cost									
At 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)	–
Transfers to:									
Intangible assets (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
Reclassifications to assets held for sale (Note 26)	–	–	(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 and 1 April 2015	104,404	737,498	123,779	309,919	65,564	52,604	46,743	20,013	1,460,524
Translation	5,778	–	32	(34)	(396)	309	438	–	6,127
Reclassifications	–	755	7,274	6,465	878	712	–	(16,084)	–
Transfers to:									
Investment properties (Note 15)	–	(31,865)	–	–	–	–	–	–	(31,865)
Intangible assets (Note 16)	–	–	–	–	–	(3,805)	–	(82)	(3,887)
Additions	2,340	152	1,425	2,893	3,625	4,977	7,401	24,645	47,458
Reclassifications to assets held for sale (Note 26)	(5,400)	(5,763)	–	–	–	(7,989)	–	–	(19,152)
Reclassifications from assets held for sales	–	–	–	186	–	13	(55)	275	419
Disposals	(1,207)	–	(1,948)	(1,623)	(2,892)	(3,768)	(3,153)	–	(14,591)
Impairment	(2,065)	–	–	–	–	–	–	–	(2,065)
At 31 March 2016	103,850	700,777	130,562	317,806	66,779	43,053	51,374	28,767	1,442,968

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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	Work in progress $'000	Total $'000
Accumulated depreciation									
At 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)
Transfers to:									
Intangible assets (Note 16)	–	–	–	28	(33)	(726)	–	–	(731)
Depreciation	4,551	25,132	6,487	6,298	6,072	4,617	4,744	–	57,901
Reclassifications to assets held for sale (Note 26)	–	–	(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 and 1 April 2015	11,683	444,383	76,041	283,808	36,226	35,287	21,434	–	908,862
Translation	1,549	–	(2)	(18)	(288)	193	246	–	1,680
Reclassifications	–	–	49	–	–	(49)	–	–	–
Transfers to:									
Investment properties (Note 15)	–	(23,485)	–	–	–	–	–	–	(23,485)
Intangible assets (Note 16)	–	–	–	–	–	(1,107)	–	–	(1,107)
Depreciation	4,308	25,458	7,957	6,916	5,985	4,415	5,323	–	60,362
Reclassifications to assets held for sale (Note 26)	–	(1,533)	–	–	–	(6,520)	–	–	(8,053)
Reclassifications from assets held for sales	–	–	–	137	–	2	(26)	–	113
Disposals	(849)	–	(1,920)	(1,256)	(2,399)	(3,236)	(2,536)	–	(12,196)
At 31 March 2016	16,691	444,823	82,125	289,587	39,524	28,985	24,441	–	926,176
Carrying amount									
At 1 April 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
At 31 March 2016	87,159	255,954	48,437	28,219	27,255	14,068	26,933	28,767	516,792

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	Work in progress $'000	Total $'000
Cost						
At 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 and 1 April 2015	2,675	11	2,549	95	6,332	11,662
Transfer to: Investment properties (Note 15)	–	–	–	–	(4,364)	(4,364)
Additions	111	4	6	–	10,718	10,839
Disposals	(19)	(11)	(26)	–	–	(56)
At 31 March 2016	2,767	4	2,529	95	12,686	18,081
Accumulated depreciation						
At 1 April 2014	1,334	11	1,986	131	–	3,462
Depreciation	121	–	220	28	–	369
Disposals	–	–	(2)	(90)	–	(92)
At 31 March 2015 and 1 April 2015	1,455	11	2,204	69	–	3,739
Depreciation	206	–	198	3	–	407
Disposals	(19)	(11)	(26)	–	–	(56)
At 31 March 2016	1,642	–	2,376	72	–	4,090
Carrying amount						
At 1 April 2014	718	–	540	29	8,211	9,498
At 31 March 2015	1,220	–	345	26	6,332	7,923
At 31 March 2016	1,125	4	153	23	12,686	13,991

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Group		Company	
	2015-16 $'000	2014-15 $'000	2015-16 $'000	2014-15 $'000
Depreciation charge for the financial year				
Freehold land and buildings	**4,308**	4,551	**–**	–
Leasehold land and buildings	**25,458**	25,132	**–**	–
Office fittings and fixtures	**7,957**	6,487	**–**	–
Fixed ground support equipment	**6,916**	6,298	**206**	121
Mobile ground support equipment	**5,985**	6,072	**–**	–
Office and commercial equipment	**4,415**	4,617	**198**	220
Motor vehicles	**5,323**	4,744	**3**	28
	60,362	57,901	**407**	369

The Group's carrying amount of property, plant and equipment under finance leases is $1,154,000 (2015: $769,000). In addition to assets held under finance leases, the Group's property, plant and equipment with a carrying amount of $116,593,000 (2015: $121,792,000) are pledged to secure the Group's bank loans.

15. INVESTMENT PROPERTIES

	Group $'000	Company $'000
Cost		
At 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 and 1 April 2015	**21,923**	743,253
Translation	**(347)**	–
Transfers from property, plant and equipment (Note 14)	**31,865**	4,364
Transfers from intangible assets (Note 16)	**–**	109
Additions	**–**	138
Disposals	**–**	(7)
At 31 March 2016	**53,441**	747,857
Accumulated depreciation		
At 1 April 2014	**14,406**	434,535
Translation	**(661)**	–
Depreciation	**1,266**	24,892
Disposals	**(72)**	(31)
At 31 March 2015 and 1 April 2015	**14,939**	459,396
Translation	**–**	–
Transfers from property, plant and equipment (Note 14)	**23,485**	–
Depreciation	**1,088**	25,824
Disposals	**–**	(7)
At 31 March 2016	**39,512**	485,213
Carrying amount		
At 1 April 2014	**9,194**	295,267
At 31 March 2015	**6,984**	283,857
At 31 March 2016	**13,929**	262,644

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 2016 is as follows:

	Carrying value $'000	Fair value $'000
Investment properties	13,929	50,574

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 2016 is as follows:

	Carrying value $'000	Fair value $'000
Investment properties rented by Company to third parties	3,207	18,800

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 2016 from its investment properties which are leased out under operating leases, amounted to $4,469,000 and $46,595,000 (2015: $2,410,000 and $46,004,000) respectively.

Direct operating expenses (including repairs and maintenance) incurred on rental-earning investment properties amounted to $1,132,000 and $33,303,000 (2015: $403,000 and $35,556,000) for the Group and Company respectively.

16. INTANGIBLE ASSETS

Group	Software Development $'000	Work in progress $'000	Goodwill $'000	Licence $'000	Customer relationships $'000	Total $'000
Cost						
At 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)	–	–	–	–
Transfers (Note 14)	2,144	1,042	–	–	–	3,186
Additions	83	2,238	–	–	–	2,321
Reclassifications to assets held for sale	–	–	(13,243)	–	–	(13,243)
Disposals	(283)	–	–	–	–	(283)
At 31 March 2015 and 1 April 2015	94,741	3,014	129,359	26,814	38,755	292,683
Translation	74	–	863	–	225	1,162
Transfers (Note 14)	6,028	(2,141)	–	–	–	3,887
Additions	385	2,836	–	–	–	3,221
Disposals	(58)	–	–	–	–	(58)
At 31 March 2016	101,170	3,709	130,222	26,814	38,980	300,895
Accumulated depreciation						
At 1 April 2014	76,633	–	–	9,895	30,940	117,468
Translation	(94)	–	–	–	–	(94)
Transfers (Note 14)	731	–	–	–	–	731
Amortisation	5,711	–	–	1,915	1,438	9,064
Disposals	(13)	–	–	–	–	(13)
At 31 March 2015 and 1 April 2015	82,968	–	–	11,810	32,378	127,156
Translation	70	–	–	–	–	70
Transfers (Note 14)	1,107	–	–	–	–	1,107
Amortisation	5,665	–	–	1,915	1,343	8,923
Disposals	(58)	–	–	–	–	(58)
At 31 March 2016	89,752	–	–	13,725	33,721	137,198
Carrying amount						
At 1 April 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
At 31 March 2016	11,418	3,709	130,222	13,089	5,259	163,697

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:

– SATS Institutional Catering ("SIC")
– TFK Corporation

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

	SIC 31 March		TFK Corporation 31 March	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Goodwill	**111,791**	111,791	**18,431**	17,568

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:

	SIC 31 March		TFK Corporation 31 March	
	2016 %	**2015 %**	**2016 %**	**2015 %**
Growth rates	**1.0**	1.0	**1.3**	1.3
Discount rates	**7.3**	7.3	**7.7**	7.3

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 to 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. A reasonable possible change in demand from key customers of the respective CGUs would not have an impact to the carrying value of goodwill in the CGUs.

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 CGUs to be stable over the forecast period.

Company	Software $'000	Work in progress $'000	Total $'000
Cost			
At 1 April 2014	25,818	629	26,447
Additions	275	235	510
At 31 March 2015 and 1 April 2015	26,093	864	26,957
Additions	167	1,059	1,226
Reclassifications	599	(599)	–
Transfer to investment properties (Note 15)	–	(109)	(109)
At 31 March 2016	26,859	1,215	28,074
Accumulated amortisation			
At 1 April 2014	15,594	–	15,594
Amortisation	3,755	–	3,755
At 31 March 2015 and 1 April 2015	19,349	–	19,349
Amortisation	3,314	–	3,314
At 31 March 2016	22,663	–	22,663
Carrying amount			
At 1 April 2014	10,224	629	10,853
At 31 March 2015	6,744	864	7,608
At 31 March 2016	4,196	1,215	5,411

17. INVESTMENT IN SUBSIDIARIES

	Company 31 March	
	2016 $'000	2015 $'000
Unquoted shares, at cost	**541,114**	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:

		31 March			
		Cost of investment		Equity held	
Name of companies (Country of incorporation)	**Principal activities (Place of business)**	**2016 $'000**	**2015 $'000**	**2016 %**	**2015 %**
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.[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
SATS Services Sdn. Bhd.[f] (Malaysia)	Shared services to the Company and its subsidiaries (Malaysia)	**84**	–	**100**	–
		541,114	541,030		

17. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	Group 31 March Equity held 2016 %	Group 31 March Equity held 2015 %
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, g]	Contract manufacturing of food products and food distribution	**–**	100
Primary Industries Private Limited and its subsidiaries [a]	Provision of abattoir services	**78.5**	78.5
– Farmers Abattoir Pte Ltd [a, h]	Meat processing and other related activities	**–**	78.5
– Hog Auction Market Pte Ltd [a]	Auctioneers of pigs	**78.5**	78.5
Primary Industries (Qld) Pty Ltd [b] (Australia)	Provision of land logistics and food solutions (Australia)	**100**	100
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]	Investment holding	**100**	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
SATS Delaware North Pte. Ltd.[a] (Formerly known as Sports Catering Services Pte. Ltd.)	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**	59.4
Food And Allied Support Services Corporation Pte. Ltd.[a]	Remote catering	**51**	51

17. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	Group 31 March Equity held 2016 %	Group 31 March Equity held 2015 %
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**	59.4
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**	59.4
New Tokyo Service Co., Ltd[d] (Japan)	Inflight catering services, and provision of manpower to inflight catering operators (Japan)	**59.4**	59.4
Tokyo Flight Kitchen Restaurantes LTDA[d] (Brazil)	Real estate management (Brazil)	**59.4**	59.4
TFK International (N.Z.) Limited[d] (New Zealand) (in liquidation)	Restaurant and inflight meal (New Zealand)	**59.4**	59.4
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 KPMG, Singapore.
b Audited by member firms of KPMG International 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 Incorporated in Malaysia on 3 September 2015.
g Singfood Pte. Ltd. amalgamated with Singapore Food Industries Pte. Ltd. on 1 June 2015.
h Farmers Abattoir Pte Ltd amalgamated with Primary Industries Private Limited on 1 June 2015.
\# 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 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 2016	40.6	(4,713)	(52,960)	224
31 March 2015	40.6	(3,338)	(55,088)	283

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 comprehensive income:

	TFK	
	2015-16 $'000	**2014-15 $'000**
Revenue	**221,657**	220,853
Loss before income tax	**(5,411)**	(11,363)
Income tax expense	**(344)**	1,411
Loss after tax	**(5,755)**	(9,952)
Other comprehensive income	**1,914**	(7,387)
Total comprehensive loss	**(3,841)**	(17,339)

Summarised statement of financial position as at 31 March:

	TFK	
	2016 $'000	**2015 $'000**
Current		
Assets	**70,969**	66,957
Liabilities	**54,145**	49,915
Net current assets	**16,824**	17,042
Non-current		
Assets	**146,779**	153,239
Liabilities	**14,729**	17,029
Net non-current assets	**132,050**	136,210
Net assets	**148,874**	153,252

17. INVESTMENT IN SUBSIDIARIES (cont'd)

Summarised financial information about subsidiaries with material NCI (cont'd)

Other summarised information:

	TFK	
	2015-16 $'000	**2014-15 $'000**
Net cash out flows from operations	**(1,240)**	(1,515)
Acquisition of significant property, plant and equipment	**(6,318)**	(3,071)

Loan to subsidiaries

Loans to subsidiaries amounting to $313,411,000 (2015: $241,041,000) comprise the following:

(i) An amount of $15,856,000 (2015: $15,518,000) which is unsecured, bears interest at 3 months HIBOR per annum and no fixed term of repayment;

(ii) An amount of $5,721,000 (2015: $5,721,000) which is unsecured, bears interest at 3 months SIBOR plus 1.7% per annum and is repayable on 31 March 2017;

(iii) An amount of $3,763,000 (2015: $4,500,000) which is unsecured, bears interest at 5% per annum and is repayable in ten equal installments and fully paid up on 1 January 2020;

(iv) An amount of $97,000 (2015: $277,000) which is unsecured, bears interest at 3 months SIBOR plus 1.5% per annum and is repayable by 1 October 2016;

(v) An amount of $235,000 (2015: Nil) which is unsecured, bears interest at 3% per annum and is repayable by 29 March 2019; and

(vi) The remaining loans amounting to $287,739,000 (2015: $215,025,000) are unsecured, non-interest bearing, repayable on demand and not expected to be repaid in the next twelve months.

	Company	
	2016 $'000	**2015 $'000**
Loan to subsidiaries:		
Non-current	**306,694**	234,240
Current	**6,717**	6,801
	313,411	241,041

18. INVESTMENT IN ASSOCIATES

	Group 31 March		Company 31 March	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Quoted shares, at cost	**116,428**	116,428	**–**	–
Unquoted shares, at cost	**333,021**	286,940	**283,199**	274,575
Impairment loss	**(3,313)**	(3,313)	**(10,444)**	(10,444)
Share of post-acquisition results of associates	**181,004**	167,657	**–**	–
Accumulated amortisation of goodwill and intangible assets	**(44,461)**	(41,919)	**–**	–
Share of statutory reserves of associates	**8,079**	7,823	**–**	–
Share of changes recognised directly in associates' equity	**(1,244)**	105	**–**	–
Foreign currency translation adjustments	**(109,307)**	(95,811)	**–**	–
	480,207	437,910	**272,755**	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 7 to 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 amounting to $700,000 (2015: $79,000) 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)**	**2016 $'000**	**2015 $'000**	**2016 %**	**2015 %**
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 Limited [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**	28.0
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)

		Group 31 March			
		Cost of investment		Equity held	
Name of companies (Country of incorporation)	**Principal activities (Place of business)**	**2016 $'000**	**2015 $'000**	**2016 %**	**2015 %**
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)	**10,651**	2,027	**33.0**	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
		283,199	274,575		
Held through TFK Corporation					
Tasco Foods Co., Ltd. (Japan)	Production and sales of confectionery (Japan)	**2,748**	2,748	**29.6**	29.6
International Airport Cleaning Co., Ltd. [p] (Japan)	Providing laundry services (Japan)	**39**	39	**16.4**	16.4

18. INVESTMENT IN ASSOCIATES (cont'd)

Associates (cont'd)

		Group 31 March			
		Cost of investment		Equity held	
Name of companies (Country of incorporation)	Principal activities (Place of business)	2016 $'000	2015 $'000	2016 %	2015 %
Held through SATS Investments Pte. Ltd.					
Brahim's Airline Catering Holdings Sdn. Bhd. [o,q] (Malaysia)	Airline catering and catering related services (Malaysia)	**37,457**	–	**49.0**	–
Held through SATS Investments (Middle East I) Pte. Ltd.					
Mumtaz Food Solutions Limited (Saudi Arabia) (in liquidation)	Providing pilgrimage catering services (Saudi Arabia)	**–**	–	**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**	116,428	**41.7**	41.7
		449,449	403,368		

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 PricewaterhouseCoopers, Taiwan.
m Audited by Amir Abadi Jusuf, Aryanto, Mawar & Rekan, 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 27.6% in the associate.
q Audited by PricewaterhouseCoopers, Malaysia.

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 $7,512,000 (2015: $4,406,000), of which $3,106,000 (2015: $3,357,000) was the share of the current year's losses. The Group has no obligation in respect of these unrecognised losses.

On 22 January 2016, SATS Ltd. completed its acquisition of an additional 13% equity interest in MacroAsia Catering Services, Inc. ("MACS") for a total consideration of $8,624,000, which included a potential earn-out consideration subject to the achievement of certain stipulated targets in the purchase agreement. The fair value of the earn-out consideration as at date of acquisition amounting to $3,575,000 was determined on a provisional basis.

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

	31 March	
	2016 $'000	**2015 $'000**
PT Jasa Angkasa Semesta, Tbk ("PT Jas")	**57,203**	60,666
Asia Airfreight Terminal Company Limited ("AAT")	**128,699**	130,111
PT Cardig Aero Services Tbk ("PT Cas")	**114,058**	116,869
Other associates	**180,247**	130,264
	480,207	437,910
Fair value of PT Cas based on the quoted market price at 31 March (Level 1 in the fair value hierarchy)	**100,186**	114,085

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

	2015-16 $'000	**2014-15 $'000**
Share of profits after tax from continuing operations	**14,799**	13,663
Other comprehensive income	**(6,957)**	8,938
Total comprehensive income	**7,842**	22,601

18. INVESTMENT IN ASSOCIATES (cont'd)

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

Summarised statement of comprehensive income:

	PT Jas		AAT		PT Cas	
	2015-16 $'000	**2014-15 $'000**	**2015-16 $'000**	**2014-15 $'000**	**2015-16 $'000**	**2014-15 $'000**
Revenue	**120,521**	117,572	**118,659**	108,896	**169,202**	165,414
Profit after tax	**31,869**	32,448	**21,497**	21,893	**8,960**	11,309
Other comprehensive income	**(442)**	1,005	**–**	–	**168**	633
Total comprehensive income	**31,427**	33,453	**21,497**	21,893	**9,128**	11,942

Summarised statement of financial position as at 31 March:

	PT Jas		AAT		PT Cas	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**
Current assets	**39,516**	39,988	**116,744**	103,728	**97,063**	64,873
Non-current assets excluding goodwill	**15,791**	15,990	**145,298**	163,298	**33,614**	50,301
Goodwill	**–**	–	**–**	–	**1,746**	1,747
Total assets	**55,307**	55,978	**262,042**	267,026	**132,423**	116,921
Current liabilities	**24,510**	21,951	**16,497**	17,973	**43,078**	37,991
Non-current liabilities	**9,252**	8,273	**14,575**	15,811	**31,338**	25,960
Total liabilities	**33,762**	30,224	**31,072**	33,784	**74,416**	63,951
Net assets	**21,545**	25,754	**230,970**	233,242	**58,007**	52,970
Net assets excluding goodwill	**21,545**	25,754	**230,970**	233,242	**56,261**	51,223
Less: Non-controlling interest	**–**	–	**–**	–	**11,456**	12,428
	21,545	25,754	**230,970**	233,242	**44,805**	38,795
Proportion of the Group's ownership	**49.8%**	49.8%	**49.0%**	49.0%	**41.7%**	41.7%
Group's share of net assets	**10,728**	12,824	**113,175**	114,288	**18,661**	16,158
Goodwill on acquisition and intangible assets	**46,475**	47,842	**15,524**	15,823	**95,397**	100,711
Carrying amount of the investment	**57,203**	60,666	**128,699**	130,111	**114,058**	116,869

18. INVESTMENT IN ASSOCIATES (cont'd)

	PT Jas		AAT		PT Cas	
	2015-16 $'000	2014-15 $'000	2015-16 $'000	2014-15 $'000	2015-16 $'000	2014-15 $'000
Group's interest in net assets of investee at beginning of the year	**60,666**	61,650	**130,111**	175,731	**116,869**	123,171
Group's share of:						
Profit	**15,868**	16,157	**10,534**	10,727	**2,297**	2,090
Other comprehensive income	**(2,164)**	(3,076)	**(2,514)**	11,353	**(3,250)**	(6,502)
Total comprehensive income	**13,704**	13,081	**8,020**	22,080	**(953)**	(4,412)
Dividends received during the year	**(17,167)**	(14,065)	**(9,432)**	(67,700)	**(1,858)**	(1,890)
Carrying amount of interest in investee at end of the year	**57,203**	60,666	**128,699**	130,111	**114,058**	116,869

19. INVESTMENT IN JOINT VENTURES

	Group 31 March		Company 31 March	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Unquoted shares, at cost	**36,494**	12,014	**12,014**	12,014
Post-acquisition revenue reserve capitalised as share capital	**3,090**	3,090	**–**	–
Fair value remeasurement on retained interest	**13,306**	–	**–**	–
Share of post-acquisition revenue reserve	**21,958**	18,666	**–**	–
Foreign currency translation	**(8,980)**	(6,902)	**–**	–
	65,868	26,868	**12,014**	12,014

Amounts due from joint ventures (current account)

The amounts due from joint ventures amounting to $9,734,000 (2015: $2,153,000) are unsecured, trade-related and are repayable on demand.

19. INVESTMENT IN JOINT VENTURES (cont'd)

Joint ventures

		Group 31 March			
		Cost of investment		Equity held	
Name of companies (Country of incorporation)	**Principal activities (Place of business)**	**2016 $'000**	**2015 $'000**	**2016 %**	**2015 %**
Held by the Company					
Air India SATS Airport Services Private Limited [a] (India)	Ground handling and cargo handling services (India)	**12,014**	12,014	**50.0**	50.0
SATS BRF Food Pte. Ltd.[b] (Singapore)	Meat processing, manufacturing of branded food products (Singapore)	**24,480**	–	**51.0**	–
		36,494	12,014		

[a] Audited by BSR & Co, LLP, India.

[b] Audited by KPMG, Singapore.

Although the Group holds an ownership interest of 51% in SATS BRF Food Pte. Ltd. ("SBRF") (Note 26), the Group determined that it only has joint control by virtue of the equal voting rights over the financial and operating policies of the company.

The summarised financial information in respect of Air India SATS Airport Services Private Limited ("AISATS") and SATS BRF Food Pte. Ltd. ("SBRF") based on their respective FRS financial statements and a reconciliation with the carrying amount of the investment in consolidated financial statements are as follows:

Summarised statement of comprehensive income:

	AISATS		SBRF	
	2015-16 $'000	**2014-15 $'000**	**2015-16 $'000**	**2014-15 $'000**
Revenue	**123,678**	111,519	**209,714**	–
Operating expenses	**(109,559)**	(96,862)	**(211,717)**	–
Interest expense	**(760)**	(1,162)	**123**	–
Profit/(loss) before tax	**13,359**	13,495	**(1,880)**	–
Income tax expense	**(2,641)**	(2,691)	**379**	–
Profit/(loss) after tax	**10,718**	10,804	**(1,501)**	–
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**10,718**	10,804	**(1,501)**	–

19. INVESTMENT IN JOINT VENTURES (cont'd)

Summarised statement of financial position as at 31 March:

	AISATS		SBRF	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash and cash equivalents	**15,120**	9,594	**13,725**	–
Inventories	**816**	550	**32,661**	–
Trade receivable	**34,578**	31,130	**33,858**	–
Current assets	**50,514**	41,274	**80,244**	–
Non-current assets	**49,600**	51,058	**5,308**	–
Total assets	**100,114**	92,332	**85,552**	–
Current liabilities	**39,968**	36,449	**39,054**	–
Non-current liabilities	**2,451**	2,146	**–**	–
Total liabilities	**42,419**	38,595	**39,054**	–
Net assets	**57,695**	53,737	**46,498**	–
Net assets excluding goodwill	**57,695**	53,737	**46,498**	–
Proportion of the Group's ownership	**50.0%**	50.0%	**51.0%**	–
Group's share of net assets	**28,848**	26,868	**23,714**	–
Fair value remeasurement on retained interest	**–**	–	**13,306**	–
Carrying amount of the investment	**28,848**	26,868	**37,020**	–

	AISATS		SBRF	
	2015-16 $'000	2014-15 $'000	2015-16 $'000	2014-15 $'000
Group's interest in net assets of investee at beginning of the year	**26,868**	21,546	**–**	–
Net investment (see below)	**–**	–	**37,786**	–
Group's share of total comprehensive income for the year	**3,280**	6,554	**(766)**	–
Dividends received during the year	**(1,300)**	(1,232)	**–**	–
Carrying amount of interest in investee at end of the year	**28,848**	26,868	**37,020**	–

The net investment in SBRF [Note 26(c)] is derived as follows:

	2015-16 $'000
Cost of investment via assets transferred to SBRF	**61,243**
Intangibles written off, included in loss on disposal	**(13,243)**
	48,000
Interest retained by the Group at 51%	**24,480**
Fair value remeasurement on retained interest	**13,306**
Net investment in SBRF	**37,786**

20. LONG-TERM INVESTMENTS

	Group 31 March		Company 31 March	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Unquoted equity investment, at cost	**8,255**	8,319	**7,886**	7,886
Others	**49**	47	**–**	–
	8,304	8,366	**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.

21. DEFERRED TAXATION

	Group			
	Statement of Financial Position 31 March		Consolidated Income Statement	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Deferred tax liabilities				
Differences in depreciation and amortisation for tax purposes	**43,041**	60,356	**643**	(620)
Identified intangible assets	**4,294**	5,045	**842**	549
Unremitted foreign dividend and interest income	**6,459**	6,222	**(237)**	–
Provisions	**–**	(1,779)	**(9)**	(878)
Defined benefit plan	**(2,919)**	(11,530)	**(409)**	419
Unutilised tax losses/capital allowances	**(6,066)**	(9,224)	**1,797**	4,092
Undistributed earnings of associates	**10,776**	10,011	**(3,428)**	(1,846)
Other temporary differences	**(180)**	(237)	**–**	(20)
	55,405	58,864		
Deferred tax assets				
Provisions	**416**	390	**1**	11
Unutilised tax losses	**4,981**	5,235	**(262)**	974
Differences in depreciation and amortisation for tax purposes	**10,065**	13,314	**(3,879)**	(2,315)
	15,462	18,939		
			(4,941)	366

	Company	
	Statement of Financial Position 31 March	
	2016 $'000	2015 $'000
Deferred tax liabilities		
Differences in depreciation and amortisation for tax purposes	**20,020**	21,431
Unremitted foreign dividend and interest income	**6,459**	6,222
	26,479	27,653

21. DEFERRED TAXATION (cont'd)

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses and capital allowances of approximately $7,174,000 (2015: $5,888,000) 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 (2015: 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	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Trade and other receivables:				
Trade receivables	**135,557**	139,190	**2,316**	3,121
Staff loans	**60**	137	**49**	133
Sundry receivables	**9,104**	12,839	**2,156**	1,865
Amounts due from related companies - Trade	**132,681**	130,395	**–**	–
Amounts due from related companies - Non-trade	**–**	–	**41,330**	27,484
	277,402	282,561	**45,851**	32,603

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	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Not past due and not impaired	**208,600**	212,697	**2,004**	1,661
Past due but not impaired *	**59,638**	56,888	**312**	1,460
	268,238	269,585	**2,316**	3,121
Other impaired trade receivables				
- individually assessed	**2,270**	1,761	**44**	98
Less: Accumulated impairment losses	**(2,270)**	(1,761)	**(44)**	(98)
	–	–	**–**	–
Total trade receivables, net	**268,238**	269,585	**2,316**	3,121

23. TRADE AND OTHER RECEIVABLES (cont'd)

	Group 31 March		Company 31 March	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
* Aging of trade receivables that are past due but not impaired:				
Less than 30 days	**25,606**	29,330	**97**	676
30 days to 60 days	**16,677**	8,993	**32**	–
61 days to 90 days	**4,299**	9,123	**30**	–
More than 90 days	**13,056**	9,442	**153**	784
	59,638	56,888	**312**	1,460

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

	Group		Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
United States Dollar	**3,188**	4,090	**96**	336
Thai Baht	**543**	–	**–**	–

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.

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

	Group		Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Balance at 1 April	**1,761**	1,595	**98**	62
Exchange differences	**2**	14	**–**	–
Write-off against provisions	**(511)**	(313)	**–**	–
Charge/(write-back) to income statement	**1,018**	465	**(54)**	36
Balance at 31 March	**2,270**	1,761	**44**	98
Bad debts write-off directly to income statement	**114**	163	**–**	–

23. TRADE AND OTHER RECEIVABLES (cont'd)

Staff loans

There is no interest charge on the staff loans (2015: No interest).

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	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Statements of Financial Position:				
Food supplies and dry stores (at cost)	**11,888**	9,434	**–**	–
Technical spares (at cost)	**10,172**	8,946	**–**	–
Other consumables (at cost)	**315**	292	**245**	229
Total inventories at lower of cost or net realisable value	**22,375**	18,672	**245**	229

	Group		Company	
	2015-16 $'000	**2014-15 $'000**	**2015-16 $'000**	**2014-15 $'000**
Income Statement:				
Inventories recognised as an expense	**294,389**	405,028	**–**	–
Inclusive of the following charge:				
– Inventories written down	**309**	707	**–**	3

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	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Fixed deposits	**385,437**	326,899	**293,000**	264,000
Cash and bank balances	**104,426**	84,012	**26,074**	25,821
Cash and short-term deposits	**489,863**	410,911	**319,074**	289,821
Cash transferred to asset held for sale	**–**	18,803	**–**	–
	489,863	429,714	**319,074**	289,821

(b) Analysis of capital expenditure cash flows:

	Group 31 March	
	2015-16 $'000	2014-15 $'000
Additions of property, plant and equipment (Note 14)	**47,458**	59,792
Additions of intangible assets (Note 16)	**3,221**	2,321
Accrual for additions of property, plant and equipment (Note 27)	**546**	(791)
Cash invested in property, plant and equipment and intangible assets	**51,225**	61,322

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.00% to 2.25% (2015: 0.01% to 2.30%) per annum. Short-term deposits are made for varying periods of between 14 days and 92 days depending on the expected cash requirements of the Group, and earn interest at the effective interest rate ranging from 0.23% to 3.05% (2015: 0.02% to 3.65%) per annum.

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

	Group		Company	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Australian Dollar	**1,824**	2,247	**–**	–
Japanese Yen	**–**	147	**–**	147
United States Dollar	**2,787**	2,961	**2,302**	372
Renminbi	**–**	34	**–**	34

26. ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

The assets classified as held for sale as at 31 March are as follows:

(a) On 28 January 2016, the Company announced that one of its wholly owned subsidiaries, Country Foods Pte. Ltd. has granted an Option to Purchase for one of its property to an identified party. The option has been exercised and the parties are seeking regulatory approvals to complete the sale. In line with the impending sale, the Group has classified the property's carrying amount of $5,699,000 as at 31 March 2016 to assets held for sale. The agreed consideration for the sale of the property was $15 million.

26. ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE (cont'd)

The assets classified as held for sale as at 31 March are as follows: (cont'd)

(b) In March 2016, the Company's Japan subsidiary, TFK Corporation, approved the sale of one of its properties. As the property's carrying amount is lower than its fair value less cost to sell of $5,400,000, an impairment loss of $1,184,000 was recognised in March 2016. The sale was completed in April 2016.

(c) 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 named SATS BRF Food Pte. Ltd. ("SBRF"). The Group has classified certain assets under its food distribution business to be transferred to SBRF, amounting to $61,243,000, as held for sale as at 31 March 2015. On 3 June 2015, the Group completed the transfer of the said food distribution business to SBRF, and the sale of 49% stake in the SBRF to BRF GmbH. SBRF has since been accounted for as a joint venture company. The above business transfer and sale has resulted in the Group recognising a "net gain from transfer of business to a joint venture" of $2,543,000, comprising the fair value gain of $13,306,000 on remeasurement of the retained interest in SBRF and the loss on disposal of interest in SBRF of $10,763,000.

	Group 31 March	
	2016 $'000	**2015 $'000**
Assets:		
Property, plant and equipment	**11,099**	5,012
Intangible assets	**–**	13,243
Inventories	**–**	23,792
Trade and other receivables	**–**	393
Cash and short-term deposits	**–**	18,803
Assets held for sale	**11,099**	61,243

27. TRADE AND OTHER PAYABLES

	Group 31 March		Company 31 March	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Trade payables	**140,995**	145,219	**12,363**	20,548
Other payables:				
Tender deposits	**4,614**	3,675	**2,307**	1,885
Accrued expenses	**123,653**	99,738	**1,196**	513
Purchase of property, plant and equipment	**3,588**	4,134	**276**	680
Staff costs	**27,420**	23,370	**27,092**	16,749
Others	**4,129**	2,812	**–**	–
	163,404	133,729	**30,871**	19,827
Amounts due to related companies	**4,662**	8,331	**2,471**	2,371
Deposits placed by subsidiaries	**–**	–	**190,173**	142,697
	4,662	8,331	**192,644**	145,068
Trade and other payables	**309,061**	287,279	**235,878**	185,443

27. TRADE AND OTHER PAYABLES (cont'd)

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	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Australian Dollar	231	872	–	–
Japanese Yen	–	207	–	–
Euro	146	359	–	–
United States Dollar	277	5,045	112	121

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.

28. TERM LOANS

	Group 31 March		Company 31 March	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Unsecured:				
Repayable within one year	109,256	3,432	93,612	–
Repayable after one year	–	89,228	–	89,228
	109,256	92,660	93,612	89,228
Secured:				
Repayable within one year	321	11,957	–	–
Repayable after one year	–	347	–	–
	321	12,304	–	–
Total term loans	109,577	104,964	93,612	89,228

There are six (2015: three) unsecured loans held by the Group as at 31 March 2016. The terms and interest rates are as follows:

			Outstanding as at 31 March	
	Effective interest rate	Maturity date	2016 $'000	2015 $'000
Unsecured term loans:				
JPY floating rate	0.62% to 1.48%	May 2016, June 2016, July 2016 and January 2017	105,613	90,372
JPY fixed rate	0.95% to 2.35%	June 2016 and July 2016	3,643	2,288
			109,256	92,660

There is one (2015: eight) secured term loan held by the Group as at 31 March 2016 and the loan is secured on the property, plant and equipment and other assets of a subsidiary (Note 14).

28. TERM LOANS (cont'd)

The terms and interest rates are as follows:

	Effective interest rate	Maturity date	Outstanding as at 31 March 2016 $'000	2015 $'000
Secured term loans:				
JPY fixed rate	1.40%	March 2017	**321**	864

Hedge of net investments in foreign operations

Included in loans as at 31 March 2016 was a term loan of JPY7.8 billion (2015: JPY7.8 billion), approximately $93.6 million (2015: $89.2 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 2016.

29. 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 2016		2015	
	Minimum payments $'000	Present value of payments $'000	Minimum payments $'000	Present value of payments $'000
Not later than one year	**372**	**328**	177	176
Later than one year but not later than five years	**805**	**831**	84	83
Later than five years	**–**	**–**	–	–
Total future minimum lease payments	**1,177**	**1,159**	261	259
Less: Amounts representing finance charges	**(18)**	**–**	(2)	–
Present value of minimum lease payments	**1,159**	**1,159**	259	259

The average discount rates implicit in the leases are 0.01% - 3.5% (2015: 3.0% - 3.5%) per annum for the lease of equipment and motor vehicles.

30. DEFINED BENEFIT PLAN

The subsidiaries in Japan operate a defined benefit plan which requires 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 either vest to the employees after 3 years of service as lump-sum distribution or after 14 years of service as annual payment of plan benefit.

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	**2016 $'000**	**2015 $'000**
Net benefit expense		
Current service cost	**1,746**	1,595
Interest cost on benefit obligation	**560**	1,282
Expected return on plan assets	**(531)**	(1,216)
Net benefit expense	**1,775**	1,661
Actual return on plan assets	**7,702**	(7,086)
Defined benefit plan liability		
Defined benefit obligation	**(81,655)**	(81,675)
Fair value of plan assets	**78,591**	83,624
Defined benefit (liability)/asset	**(3,064)**	1,949

	Group	
	2016 $'000	**2015 $'000**
Change in present value of defined benefit obligations are as follows:		
As at 1 April	**81,675**	90,223
Current service cost	**1,746**	1,595
Interest cost	**560**	1,282
Benefits paid	**(5,060)**	(5,806)
Actuarial (gain)/loss on obligation	**(1,128)**	231
Exchange differences	**3,862**	(5,850)
As at 31 March	**81,655**	81,675

30. DEFINED BENEFIT PLAN (cont'd)

Funded pension plans	Group 2016 $'000	Group 2015 $'000
Change in fair value of plan assets are as follows:		
As at 1 April	**83,624**	85,455
Expected return on plan assets	**531**	1,216
Contributions by employer	**842**	1,295
Benefits paid	**(1,941)**	(4,511)
Actuarial (loss)/gain	**(8,232)**	5,870
Exchange differences	**3,767**	(5,701)
As at 31 March	**78,591**	83,624

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

	Group 31 March	
	2016 %	**2015 %**
Japan equities	**15.0**	14.2
Offshore equities	**12.7**	11.6
Japan bonds	**49.4**	42.9
Offshore bonds	**11.5**	10.0
Fixed deposits	**11.4**	21.3
	100.0	100.0

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

	Group 31 March	
	2016 %	**2015 %**
Discount rates	**0.3**	1.5
Expected rate of return on assets	**0.3**	1.5
Post retirement mortality for pensioners at age 65		
- Male	**1.1**	1.1
- Female	**1.1**	1.1

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.

31. RELATED PARTY TRANSACTIONS

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

In addition to the related party information disclosed elsewhere in the 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	
	2015-16 $'000	**2014-15 $'000**
Services rendered by:		
Related parties	**35,810**	46,028
Associates/joint ventures	**32,169**	–
	67,979	46,028
Sales to:		
Related parties	**776,777**	764,985
Associates/joint ventures	**46,539**	2,232
	823,316	767,217
Rental to:		
Related parties	**–**	–
Associates/joint ventures	**2,156**	–
	2,156	–

Directors' and key executives' remuneration

	Group	
	2015-16 $'000	**2014-15 $'000**
Directors		
Directors' fees (Note 6)		
– paid by the Company	**826**	867
– paid by subsidiaries of the Group	**36**	56
	862	923
Key executives		
Salary, bonuses and other costs	**4,617**	5,293
CPF and other defined contributions	**34**	63
Share-based compensation expense	**2,402**	2,101
	7,053	7,457

31. RELATED PARTY TRANSACTIONS (cont'd)

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	(594,500)	30,000
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 since commencement of plan to end of financial year	Aggregate shares not released at end of financial year
Alexander Charles Hungate	711,000	1,483,436	(269,036)	1,214,400
Yacoob Bin Ahmed Piperdi	253,000	825,035	(256,117)	568,918
Tan Chuan Lye	95,000	1,109,381	(486,086)	623,295
Cho Wee Peng	191,000	346,700	(19,600)	327,100

Share grant is adjusted due to achievement of performance condition(s).

32. CAPITAL AND OTHER COMMITMENTS

(a) The Group and the Company have commitments for capital expenditure. Such commitments aggregated to $117.0 million (2015: $91.8 million) for the Group and $25.1 million (2015: $16.5 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 57 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	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Within one year	**14,446**	13,936	**1,515**	1,515
Later than one year but not later than five years	**30,073**	26,993	**6,062**	6,062
Later than five years	**28,300**	31,364	**3,728**	4,865
	72,819	72,293	**11,305**	12,442

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group operates principally in Singapore and generates revenue mainly in Singapore Dollars. The Group also has investments outside of Singapore and it operates in more than ten countries. The Group's operations carry certain financial and commodity risks, including the effects of changes in foreign exchange rates and interest rates. The Group's overall risk management approach is to minimise the effects of such volatility on its financial performance. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments for specific exposures where appropriate and cost-efficient.

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

(a) Foreign Currency Risk

The Group is exposed to the effects of fluctuations in certain foreign 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.

(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 28).

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	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Effect of an increase in 50 basis points in market interest rates				
Profit before tax	**1,921**	1,552	**1,127**	1,003
Equity	**1,594**	1,288	**935**	832
Effect of a decrease in 50 basis points in market interest rates				
Profit before tax	**(1,921)**	(1,552)	**(1,127)**	(1,003)
Equity	**(1,594)**	(1,288)	**(935)**	(832)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Counter-Party Risk

The Group's maximum exposure to credit risk in the event that counter-parties fail to perform their obligations as at 31 March 2016 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.

Concentration of credit risk exists when changes in economic, industry or geographical factors 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	**2016 $'000**	**2015 $'000**	**2016 %**	**2015 %**
By Industry				
Airlines	**221,194**	196,542	**28.4**	28.2
Financial institutions	**489,898**	411,818	**63.0**	59.2
Others	**66,607**	87,344	**8.6**	12.6
	777,699	695,704	**100.0**	100.0
By Region				
Singapore	**645,177**	594,921	**83.0**	85.5
Japan	**58,771**	61,643	**7.6**	8.9
Others	**73,751**	39,140	**9.4**	5.6
	777,699	695,704	**100.0**	100.0
By Moody's Credit Ratings				
Investment grade (A to Aaa)	**498,592**	409,743	**64.1**	58.9
Investment grade (Baa)	**9,081**	6,225	**1.2**	0.9
Non-rated	**270,026**	279,736	**34.7**	40.2
	777,699	695,704	**100.0**	100.0

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

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

At the end of the reporting period, approximately:

– 48% (2015: 48%) of the Group's trade receivables were due from a major customer located in Singapore.

– 51% (2015: 49%) of the Group's trade receivables were due from related parties.

Company	Outstanding balance		Percentage of total Financial assets	
Counter-party profiles	2016 $'000	2015 $'000	2016 %	2015 %
By Industry				
Airlines	**1,860**	638	**0.3**	0.1
Financial institutions	**319,283**	290,265	**46.9**	51.3
Related parties	**354,741**	268,525	**52.2**	47.5
Others	**4,347**	6,269	**0.6**	1.1
	680,231	565,697	**100.0**	100.0
By Region				
Singapore	**662,245**	547,782	**97.4**	96.8
Others	**17,986**	17,915	**2.6**	3.2
	680,231	565,697	**100.0**	100.0
By Moody's Credit Ratings				
Investment grade (A to Aaa)	**319,283**	290,252	**46.9**	51.3
Investment grade (Baa)	**–**	9	**–**	–
Non-rated	**360,948**	275,436	**53.1**	48.7
	680,231	565,697	**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 creditworthy 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).

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Liquidity Risk

As at 31 March 2016, the Group had at its disposal, cash and cash equivalents amounting to $489.9 million (2015: $429.7 million). In addition, the Group has available short-term credit facilities of approximately $265.5 million (2015: $272.8 million) from revolving credit facilities granted by commercial banks. The Group also has an alternative facility to issue notes up to $500 million (2015: $500 million), with maturity dates between one month to ten years, under the Medium Term Note Programme.

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

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

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
2016							
Financial assets:							
Trade and other receivables	277,402	–	–	–	–	–	277,402
Cash and short-term deposits	489,863	–	–	–	–	–	489,863
Total undiscounted financial assets	767,265	–	–	–	–	–	767,265
Financial liabilities:							
Other long-term liabilities	–	2,152	2,738	1,517	100	7,505	14,012
Term loans	110,155	–	–	–	–	–	110,155
Finance lease commitments	372	372	372	61	–	–	1,177
Trade and other payables	309,061	–	–	–	–	–	309,061
Total undiscounted financial liabilities	419,588	2,524	3,110	1,578	100	7,505	434,405
Total net undiscounted financial assets/(liabilities)	347,677	(2,524)	(3,110)	(1,578)	(100)	(7,505)	332,860
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

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
2016							
Financial assets:							
Trade and other receivables	45,851	–	–	–	–	–	45,851
Loan to subsidiaries	7,091	1,091	1,348	1,201	63	303,658	314,452
Cash and short-term deposits	319,074	–	–	–	–	–	319,074
Total undiscounted financial assets	372,016	1,091	1,348	1,201	63	303,658	679,377
Financial liabilities:							
Other long term liabilities	–	792	1,379	1,403	–	–	3,574
Term loans	94,067	–	–	–	–	–	94,067
Trade and other payables	235,878	–	–	–	–	–	235,878
Total undiscounted financial liabilities	329,945	792	1,379	1,403	–	–	333,519
Total net undiscounted financial assets/(liabilities)	42,071	299	(31)	(202)	63	303,658	345,858
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

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
2016				
Assets				
Long-term investments	–	8,304	–	8,304
Trade and other receivables	277,402	–	–	277,402
Amount due from associates/joint ventures	10,434	–	–	10,434
Cash and short-term deposits	489,863	–	–	489,863
	777,699	8,304	–	786,003
Total non-financial assets				1,319,703
Total assets				2,105,706
Liabilities				
Other long-term liabilities	–	–	10,948	10,948
Term loans	–	–	109,577	109,577
Finance lease commitments	–	–	1,159	1,159
Trade and other payables	–	–	309,061	309,061
	–	–	430,745	430,745
Total non-financial liabilities				109,851
Total liabilities				540,596
2015				
Assets				
Long-term investments	–	8,366	–	8,366
Trade and other receivables	282,561	–	–	282,561
Amount due from associates/joint ventures	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

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
2016				
Assets				
Long-term investment	–	7,886	–	7,886
Trade and other receivables	45,851	–	–	45,851
Loan to subsidiaries	313,411	–	–	313,411
Amount due from associates/joint ventures	1,895	–	–	1,895
Cash and short-term deposits	319,074	–	–	319,074
	680,231	7,886	–	688,117
Total non-financial assets				1,110,518
Total assets				1,798,635
Liabilities				
Term loans	–	–	93,612	93,612
Trade and other payables	–	–	235,878	235,878
Other long term liability	–	–	3,574	3,574
	–	–	333,064	333,064
Total non-financial liabilities				39,682
Total liabilities				372,746
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/joint ventures	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

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 $8,255,000 (2015: $8,319,000) 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 values 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 27), Term loans - floating rate (Note 28), Finance leases – current (Note 29) 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 28) and Finance leases – non-current (Note 29).

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 2016 and 31 March 2015, 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	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Term loans (Note 28)	**109,577**	104,964	**93,612**	89,228
Finance leases (Note 29)	**1,159**	259	**–**	–
Total debt	**110,736**	105,223	**93,612**	89,228
Equity attributable to owners of the Company	**1,490,761**	1,441,102	**1,425,889**	1,381,874
Total debt-equity ratio	**0.07**	0.07	**0.07**	0.06

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 segments 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/joint ventures, 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.

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 2016				
Revenue	967,399	725,935	4,818	1,698,152
Operating profit	156,900	47,192	10,623	214,715
Interest on borrowings	(398)	–	(744)	(1,142)
Interest income	799	42	2,627	3,468
Dividends from long-term investment, gross	10	–	–	10
(Loss)/gain on disposal of property, plant and equipment	(400)	33	–	(367)
Share of results of associates/joint ventures, net of tax	9,626	38,381	2	48,009
Impairment of property, plant and equipment	(2,065)	–	–	(2,065)
Net gain from transfer of business to a joint venture	2,543	–	–	2,543
Other non-operating (expenses)/income	(379)	(273)	652	–
Profit before tax	166,636	85,375	13,160	265,171
Income tax expense	(32,310)	(7,683)	(6,783)	(46,776)
Profit for the year	134,326	77,692	6,377	218,395
As at 31 March 2016				
Segment assets	388,155	232,688	228,908	849,751
Property, plant and equipment and investment property	279,887	214,151	36,683	530,721
Associates/joint ventures	175,974	369,897	204	546,075
Deferred tax assets	12,702	2,760	–	15,462
Intangible assets	153,609	4,677	5,411	163,697
Total assets	1,010,327	824,173	271,206	2,105,706
Current liabilities	165,653	112,587	140,726	418,966
Long-term liabilities	11,265	3	3,575	14,843
Tax liabilities	46,186	20,906	39,695	106,787
Total liabilities	223,104	133,496	183,996	540,596
Capital expenditure	21,206	17,068	12,405	50,679
Depreciation and amortisation charges	36,405	26,954	7,014	70,373

36. SEGMENT REPORTING (cont'd)

By Business (cont'd)

	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 ventures, 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 ventures	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 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 2016				
Revenue	1,383,260	221,657	93,235	1,698,152
As at 31 March 2016				
Segment assets	752,384	80,539	16,828	849,751
Property, plant and equipment and investment property	424,895	98,788	7,038	530,721
Associates/joint ventures	37,224	2,520	506,331	546,075
Deferred tax assets	2,652	9,902	2,908	15,462
Intangible assets	139,885	23,812	–	163,697
Total assets	1,357,040	215,561	533,105	2,105,706
Capital expenditure	43,274	6,333	1,072	50,679
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 ventures	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

Information about a major customer

Revenue from one major customer amounted to $776 million (2015: $743 million), arising from sales by all segments.

37. SUBSEQUENT EVENTS

(a) On 31 March 2016, SATS Ltd. has, through its wholly-owned subsidiary SATS Investments Pte. Ltd., signed a joint venture agreement with Oman Air SAOC ("Oman Air") for cargo handling at Muscat International Airport. Pursuant to the agreement, Oman Air will transfer its cargo handling business and related assets to its wholly-owned subsidiary Oman Air Cargo LLC. Subsequently, SATS will acquire 33% of Oman Air Cargo LLC's share capital from Oman Air at a purchase consideration of OMR 6,369,000 (approximately $22,455,000). The joint venture company will then be renamed Oman SATS Cargo LLC. Oman SATS Cargo LLC is expected to commence operations during the second quarter of 2016.

(b) On 29 April 2016, Asia-Pacific Star Private Limited ("APS"), a wholly owned subsidiary of SATS Ltd., and DFASS (Singapore) Pte. Ltd. ("DFASS") incorporated a joint-venture company, DFASS SATS Pte. Ltd. ("DFASS SATS") in Singapore with an initial issued and paid-up capital of $2. APS and DFASS each holds 50% equity stake in the joint venture. DFASS SATS was incorporated to provide inflight duty-free or duty-paid sales and concessions, mail order and pre-order sales, supplying of liquors for inflight pouring services and operating ground-based duty free and/or duty paid retails sales in Singapore.

(c) With effect from 8 April 2016, SATS' shareholding in Beijing Airport Inflight Kitchen Limited ("BAIK") was diluted from 40% to 28% following the regulatory approval for the sale of shares by Capital Airports Holding Company Limited to two new shareholders, China Eastern Airlines Corporation Ltd and China Southern Airlines Company Limited, as well as the capital injection by these two new shareholders.

38. COMPARATIVE INFORMATION

The financial statements for the year ended 31 March 2015 were audited by another firm of Chartered Accountants.

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 2016 are as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) $'000	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S$100,000) $'000
Transactions for the Sale of Goods and Services		
Scoot Pte. Ltd.	–	2,574
Singapore Airlines Cargo Pte Ltd	–	6,834*
Singapore Airlines Limited	–	9,727
SilkAir (Singapore) Private Limited	–	316
	–	19,451
Transactions for the Purchase of Goods and Services		
Singapore Technologies Engineering Ltd	–	138
Sembcorp Gas Pte Ltd	–	141
	–	279

* This includes the value of the original contract entered into in 2012 between SATS Security Services Private Limited and Singapore Airlines Cargo Pte Ltd for the period from 1 January 2012 to 31 December 2014.

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 2016, 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 24 May 2016

Number of Issued Shares	:	1,124,056,275
Number of Issued Shares (excluding Treasury Shares)	:	1,109,467,917
Class of Shares	:	Ordinary shares
Number / Percentage of Treasury Shares	:	14,588,358 / 1.31%*
Voting Rights	:	1 vote per share

ANALYSIS OF SHAREHOLDINGS

Range of shareholdings	No. of shareholders	%	No. of shares (excluding treasury shares)	%*
1 – 99	3,373	9.95	163,140	0.01
100 – 1,000	12,852	37.92	10,157,063	0.92
1,001 – 10,000	14,857	43.84	53,356,049	4.81
10,001 – 1,000,000	2,785	8.22	90,530,264	8.16
1,000,001 and above	22	0.07	955,261,401	86.10
Total	33,889	100.00	1,109,467,917	100.00

MAJOR SHAREHOLDERS

No.	Name	No. of shares held	%*
1	Venezio Investments Pte. Ltd.	479,096,858	43.18
2	DBS Nominees (Private) Limited	138,244,904	12.46
3	Citibank Nominees Singapore Pte Ltd	125,707,130	11.33
4	DBSN Services Pte. Ltd.	46,732,518	4.21
5	HSBC (Singapore) Nominees Pte Ltd	40,049,299	3.61
6	United Overseas Bank Nominees (Private) Limited	36,160,503	3.26
7	Raffles Nominees (Pte.) Limited	29,479,068	2.66
8	BNP Paribas Securities Services	19,922,052	1.79
9	Morgan Stanley Asia (Singapore)	7,726,253	0.70
10	Merrill Lynch (Singapore) Pte Ltd	5,733,983	0.52
11	DB Nominees (Singapore) Pte Ltd	5,579,361	0.50
12	Bank of Singapore Nominees Pte. Ltd.	3,532,347	0.32
13	Heng Siew Eng	2,532,000	0.23
14	OCBC Nominees Singapore Private Limited	2,306,022	0.21
15	Leong Khuen Nyean	2,096,500	0.19
16	Wong Kong Choo	2,080,000	0.19
17	Yim Chee Chong	1,705,000	0.15
18	DBS Vickers Securities (Singapore) Pte Ltd	1,638,765	0.15
19	Sing Chung Hui @ Sing Chung Sui	1,500,000	0.13
20	Tan Quee Choo	1,200,000	0.11
		953,022,563	85.90

* The shareholding percentage has been calculated based on the number of issued ordinary shares of the Company as at 24 May 2016, excluding any ordinary shares held in treasury as at that date.

SUBSTANTIAL SHAREHOLDERS

As at 24 May 2016, 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	–	480,850,139** (approximately 43.34%*)	480,850,139 (approximately 43.34%*)
Tembusu Capital Pte. Ltd.	–	479,096,858** (approximately 43.18%*)	479,096,858 (approximately 43.18%*)
Napier Investments Pte. Ltd.	–	479,096,858** (approximately 43.18%*)	479,096,858 (approximately 43.18%*)
Venezio Investments Pte. Ltd.	479,096,858 (approximately 43.18%*)	–	479,096,858 (approximately 43.18%*)

* The shareholding percentage has been calculated based on the number of issued ordinary shares of the Company as at 24 May 2016, 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 24 May 2016, approximately 56.38% of the issued ordinary shares of the Company are held by the public (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**")). The Company hence confirms that Rule 723 of the Listing Manual of the SGX-ST has been complied with.

Notice of Annual General Meeting

SATS LTD.
(Incorporated in the Republic of Singapore)
Company Registration No. 197201770G

NOTICE IS HEREBY GIVEN that the 43rd 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, 19 July 2016 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2016 and the Auditors' Report thereon.

2. To declare a final ordinary tax-exempt (one-tier) dividend of 10 cents per share for the financial year ended 31 March 2016.

3. To re-elect Mr Alexander Charles Hungate, who will retire by rotation in accordance with Article 83 of the Constitution of the Company and who, being eligible, offers himself for re-election as a Director of the Company.

4. To re-elect Mr Koh Poh Tiong, who will retire by rotation in accordance with Article 83 of the Constitution of the Company and who, being eligible, offers himself for re-election as a Director of the Company.

5. To re-elect Mr Thierry Breton, who will retire in accordance with Article 90 of the Constitution of the Company and who, being eligible, offers himself for re-election as a Director of the Company.

6. To re-elect Mr Tan Soo Nan, who will retire in accordance with Article 90 of the Constitution of the Company and who, being eligible, offers himself for re-election as a Director of the Company.

7. To approve payment of Directors' fees of up to S$1,300,000 for the financial year ending 31 March 2017 (2016: up to S$1,300,000).

8. To re-appoint Messrs KPMG LLP as Auditors of the Company to hold office until the next Annual General Meeting and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions, of which Resolution Nos. 9,10,11 and 12 will be proposed as Ordinary Resolutions and Resolution No. 13 will be proposed as a Special Resolution:

9. That authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares 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) (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) (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) 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 Constitution of the Company; and

(iv) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

10. That the Directors of the Company be and are hereby authorised to:

(a) grant awards in accordance with the provisions of the SATS Performance Share Plan (the "**Performance Share Plan**") and/or the SATS Restricted Share Plan (the "**Restricted Share Plan**"); and

(b) allot and issue from time to time such number of ordinary shares of the Company ("**Shares**") as may be required to be issued pursuant to the exercise of options under the SATS Employee Share Option Plan ("**Share Option Plan**") and/or such number of fully paid Shares as may be required to be issued pursuant to the vesting of awards under the Performance Share Plan and/or the Restricted Share Plan (the Share Option Plan, the Performance Share Plan and the Restricted Share Plan, together the "**Share Plans**"),

provided that:

(i) the aggregate number of new Shares to be allotted and issued pursuant to the Share Plans shall not exceed 15 percent of the total number of issued Shares (excluding treasury shares) from time to time; and

(ii) the aggregate number of Shares under awards to be granted pursuant to the Performance Share Plan and/or the Restricted Share Plan during the period commencing from the date of this Annual General Meeting of the Company and ending on the date of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, shall not exceed 1 percent of the total number of issued Shares (excluding treasury shares) from time to time.

11. That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of the SGX-ST, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in Appendix 1 to the Letter to Shareholders dated 21 June 2016 (the "**Letter to Shareholders**") with any party who is of the class of interested persons described in Appendix 1 to the Letter to Shareholders, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

(b) the approval given in paragraph (a) above (the "**IPT Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

12. That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("**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 or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

13. That the regulations contained in the new Constitution submitted to this meeting and, for the purpose of identification, subscribed to by the Company Secretary, be approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the existing Constitution.

BY ORDER OF THE BOARD

Prema d/o K Subramaniam
Company Secretary

Singapore, 21 June 2016

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 Alexander Charles Hungate will be retiring from office at the Annual General Meeting pursuant to Article 83 of the Constitution of the Company, 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 FY2015-16 for more information relating to Mr Hungate. Mr Hungate will, upon re-election, continue to serve as the President and Chief Executive Officer of the Company, a member of the Board Executive Committee, and a member of the Board Risk and Safety Committee.

   (b) In relation to Ordinary Resolution No. 4, Mr Koh Poh Tiong will be retiring from office at the Annual General Meeting pursuant to Article 83 of the Constitution of the Company, 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 FY2015-16 for more information relating to Mr Koh. Mr Koh will, upon re-election, continue to serve as a member of the Audit Committee and a member of the Remuneration and Human Resource Committee. Mr Koh is considered an independent Director.

   (c) In relation to Ordinary Resolution No. 5, Mr Thierry Breton will be retiring from office at the Annual General Meeting pursuant to Article 90 of the Constitution of the Company, 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 FY2015-16 for more information relating to Mr Breton. Mr Breton is considered an independent Director.

   (d) In relation to Ordinary Resolution No. 6, Mr Tan Soo Nan will be retiring from office at the Annual General Meeting pursuant to Article 90 of the Constitution of the Company, 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 FY2015-16 for more information relating to Mr Tan. Mr Tan is considered an independent Director.

   (e) Mr David Zalmon Baffsky and Mr Nihal Vijaya Devadas Kaviratne CBE will be retiring from office at the Annual General Meeting under the respective resolutions passed at the Annual General Meeting of the Company held on 21 July 2015 pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (which was then in force). As announced by the Company on 23 May 2016, Mr Baffsky and Mr Kaviratne have notified the Company that they will not be seeking re-appointment as Directors of the Company at the Annual General Meeting.

   (f) As announced by the Company on 23 May 2016, Mr Edmund Cheng Wai Wing will be stepping down from office as Chairman and as a Director of the Company with effect from the conclusion of the Annual General Meeting. Ms Euleen Goh Yiu Kiang, an independent non-executive Director, will be appointed as Chairman in place of Mr Cheng with effect from the conclusion of the Annual General Meeting.

2. Ordinary Resolution No. 7 is to approve the payment of an aggregate sum of up to S$1,300,000 as Directors' fees for the Directors of the Company for the current financial year ("**FY2016-17**"). If approved, the proposal will facilitate the payment of Directors' fees during the financial year in which such fees are incurred. The amount of Directors' fees has been computed on the basis of the anticipated number of Board and Board Committee meetings for FY2016-17, 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 FY2015-16, and also caters for additional fees (if any) which may be payable due to additional board representations on the Company's subsidiary(ies) and/or joint ventures, or to additional Board or Board Committee members being appointed in the course of FY2016-17. 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 next Annual General Meeting in the year 2017 before any such payments are made.

3. Ordinary Resolution No. 9, if passed, will empower Directors to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, from the date of this Annual General Meeting until the date of the next Annual General Meeting. The number of Shares which the Directors may issue under this Ordinary Resolution will not exceed 50 percent of the issued Shares (excluding treasury shares) 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 Constitution 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) 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.

4. Ordinary Resolution No. 10 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:

    (a) 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

    (b) the aggregate number of Shares under awards which may be granted pursuant to the Performance Share Plan and/or the Restricted Share Plan from this Annual General Meeting to the next Annual General Meeting shall not exceed 1 percent of the total number of issued Shares (excluding treasury shares) from time to time.

    The Share Option Plan was adopted by the Company in February 2000 and the last grant of options thereunder was made on 1 July 2008. The Performance Share Plan and Restricted Share Plan were adopted at an Extraordinary General Meeting of the Company held on 19 July 2005 for an initial duration of 10 years and subsequently at the Annual General Meeting held on 23 July 2014, were extended for a further period of 10 years up to 18 July 2025.

5. Ordinary Resolution No. 11 is to renew the mandate to allow the Company, its subsidiaries and associated companies that are entities at risk (as the term is used in Chapter 9 of the Listing Manual 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.

6. Ordinary Resolution No. 12 is to renew the mandate to allow the Company to purchase or otherwise acquire Shares, on the terms and subject to the conditions set out in the Resolution.

    The Company intends to use its internal sources of funds, 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 24 May 2016 (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 22,189,358 Shares.

    In the case of both market purchases and off-market purchases by the Company and assuming that the Company purchases or acquires the maximum number of 22,189,358 Shares at the Maximum Price of S$4.59 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 22,189,358 Shares is approximately S$101,849,153.

    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 2016, 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.

7. Special Resolution No. 13 is to adopt a new Constitution following the wide-ranging changes to the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") introduced pursuant to the Companies (Amendment) Act 2014 (the "**Amendment Act**"). The new Constitution will consist of the memorandum and articles of association of the Company which were in force immediately before 3 January 2016, and incorporate amendments to (*inter alia*) take into account the changes to the Companies Act introduced pursuant to the Amendment Act. Please refer to the Letter to Shareholders for more details.

Notice of Annual General Meeting

SATS LTD.
(Incorporated in the Republic of Singapore)
Company Registration No. 197201770G

NOTES:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy, failing which the appointments will be deemed to have been made in the alternative.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) 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 or service providers) to comply with any applicable laws, listing rules, take-over 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 or service providers), 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 or service providers) 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 43rd Annual General Meeting of the Company to be held on 19 July 2016, the Transfer Books and Register of Members of the Company will be closed on 27 July 2016 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 26 July 2016 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 of the Company as at 5.00 p.m. on 26 July 2016 will be entitled to the proposed final dividend.

The proposed final dividend, if approved by shareholders, will be paid on 10 August 2016.

Proxy Form

SATS LTD.
(Incorporated in the Republic of Singapore)
Company Registration No. 197201770G

IMPORTANT
1. Relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy the Company's shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. 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 21 June 2016.

*I/We ____ (Name)

____ (NRIC/Passport/Co. Regn. 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, speak and vote for *me/us and on *my/our behalf 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 19 July 2016 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 (of which Resolution Nos.1 to 12 (inclusive) will be proposed as Ordinary Resolutions and Resolution No.13 will be proposed as a Special Resolution) 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 at the AGM and at any adjournment thereof.

No.	Resolutions	**For	**Against
ORDINARY BUSINESS			
1	Adoption of the Directors' Statement, Audited Financial Statements and the Auditors' Report thereon		
2	Declaration of a final dividend		
3	Re-election of Mr Alexander Charles Hungate as Director		
4	Re-election of Mr Koh Poh Tiong as Director		
5	Re-election of Mr Thierry Breton as Director		
6	Re-election of Mr Tan Soo Nan as Director		
7	Approval of Directors' fees for the financial year ending 31 March 2017		
8	Re-appointment of Auditors and authorisation for Directors to fix their remuneration		
SPECIAL BUSINESS			
9	To grant authority to the Directors to issue shares and convertible instruments pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore		
10	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		
11	To approve the proposed renewal of the Mandate for Interested Person Transactions		
12	To approve the proposed renewal of the Share Purchase Mandate		
13	To approve the proposed adoption of the new Constitution		

* Delete accordingly

** Voting will be conducted by poll. 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 ___________ 2016.

Total Number of Shares Held

____
Signature(s) of Member(s) or Common Seal

Important: Please read notes on the reverse side

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy, failing which the appointments will be deemed to have been made in the alternative.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

2. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies 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 authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with its constitution and Section 179 of the Companies Act, Chapter 50 of Singapore.
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. Completion and return of an instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy or proxies, to the AGM.
7. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register as well as shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
8. The Company shall be entitled to reject an instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company shall be entitled to reject any instrument appointing a proxy or proxies which has been lodged if such member, being the appointor, is not shown to have shares entered against his name in the Depository Register at least 72 hours before the time appointed for the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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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

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3rd fold along this line and glue overleaf. Do not staple.

Corporate Information

As at 24 May 2016

BOARD OF DIRECTORS

Edmund Cheng Wai Wing
Chairman, Independent Non-Executive

Alexander Charles Hungate
President and Chief Executive Officer,
Executive Director

Independent Non-Executive
David Zalmon Baffsky
Euleen Goh Yiu Kiang
Nihal Vijaya Devadas Kaviratne CBE
Koh Poh Tiong
Michael Kok Pak Kuan
Thierry Breton
Tan Soo Nan
Yap Chee Meng

BOARD COMMITTEES

Audit Committee

Euleen Goh Yiu Kiang (Chairman)
Nihal Vijaya Devadas Kaviratne CBE
Koh Poh Tiong
Yap Chee Meng

Board Executive Committee

Edmund Cheng Wai Wing (Chairman)
Euleen Goh Yiu Kiang
Alexander Charles Hungate
Michael Kok Pak Kuan

Board Risk and Safety Committee

Yap Chee Meng (Chairman)
Nihal Vijaya Devadas Kaviratne CBE
Alexander Charles Hungate

Nominating Committee

David Zalmon Baffsky (Chairman)
Edmund Cheng Wai Wing
Euleen Goh Yiu Kiang

Remuneration and Human Resource Committee

Edmund Cheng Wai Wing (Chairman)
David Zalmon Baffsky
Koh Poh Tiong

COMPANY SECRETARY

Prema d/o K Subramaniam

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

AUDITORS

KPMG LLP
Public Accountants and
Chartered Accountants
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581

Audit Partner: Lau Kam Yuen
(Appointed since FY2015-16)

EXECUTIVE MANAGEMENT

Alexander Charles Hungate
President and Chief Executive Officer

Tan Chuan Lye
Chairman,
Food Solutions

Cho Wee Peng
Chief Financial Officer

Yacoob Bin Ahmed Piperdi
Executive Vice President,
Gateway Services

Helen Chan Yin Foong
Senior Vice President,
Finance

Bob Chi Cheng Bock
Senior Vice President,
Sales and Marketing

Thomas Ching Chun Fong
Senior Vice President,
Institutional Catering

Goh Siang Han
Senior Vice President,
Inflight Catering

Andrew Lim Cheng Yueh
Senior Vice President,
Greater China

Denis Suresh Kumar Marie
Senior Vice President,
Apron Services and
Security Services

Nazri Bin Othman
Senior Vice President,
Passenger Services

Prema d/o K Subramaniam
Senior Vice President,
Legal and Secretariat,
General Counsel and
Company Secretary

Tan Li Lian
Senior Vice President,
Human Capital

Pauline Tan Poh Lin
Senior Vice President,
Technology

Wong Chee Meng
Senior Vice President,
Cargo Services

Ronald Yeo Yoon Choo
Senior Vice President,
Planning and Support Services

SATS LTD.
(Company Registration No.: 197201770G)
Registered Office:
20 Airport Boulevard
SATS Inflight Catering Centre 1
Singapore 819659
T: (65) 6542 5555

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Company Registration No. 197201770G

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