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 2019.

1. OPINION OF THE DIRECTORS

In the opinion of the Directors:

(a) The financial statements set out on pages 100 to 195 give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows 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 (International); 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:

Euleen Goh Yiu Kiang	Chairman
Alexander Charles Hungate	
Achal Agarwal	
Chia Kim Huat	
Michael Kok Pak Kuan	
Jenny Lee Hong Wei	(appointed on 25 January 2019)
Jessica Tan Soon Neo	
Tan Soo Nan	
Yap Chee Meng	
Yap Kim Wah	

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**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares				
Alexander Charles Hungate	1,255,636	2,273,836	–	–
Euleen Goh Yiu Kiang	22,774	22,774	–	–
Michael Kok Pak Kuan	30,000	30,000	–	–
Tan Soo Nan	10,000	10,000	–	–
Chia Kim Huat	2,190	2,190	–	–
Award under SATS Restricted Share Plan ("RSP")				
Alexander Charles Hungate [(1)]	354,200	193,200	–	–
Award under SATS Performance Share Plan ("PSP")				
Alexander Charles Hungate [(2)]	1,650,000	1,440,000	–	–

(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, 193,200 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, 340,000 shares were awarded and 825,000 shares were vested.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2019.

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.

DIRECTORS' STATEMENT

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.

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, there was no outstanding share option.

Date of grant	Balance at 1.4.2018	Forfeited/ Lapsed	Exercised	Balance at 31.3.2019	Exercise price	Exercisable period
01.07.2008	752,500	(215,900)	(536,600)	–	$1.92	01.07.2010 - 30.06.2018

6. SHARE-BASED PAYMENTS (cont'd)

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

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

From FY2015-16 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 performance period and will vest equally over a three-year period. 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:

Euleen Goh Yiu Kiang	Chairman
Achal Agarwal	Member
Michael Kok Pak Kuan	Member

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

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

RSP	Number of restricted shares				
Date of grant	Balance at 1.4.2018	Vested	Forfeited	Adjustments#	Balance at 31.3.2019
03.08.2015	495,000	(490,600)	(4,400)	–	–
01.08.2016	1,045,200	(517,800)	(32,200)	–	495,200
01.08.2017	1,376,500	(542,600)	(102,400)	271,300	1,002,800
	2,916,700	(1,551,000)	(139,000)	271,300	1,498,000

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 1.4.2018/ Date of grant	Vested	Forfeited	Adjustments#	Balance at 31.3.2019
02.11.2015	1,570,000	(2,355,000)	–	785,000	–
01.08.2016	1,583,000	–	(136,000)	–	1,447,000
01.08.2017	1,622,000	–	(185,000)	–	1,437,000
14.12.2018	745,000	–	–	–	745,000
	5,520,000	(2,355,000)	(321,000)	785,000	3,629,000

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

DIRECTORS' STATEMENT

6. **SHARE-BASED PAYMENTS** (cont'd)

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

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 $NIL (2018: $4.39 to $4.71) and the estimated weighted average fair values at the date of grant for each share granted during the year under the PSP are $3.23 (2018: $1.70).

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 2019 were 1,498,000 (2018: 2,916,700) and 3,629,000 (2018: 4,775,000) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards is 1,498,000 (2018: 1,540,200 to 3,192,000) and zero to a maximum of 5,443,500 (2018: zero to maximum 7,162,500) 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) which the Group consider relevant and material to its current business scope and environment were adequate and effective as at the date of the report.

However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

9. **AUDITORS**

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

On behalf of the Board of Directors,

EULEEN GOH YIU KIANG
Chairman

ALEXANDER CHARLES HUNGATE
Executive Director / President and Chief Executive Officer

Dated this 6 June 2019

INDEPENDENT AUDITORS' REPORT

Members of the Company
SATS Ltd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the 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 2019, the consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 100 to 195.

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 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and 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 these requirements and 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 those 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 3.4 'Impairment of non-financial assets' for relevant accounting policies 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	How the matter was addressed in our audit
The Group had goodwill of $112 million, $19 million and $115 million allocated to the SATS Food Services ("SFS"), TFK Corporation ("TFK") and Ground Team Red Holdings ("GTRH") cash generating units ("CGUs") respectively as at 31 March 2019. 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. As at 31 March 2019, the recoverable amounts of the CGUs were higher than their carrying amounts. 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.	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.

INDEPENDENT AUDITORS' REPORT

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 cash flows to be in accordance with approved plans.

IMPAIRMENT OF ASSOCIATES AND JOINT VENTURES

Refer to Note 2.15 'Impairment of non-financial and financial assets' and Note 3.4 'Impairment of non-financial assets' for relevant accounting policies and discussion of significant accounting estimates, and Note 18 'Investment in associates' and Note 19 'Investment in joint ventures' for details of accounting for associates and joint ventures.

The key audit matter	How the matter was addressed in our audit
The carrying value of associates and joint ventures amounted to $724 million, which accounted for 30% of the Group's total assets as at 31 March 2019. Management determines at the end of each reporting period the existence of any objective evidence that indicate 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 or 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.	We assessed the determination of the CGUs and the assessment of indicators of impairment 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 actual growth rates and outlook of the industries in which the CGUs operate. We reviewed the CGUs' historical and current performances, and held discussions with management to understand their assessment of the future performance of the CGUs. Where indicators of impairment exist, 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 management's identification of CGUs and assessment of indicators of impairment were appropriate.

Where indicators of impairment existed, we found the estimates applied in the value-in-use models to be consistent with historical forecasts and performance and industry data and the estimated cash flows to be in accordance with approved plans.

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, refer to Note 3.5 'Consolidation; whether the Group has control over an investee' for details on the judgement applied and Note 17 'Investment in subsidiaries', Note 18 'Investment in associates' and Note 19 'Investment in joint ventures' for details of accounting for business combinations.

The key audit matter	How the matter was addressed in our audit
As part of the Group's strategy in streamlining and growing its business operations, the Group had made a number of business acquisitions and divestments during the financial year. These transactions were effected primarily by the transfer of 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 and divestments resulted in the Group either having control, joint control or significant influence over the investee upon completion of the transactions. There was also inherent uncertainty in the determination of the fair values of the deemed and contingent consideration, assets transferred, identifiable assets and liabilities acquired and assumed in the transactions.	We assessed the governance process over the determination of the appropriate accounting treatment to be adopted for acquisitions and divestments. We assessed management's processes for selection of the external valuers, the determination of the scope of work of the valuers, and the review and acceptance of the external valuation report. We considered management's methodology in arriving at the fair values of deemed and contingent consideration, assets transferred, identifiable assets and liabilities acquired and assumed in the transactions to determine if they were appropriate. We reviewed the sale and purchase agreements and other related documents in relation to the transactions 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 determination of appropriate accounting treatment for acquisitions and divestments. The Group's acquisitions and divestments were appropriately classified.

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

OTHER INFORMATION

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

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 SFRS(I)s, 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 controls 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 directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and 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 directors, 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 the law or regulations preclude 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
6 June 2019

CONSOLIDATED INCOME STATEMENT

for the financial year ended 31 March 2019

	Note	2018-19 $'000	2017-18 $'000
Revenue	4	**1,828,019**	1,724,584
Expenditure			
Staff costs	5	**(874,011)**	(833,348)
Cost of raw materials		**(267,423)**	(252,455)
Licence fees		**(89,376)**	(84,238)
Depreciation and amortisation charges		**(84,874)**	(78,468)
Company premise and utilities expenses		**(113,241)**	(103,471)
Other costs		**(152,067)**	(146,237)
		(1,580,992)	(1,498,217)
Operating profit	6	**247,027**	226,367
Interest on borrowings	7	**(815)**	(808)
Interest income	7	**4,076**	4,195
Share of results of associates/joint ventures, net of tax		**58,929**	71,155
Other non-operating (loss)/income, net	8	**(1,507)**	20,677
Profit before tax		**307,710**	321,586
Income tax expense	9	**(51,480)**	(56,051)
Profit for the year		**256,230**	265,535
Profit attributable to:			
Owners of the Company		**248,408**	261,465
Non-controlling interests		**7,822**	4,070
		256,230	265,535
Earnings per share (cents)			
Basic	10	**22.3**	23.4
Diluted	10	**22.2**	23.2

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 2019

	2018-19 $'000	2017-18 $'000
Profit for the year	**256,230**	265,535
Other comprehensive (loss)/income:		
Items that will not be reclassified to profit or loss:		
Actuarial loss on defined benefit plan	**(392)**	(918)
Items that are or may be reclassified subsequently to profit or loss:		
Net fair value changes on financial assets	**77**	(233)
Foreign currency translation differences	**(7,808)**	(34,275)
Reclassification of foreign currency translation to profit or loss	**–**	1,812
	(7,731)	(32,696)
Other comprehensive loss for the year, net of tax	**(8,123)**	(33,614)
Total comprehensive income for the year	**248,107**	231,921
Total comprehensive income attributable to:		
Owners of the Company	**241,065**	227,188
Non-controlling interests	**7,042**	4,733
Total comprehensive income for the year	**248,107**	231,921

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

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2019

		GROUP			COMPANY		
	Note	31.3.2019 $'000	31.3.2018 $'000	1.4.2017 $'000	31.3.2019 $'000	31.3.2018 $'000	1.4.2017 $'000
Equity attributable to owners of the Company							
Share capital	12	**367,947**	367,947	367,947	**367,947**	367,947	367,947
Treasury shares	12	**(43,000)**	(32,814)	(30,374)	**(43,000)**	(32,814)	(30,374)
Share-based compensation reserve	13	**10,063**	15,004	12,610	**10,063**	15,004	12,610
Statutory reserve	13	**10,859**	9,230	8,314	**–**	–	–
Foreign currency translation reserve	13	**(150,701)**	(143,410)	(111,130)	**–**	–	–
Revenue reserve		**1,473,108**	1,430,950	1,361,966	**1,208,282**	1,159,596	1,133,294
Other reserves	13	**(19,045)**	(12,826)	(5,854)	**(20,108)**	(13,819)	(10,556)
		1,649,231	1,634,081	1,603,479	**1,523,184**	1,495,914	1,472,921
Non-controlling interests	17	**167,888**	132,535	87,697	**–**	–	–
Total equity		**1,817,119**	1,766,616	1,691,176	**1,523,184**	1,495,914	1,472,921
Non-current assets							
Property, plant and equipment	14	**579,163**	560,114	538,655	**33,784**	27,928	15,867
Investment properties	15	**7,589**	8,912	10,396	**206,779**	229,466	252,847
Intangible assets	16	**350,551**	157,506	157,948	**3,628**	4,169	3,326
Investment in subsidiaries	17	**–**	–	–	**718,140**	536,472	536,219
Investment in associates	18	**621,507**	604,080	590,114	**337,382**	320,723	305,910
Investment in joint ventures	19	**102,445**	244,714	80,733	**12,014**	165,023	12,014
Long-term investments	20	**20,637**	19,987	25,292	**–**	–	–
Loan to subsidiaries	17	**–**	–	–	**299,392**	312,420	328,753
Deferred tax assets	21	**11,960**	10,693	11,602	**–**	–	–
Other non-current assets	22	**4,332**	7,336	8,150	**–**	–	–
		1,698,184	1,613,342	1,422,890	**1,611,119**	1,596,201	1,454,936

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

		GROUP			COMPANY		
	Note	31.3.2019 $'000	31.3.2018 $'000	1.4.2017 $'000	31.3.2019 $'000	31.3.2018 $'000	1.4.2017 $'000
Current assets							
Trade and other receivables	23	**300,908**	298,546	271,220	**108,740**	79,812	61,827
Prepayments and deposits		**19,358**	16,173	17,365	**2,371**	2,305	2,047
Amounts due from associates/joint ventures	18,19	**5,286**	4,605	6,743	**3,735**	2,538	3,774
Loan to subsidiaries	17	**–**	–	–	**217**	217	900
Inventories	24	**24,315**	22,523	21,914	**383**	198	231
Cash and short-term deposits	25	**349,859**	373,278	505,804	**176,495**	211,592	300,686
Assets of disposal groups classified as held for sale	26	**10,519**	19,896	33,466	**7,564**	7,564	28,960
		710,245	735,021	856,512	**299,505**	304,226	398,425
Current liabilities							
Trade and other payables	27	**322,608**	331,611	316,148	**204,654**	203,235	229,723
Amounts due to joint ventures	19	**9,267**	3,493	4,878	**–**	–	–
Income tax payable		**57,287**	57,314	58,576	**13,132**	12,623	14,703
Term loans	28	**–**	9,850	9,998	**–**	–	–
Loan from subsidiaries	17	**–**	–	–	**38,500**	58,000	–
Finance leases	29	**146**	285	427	**–**	–	–
Liabilities of disposal group classified as held for sale	26	**–**	–	5,073	**–**	–	–
		389,308	402,553	395,100	**256,286**	273,858	244,426
Net current assets		**320,937**	332,468	461,412	**43,219**	30,368	153,999
Non-current liabilities							
Deferred tax liabilities	21	**87,614**	61,636	55,454	**26,549**	26,160	25,840
Term loans	28	**95,437**	96,034	97,481	**95,437**	96,034	97,481
Finance leases	29	**149**	251	721	**–**	–	–
Other payables	27	**18,802**	21,273	39,470	**9,168**	8,461	12,693
		202,002	179,194	193,126	**131,154**	130,655	136,014
Net assets		**1,817,119**	1,766,616	1,691,176	**1,523,184**	1,495,914	1,472,921

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 2019

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 2018		367,947	(32,814)	15,004	9,230	(143,410)	1,430,950	1,072	(13,819)	(79)	1,634,081	132,535	1,766,616
Profit for the year		–	–	–	–	–	248,408	–	–	–	248,408	7,822	256,230
Other comprehensive income for the year		–	–	–	–	(7,291)	(122)	–	–	70	(7,343)	(780)	(8,123)
Total comprehensive income for the year		–	–	–	–	(7,291)	248,286	–	–	70	241,065	7,042	248,107
Contributions by and distributions to owners													
Share-based payment		–	–	6,636	–	–	–	–	–	–	6,636	–	6,636
Share options lapsed		–	–	(70)	–	–	70	–	–	–	–	–	–
Treasury shares reissued pursuant to equity compensation plans		–	18,826	(11,507)	–	–	–	–	(6,289)	–	1,030	–	1,030
Purchase of treasury shares		–	(29,012)	–	–	–	–	–	–	–	(29,012)	–	(29,012)
Dividends, net	11	–	–	–	–	–	(200,941)	–	–	–	(200,941)	–	(200,941)
Total contributions by and distributions to owners		–	(10,186)	(4,941)	–	–	(200,871)	–	(6,289)	–	(222,287)	–	(222,287)
Others													
Acquisition of balance non-controlling interest in a subsidiary		–	–	–	–	–	(3,628)	–	–	–	(3,628)	(12,504)	(16,132)
Recognition of non-controlling interest due to re-assessment of investment in GTR entities		–	–	–	–	–	–	–	–	–	–	46,772	46,772
Capital contributions from non-controlling interests		–	–	–	–	–	–	–	–	–	–	3,743	3,743
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(9,700)	(9,700)
Transfer to statutory reserve		–	–	–	1,629	–	(1,629)	–	–	–	–	–	–
Balance at 31 March 2019		367,947	(43,000)	10,063	10,859	(150,701)	1,473,108	1,072	(20,108)	(9)	1,649,231	167,888	1,817,119

* 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 2019

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 2017		367,947	(30,374)	12,610	8,314	(111,130)	1,361,966	4,638	(10,556)	64	1,603,479	87,697	1,691,176
Profit for the year		–	–	–	–	–	261,465	–	–	–	261,465	4,070	265,535
Other comprehensive income for the year		–	–	–	–	(32,280)	(1,854)	–	–	(143)	(34,277)	663	(33,614)
Total comprehensive income for the year		–	–	–	–	(32,280)	259,611	–	–	(143)	227,188	4,733	231,921
Contributions by and distributions to owners													
Share-based payment		–	–	10,636	–	–	–	–	–	–	10,636	–	10,636
Share options lapsed		–	–	(556)	–	–	556	–	–	–	–	–	–
Treasury shares reissued pursuant to equity compensation plans		–	15,312	(7,686)	–	–	–	–	(3,263)	–	4,363	–	4,363
Purchase of treasury shares		–	(17,752)	–	–	–	–	–	–	–	(17,752)	–	(17,752)
Dividends, net	11	–	–	–	–	–	(190,267)	–	–	–	(190,267)	–	(190,267)
Total contributions by and distributions to owners		–	(2,440)	2,394	–	–	(189,711)	–	(3,263)	–	(193,020)	–	(193,020)
Others													
Share of other changes in equity of associated companies		–	–	–	–	–	–	(3,566)	–	–	(3,566)	–	(3,566)
Capital contributions from non-controlling interests		–	–	–	–	–	–	–	–	–	–	41,385	41,385
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(1,280)	(1,280)
Transfer to statutory reserve		–	–	–	916	–	(916)	–	–	–	–	–	–
Balance at 31 March 2018		367,947	(32,814)	15,004	9,230	(143,410)	1,430,950	1,072	(13,819)	(79)	1,634,081	132,535	1,766,616

* 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 2019

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 2018		367,947	(32,814)	15,004	1,159,596	(13,819)	1,495,914
Profit for the year		–	–	–	249,557	–	249,557
Total comprehensive income for the year		–	–	–	249,557	–	249,557
Contributions by and distributions to owners							
Share-based payment		–	–	6,636	–	–	6,636
Share options lapsed		–	–	(70)	70	–	–
Treasury shares reissued pursuant to equity compensation plans		–	18,826	(11,507)	–	(6,289)	1,030
Purchase of treasury shares		–	(29,012)	–	–	–	(29,012)
Dividends, net	11	–	–	–	(200,941)	–	(200,941)
Total contributions by and distributions to owners		–	(10,186)	(4,941)	(200,871)	(6,289)	(222,287)
Balance at 31 March 2019		367,947	(43,000)	10,063	1,208,282	(20,108)	1,523,184

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 2017		367,947	(30,374)	12,610	1,133,294	(10,556)	1,472,921
Profit for the year		–	–	–	216,013	–	216,013
Total comprehensive income for the year		–	–	–	216,013	–	216,013
Contributions by and distributions to owners							
Share-based payment		–	–	10,636	–	–	10,636
Share options lapsed		–	–	(556)	556	–	–
Treasury shares reissued pursuant to equity compensation plans		–	15,312	(7,686)	–	(3,263)	4,363
Purchase of treasury shares		–	(17,752)	–	–	–	(17,752)
Dividends, net	11	–	–	–	(190,267)	–	(190,267)
Total contributions by and distributions to owners		–	(2,440)	2,394	(189,711)	(3,263)	(193,020)
Balance at 31 March 2018		367,947	(32,814)	15,004	1,159,596	(13,819)	1,495,914

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 2019

	Note	2018-19 $'000	2017-18 $'000
Cash flows from operating activities			
Profit before tax		**307,710**	321,586
Adjustments for:			
Interest income, net		**(3,261)**	(3,387)
Depreciation and amortisation charges		**84,874**	78,468
Unrealised foreign exchange (gain)/loss		**(1,600)**	7,585
Share of results of associates/joint ventures, net of tax		**(58,929)**	(71,155)
Loss/(gain) on disposal of property, plant and equipment		**486**	(326)
Gain on disposal of assets held for sale		**–**	(15,543)
Write-back of earn-out consideration		**(11,600)**	(4,528)
Impairment loss on investment in associates		**11,600**	–
Share-based payment expense		**6,636**	10,636
Gain on sale of investment		**–**	(266)
Other non-cash items		**430**	20
Operating cash flows before working capital changes		**336,346**	323,090
Changes in working capital:			
Decrease/(increase) in receivables		**19,209**	(24,263)
(Increase)/decrease in prepayments and deposits		**(2,471)**	1,192
Increase in inventories		**(1,884)**	(609)
Decrease in payables		**(12,091)**	(1,790)
Decrease in amounts due from/to associates/joint ventures, net		**5,093**	753
Cash generated from operations		**344,202**	298,373
Interest paid to third parties		**(483)**	(1,526)
Income taxes paid		**(48,052)**	(51,301)
Net cash from operating activities		**295,667**	245,546
Cash flows from investing activities			
Capital expenditure	25	**(87,640)**	(99,233)
Dividends from associates/joint ventures		**39,146**	25,203
Net cash flow arising from reclassification of joint venture to subsidiary	17	**12,975**	–
Proceeds from disposal of assets held for sale		**–**	34,791
Proceeds from disposal of property, plant and equipment		**1,172**	904
Investment in associates/joint ventures		**(25,016)**	(151,124)
Acquisition of non-controlling interest in a subsidiary		**(16,132)**	–
Decrease in long term investments		**–**	3,893
Interest received from deposits		**3,138**	3,363
Net cash used in investing activities		**(72,357)**	(182,203)
Cash flows from financing activities			
Repayment of term loans		**(9,789)**	–
Repayment of finance leases and related charges		**(255)**	(606)
Proceeds from exercise of share options		**1,030**	4,363
Dividends paid		**(200,941)**	(190,267)
Purchase of treasury shares		**(29,012)**	(17,752)
Capital contributions from non-controlling interests		**3,743**	8,751
Dividends paid to non-controlling interests		**(9,700)**	(1,280)
Net cash used in financing activities		**(244,924)**	(196,791)
Net decrease in cash and cash equivalents		**(21,614)**	(133,448)
Effect of exchange rate changes		**(1,805)**	(1,640)
Cash and cash equivalents at beginning of financial year		**373,278**	508,366
Cash and cash equivalents at end of financial year	25	**349,859**	373,278

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

The consolidated financial statements for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the Directors on 6 June 2019.

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 financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)). These are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International*) has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore (FRS). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 *Financial Instrument* and SFRS(I) 15 *Revenue from contracts with customers* is provided in Note 2.2.

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), unless otherwise indicated.

2.2 Changes in accounting policies and estimates

Explanation of transition to SFRS(I) and adoption of new standards

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

As stated in Note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I).

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 March 2019, the comparative information presented in these financial statements for the year ended 31 March 2018 and in the preparation of the opening SFRS(I) statement of financial position at 1 April 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In preparing the opening SFRS(I) statement of financial position, no adjustment was required as the adoption of these standards did not have any significant effect on the financial performance or position of the Group and the Company.

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

2.2 Changes in accounting policies and estimates (cont'd)

Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

SFRS(I) 1

In adopting SFRS(I), the Group has applied the transition requirements in SFRS(I) 1 with 1 April 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 March 2019 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. The application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

SFRS(I) 15

SFRS(I) 15 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. The application of the SFRS(I) 15 has not had a material effect on the financial statements.

SFRS(I) 9

SFRS(I) 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 April 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 31 March 2018. Accordingly, the information presented for 31 March 2018 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been applied by the Group retrospectively, except as described below.

- The following assessments were made on the basis of facts and circumstances that existed at 1 April 2018.
  - The determination of the business model within which a financial asset is held;
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- New hedge accounting requirements are applied prospectively. All hedging relationships designated under FRS 39 at 31 March 2018 met the criteria for hedge accounting under SFRS(I) 9 at 1 April 2018 and therefore were regarded as continuing hedging relationships.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

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

2.2 Changes in accounting policies and estimates (cont'd)

Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

The impact upon adoption of SFRS(I) 9, including the corresponding tax effects, are described below.

(i) Classification of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, Fair Value through Profit or Loss (FVTPL) and Fair Value through other comprehensive income (FVOCI) – equity instrument. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

For financial assets held by the Group on 1 April 2018, management has assessed the business model that are applicable on that date to these assets so as to classify them into the appropriate categories under SFRS(I) 9. Financial assets that were classified as loans and receivables under FRS 39 are now classified at amortised cost and quoted instruments are classified at FVOCI. The transition to SFRS(I) 9 did not have a significant effect on the carrying amount of these financial assets.

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

(ii) Hedging accounting

The Group has elected to adopt the new general hedge accounting model in SFRS(I) 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

For an explanation of how the Group applies hedge accounting under SFRS(I) 9, see Note 2.25.

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which were effective for annual financial periods beginning on or after 1 April 2018. The application of the above standards and interpretations do not have a material effect on the financial statements.

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

2.3 Standards issued but not yet effective

A number of new standards interpretations and amendments to standards are effective for annual periods beginning after 1 April 2019 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

Applicable to Financial Year 2019-20 financial statements

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)

The new standards, interpretations and amendments to standards are not expected to have a significant impact on the Group's and Company's financial statements except for SFRS(I) 16.

The Group has assessed the estimated impact that initial application of SFRS(I) 16 will have on the financial statements, as described below.

SFRS(I) 16 *Leases*

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 April 2019, with early adoption permitted.

The Group and the Company plan to apply SFRS(I) 16 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information. The Group and the Company plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply SFRS(I) 16 to all contracts entered into before 1 April 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

i) The Group and Company as Lessee

The Group and the Company expect to measure lease liabilities by applying discount rates to their portfolio of leases. Furthermore, the Group and the Company are likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 April 2019. For lease contracts that contain the option to renew, the Group and the Company are expected to use hindsight in determining the lease term.

The Group and the Company expect their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

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

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

i) The Group and Company as Lessee (cont'd)

As at 1 April 2019, the Group expects an increase in ROU assets of $184.2 million, an increase in lease liabilities of $182.2 million. The Company expects an increase in ROU assets and lease liabilities of $69.0 million and $67.4 million respectively as at 1 April 2019.

The nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

No significant impact is expected for the Group's and the Company's finance leases. The Group and the Company do not expect the adoption of SFRS(I) 16 to impact their ability to comply with any loan covenant.

ii) The Group and the Company as Lessor

SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively.

The Group will reassess the classification of sub-leases in which the Group is a lessor. No significant impact is expected for leases in which the Group is a lessor.

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 SFRS(I)s.

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 to, 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 balance sheet, 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 significant influence, but not control or joint control over the financial and operating policy decisions of the investee.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

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

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

Associates and joint ventures (cont'd)

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

Under the equity method, the investment in associates or joint 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 Foreign currency

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

Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries at the dates of the transactions. 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 in a foreign currency that are measured in terms of historical cost 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.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.

Consolidated financial statements

For consolidation purposes, the assets and liabilities of foreign operations including goodwill and fair value adjustments arising on acquisition are translated into Singapore Dollars at exchange rates at the reporting date and their profit or loss are translated at exchange rates 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

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

2.8 Property, plant and equipment (cont'd)

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

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

Freehold buildings	– 50 to 55 years
Leasehold land and buildings	– according to the lease period or 30 years whichever is the shorter
Office fittings and fixtures, office and commercial equipment, fixed and mobile ground support equipment	– 1 to 12 years
Motor vehicles	– 1 to 10 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 Intangible assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

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

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

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

Other intangible assets

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

The 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

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

2.10 Intangible assets (cont'd)

Other intangible assets (cont'd)

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 to 15 years.

2.11 Financial assets

(i) Recognition and initial measurement

Trade receivables and debt investments are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Policy applicable from 1 April 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

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

2.11 Financial assets (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Policy applicable from 1 April 2018 (cont'd)

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the respective financial assets is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

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

2.11 Financial assets (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Policy applicable from 1 April 2018 (cont'd)

Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income (OCI) and are never reclassified to profit or loss.

Policy applicable before 1 April 2018

The Group classifies non-derivative financial assets into the following categories: financial assets at FVTPL, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Subsequent measurement and gains and losses

Financial assets at FVTPL

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.

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.

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

2.11 Financial assets (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Policy applicable before 1 April 2018 (cont'd)

Subsequent measurement and gains and losses (cont'd)

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.

(iii) De-recognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

(iv) Derivatives and hedge accounting

Derivatives are used to manage exposures to foreign exchange, interest rate risks arising from operational, financing and investment activities. Derivatives are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as FVTPL. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Where derivatives qualify for hedge accounting, at inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other. The Group's accounting policy for Hedges of a Net Investment is set out in Note 2.25.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

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

2.11 Financial assets (cont'd)

(iv) Derivatives and hedge accounting (cont'd)

Hedging relationships designated under FRS 39 that were still existing as at 31 March 2018 are treated as continuing hedges and hedge documentations were aligned accordingly to the requirements of SFRS(I) 9.

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.

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. 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.

2.13 Cash and short-term deposits

Cash and short-term deposits comprise cash balances and deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of change in fair value.

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 are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. 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. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

2.15 Impairment of non-financial and financial assets

(i) Non-derivative financial assets

Policy applicable from 1 April 2018

The Group recognises loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortised costs;
- intra-group financial guarantee contracts.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

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

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

(i) Non-derivative financial assets (cont'd)

Policy applicable from 1 April 2018 (cont'd)

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

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

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

(i) Non-derivative financial assets (cont'd)

Policy applicable from 1 April 2018 (cont'd)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 April 2018

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.

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

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

(i) Non-derivative financial assets (cont'd)

Policy applicable before 1 April 2018 (cont'd)

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

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

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

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

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

b) Financial assets carried at cost

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

c) Available-for-sale financial assets

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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

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

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

(i) Non-derivative financial assets (cont'd)

Policy applicable before 1 April 2018 (cont'd)

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

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, 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.

(ii) 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.

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

2.16 Financial liabilities

(i) Initial recognition, classification, subsequent measurement and gains and losses

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised term loans, bank overdrafts, and trade and other payables.

(ii) De-recognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

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 is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

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

2.19 Taxes (cont'd)

Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

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

2.20 Borrowing costs

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

2.21 Employee benefits

Equity compensation plans

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

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

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

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

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

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.

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

2.21 Employee benefits (cont'd)

Defined contribution plans

The Group participates in national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Defined benefit plan

The Group has defined benefit plan in one of its overseas subsidiaries but the amount is not significant.

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; and
- 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

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

2.22 Revenue

Goods and services sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

Rental income

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

Dividend income

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

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.25 Hedges of a net investment

The Group uses loans as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. For more details, refer to Note 28.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in other comprehensive income is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

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 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 Related parties

A related party is defined as follows:

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

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

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

- (a) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (b) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (c) both entities are joint ventures of the same third party;
- (d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (e) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (f) the entity is controlled or jointly controlled by a person identified in (i); or
- (g) a person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the 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.

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

3.4 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.

3.5 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.

Consolidation of Ground Team Red Holdings Sdn. Bhd. ("GTRH") and Ground Team Red Sdn. Bhd. ("GTR")

In January 2018, the Group acquired 50% equity interest in Ground Team Red Holdings Sdn. Bhd. ("GTRH"), which holds 49% in Ground Team Red Sdn. Bhd. ("GTR"). The Group had treated GTRH and GTR as joint-ventures and therefore equity-accounted their financial results. Subsequently, further to receiving confirmation that there is no regulatory restriction to consolidate the financial results of the entities in accordance to the applicable accounting standards, the Group determined that it shall consolidate both GTRH and GTR as its subsidiaries with effect from 1 January 2019, on the basis of control of the key operating activities.

4. REVENUE

The Group recognises revenue from the following sources:

	GROUP	
	2018-19 $'000	**2017-18 $'000**
Food Solutions	**988,197**	946,638
Gateway Services	**837,759**	776,510
Others (rental and other services)	**2,063**	1,436
	1,828,019	1,724,584

Revenue is measured based on consideration specified in contracts with customers.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

4. REVENUE (cont'd)

Food Solutions

Revenue from Food Solutions comprises revenue from inflight and institutional catering, food processing, distribution and airline laundry services. Revenue is recognised when goods and services are delivered to the customer and all criteria to acceptance have been satisfied. Payments are due from customers based on the agreed billing term stipulated in the contracts.

Gateway Services

Revenue from Gateway Services comprises revenue from ground handling, airport cargo delivery, management services, aviation security services and cruise terminal services. Revenue is recognised when services are delivered to the customer and all criteria to acceptance have been satisfied. Payments are due from customers based on the agreed billing term stipulated in the contracts.

Others

Others include rental income and others services. Revenue is recognised when it transfers control of a product to a customer or as and when services are rendered.

5. STAFF COSTS

	GROUP	
	2018-19 $'000	2017-18 $'000
Salaries, bonuses and other costs*	**775,197**	738,188
CPF and other defined contributions	**92,178**	84,524
Share-based compensation expense (Note 12)	**6,636**	10,636
	874,011	833,348

* Included in salaries, bonuses and other costs are contract labour expenses of $125,748,000 (2018: $126,027,000).

6. OPERATING PROFIT

	GROUP	
	2018-19 $'000	2017-18 $'000
The following items have been included in arriving at operating profit:		
Directors' fees (Note 30)	**1,141**	1,005
Audit fee paid to auditors of the Company	**486**	528
Audit fee paid to other auditors	**307**	295
Non-audit fee paid to auditors of the Company	**136**	73
Non-audit fee paid to other auditors of the Company	**37**	24
Allowance/(write-back) of doubtful receivables and bad debts written off, net	**345**	(166)
Maintenance of equipment and vehicles	**40,992**	39,432
IT expenses	**22,970**	19,997
Lease of ground support equipment	**9,414**	8,335
Rental for leasehold land and premises	**16,668**	16,713
Exchange (gain)/loss, net	**(3,512)**	7,585

7. INTEREST ON BORROWINGS AND INTEREST INCOME

	GROUP	
	2018-19 $'000	2017-18 $'000
Financial liabilities measured at amortised cost		
– Interest expenses	**(815)**	(808)
Financial assets measured at amortised cost		
– Interest income	**4,076**	4,195
	3,261	3,387

8. OTHER NON-OPERATING (LOSS)/INCOME, NET

	GROUP	
	2018-19 $'000	2017-18 $'000
(Loss)/gain on disposal of property, plant and equipment	**(486)**	326
Gain on disposal of assets held for sale	**–**	15,543
Write-back of earn-out consideration	**11,600**	4,528
Impairment loss on investment in associates	**(11,600)**	–
Others	**(1,021)**	280
	(1,507)	20,677

9. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 March 2019 and 2018 are:

	GROUP	
	2018-19 $'000	2017-18 $'000
Current income tax:		
Current income taxation	**49,180**	49,142
Over provision in respect of prior years	**(4,685)**	(1,483)
	44,495	47,659
Deferred income tax (Note 21):		
Origination and reversal of temporary differences	**4,096**	5,025
(Over)/under provision of deferred taxation in respect of prior years	**(51)**	323
Withholding tax expenses on share of results of associates/joint ventures	**2,940**	3,044
Income tax expense recognised in profit or loss	**51,480**	56,051

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9. INCOME TAX EXPENSE (cont'd)

Reconciliation of effective tax rate

	GROUP 2018-19 $'000	GROUP 2017-18 $'000
Profit before tax	**307,710**	321,586
Taxation at statutory tax rate of 17% (2018: 17%)	**52,311**	54,670
Adjustments:		
Non-deductible expenses	**9,633**	13,295
Effect of different tax rates in other countries	**2,170**	3,055
Effect of reduction in tax rate	**–**	(46)
Tax rebate	**(279)**	(452)
Over provision of current taxation in respect of prior years	**(4,685)**	(1,483)
(Over)/under provision of deferred taxation in respect of prior years	**(51)**	323
Utilisation of previously unrecognised tax losses/capital allowances	**(314)**	(1,625)
Tax exempt income	**(1,219)**	(6,079)
Effect of share of results of associates/joint ventures	**(9,863)**	(10,265)
Withholding tax expenses on share of results of associates/joint ventures	**2,940**	3,044
Deferred tax assets not recognised	**571**	1,473
Others	**266**	141
Income tax expense recognised in profit or loss	**51,480**	56,051

10. EARNINGS PER SHARE

	GROUP 2018-19 $'000	GROUP 2017-18 $'000
Profit attributable to owners of the Company	**248,408**	261,465

	GROUP 2018-19	GROUP 2017-18
Weighted average number of ordinary shares in issue used for computing basic earnings per share	**1,114,814,299**	1,117,220,366
Adjustment for share options, RSP and PSP	**6,251,913**	7,865,518
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	**1,121,066,212**	1,125,085,884
Earnings per share (cents)		
Basic	**22.3**	23.4
Diluted	**22.2**	23.2

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 2018-19 $'000	GROUP AND COMPANY 2017-18 $'000
Dividends paid:		
Final dividend of 12 cents (2018: 11 cents) per ordinary share in respect of previous financial year	**134,030**	123,113
Interim dividend of 6 cents (2018: 6 cents) per ordinary share in respect of current financial year	**66,911**	67,154
	200,941	190,267

Proposed but not recognised as a liability as at 31 March 2019:

	2018-19 $'000
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:	
Final dividend of 13 cents per ordinary share (one-tier tax exempt)	**144,867**

12. SHARE CAPITAL AND TREASURY SHARES

Share capital

	GROUP AND COMPANY 31 March			
	2019 Number of shares	2018 Number of shares	2019 $'000	2018 $'000
Ordinary shares				
Balance at beginning and end of the year	**1,124,056,275**	1,124,056,275	**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. All issued shares are fully paid, with no par value.

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

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

Treasury shares

	GROUP AND COMPANY 31 March			
	2019 Number of shares	2018 Number of shares	2019 $'000	2018 $'000
At beginning of the year	**8,210,455**	9,547,355	**32,814**	30,374
Shares acquired	**5,929,500**	3,470,000	**29,012**	17,752
Shares reissued pursuant to equity compensation plans	**(4,442,600)**	(4,806,900)	**(18,826)**	(15,312)
At end of the year	**9,697,355**	8,210,455	**43,000**	32,814

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

During the year, 4,442,600 (2018: 4,806,900) treasury shares were reissued pursuant to the equity compensation plans of which 536,600 (2018: 1,672,400) were reissued for the Employee Share Option Plan, 1,551,000 (2018: 1,565,500) were reissued for the Restricted Share Plan, and 2,355,000 (2018: 1,569,000) were reissued for the Performance Share Plan.

Employee share option plan

During the year, 536,600 (2018: 1,672,400) 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 536,600 (2018: 1,672,400) treasury shares.

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

	GROUP 31 March			
	2019		2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of the year	**752,500**	**$1.92**	3,286,900	$2.48
Exercised	**(536,600)**	**$1.92**	(1,672,400)	$2.61
Forfeited/Lapsed	**(215,900)**	**$1.92**	(862,000)	$2.72
Outstanding at end of the year	**–**	**–**	752,500	$1.92
Exercisable at end of the year	**–**	**–**	752,500	$1.92

Fair values of the options

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted each year under the Plan. The estimate of the fair value of the services received is measured based on a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. There were no options granted during the year and in prior year.

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

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

Employee share option plan (cont'd)

Fair values of the options (cont'd)

	GROUP	
	2018-19 $'000	2017-18 $'000
Proceeds received from share options exercised	**1,030**	4,363

Details of movements of share options:

Date of grant	Balance at 1.4.2018	Forfeited/ Lapsed	Exercised	Balance at 31.3.2019	Exercise price	Exercisable period
01.07.2008	752,500	(215,900)	(536,600)	–	$1.92	01.07.2010 – 30.06.2018

The weighted average share price for options exercised during the year was $5.24 (2018: $5.09).

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

Share-based Incentive Plans

The Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") are share-based incentive plans for 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") For grants in FY2015-16 to FY2017-18	
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.
Performance Conditions	Group Returns on Equity performance.
Vesting Condition	Equal vesting over a three-year period.
Payout	0% – 120% depending on the achievement based on prior financial year.

Performance Share Plan ("PSP") For grants in FY2015-16 to FY2018-19	
Plan Description	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	• Absolute Total Shareholder Return • Relative Total Shareholder Return (FY2015-16 to FY2017-18) • Transformation Scorecard (FY2018-19)
Vesting Condition	Vesting based on meeting specified performance conditions over a three-year performance period.
Payout	0% – 150% depending on the achievement of specified performance targets over the performance period.

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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 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 2017	Aug 2016
Expected dividend yield (%)	Management's forecast	
Expected volatility (%)	14.5	13.3
Risk-free interest rate (%)	1.1 – 1.4	0.8 – 1.1
Expected term (years)	0.9 – 2.9	0.9 – 2.9
Share price at date of grant ($)	4.85	4.40

PSP	Dec 2018	Aug 2017	Aug 2016
Expected dividend yield (%)		Management's forecast	
Expected volatility (%)	16.3	14.5	13.3
Risk-free interest rate (%)	1.99	1.44	1.07
Expected term (years)	2.6	2.9	2.9
Index (for Relative TSR)	NA	MSCI Asia Pac ex-Japan Industrial Index	MSCI Asia Pac ex-Japan Industrial Index
Index Volatility (%)	NA	12.95	14.18
Correlation with Index (%)	NA	1.7	10.9
Share price at date of grant ($)	4.60	4.85	4.40

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.

Movement of RSP and PSP shares award during the year

RSP	Number of restricted shares				
Date of grant	Balance at 1.4.2018	Vested	Forfeited	Adjustments#	Balance at 31.3.2019
03.08.2015	495,000	(490,600)	(4,400)	–	–
01.08.2016	1,045,200	(517,800)	(32,200)	–	495,200
01.08.2017	1,376,500	(542,600)	(102,400)	271,300	1,002,800
	2,916,700	(1,551,000)	(139,000)	271,300	1,498,000

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

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

Share-based incentive plans (cont'd)

Fair values of RSP and PSP (cont'd)

Movement of RSP and PSP shares award during the year (cont'd)

PSP	Number of performance shares				
Date of grant	Balance at 1.4.2018/ Date of grant	Vested	Forfeited	Adjustments#	Balance at 31.3.2019
02.11.2015	1,570,000	(2,355,000)	–	785,000	–
01.08.2016	1,583,000	–	(136,000)	–	1,447,000
01.08.2017	1,622,000	–	(185,000)	–	1,437,000
14.12.2018	745,000	–	–	–	745,000
	5,520,000	(2,355,000)	(321,000)	785,000	3,629,000

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

The estimated weighted average fair values at the date of grant for each share granted during the year under the PSP are $3.23 (2018: $1.70) 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 2019, were 1,498,000 (2018: 2,916,700) and 3,629,000 (2018: 4,775,000) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards is 1,498,000 (2018: 1,540,200 to 3,192,000) and zero to a maximum of 5,443,500 (2018: zero to maximum 7,162,500) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

For the current financial year, the Group has provided $6,636,000 (2018: $10,636,000) in respect of the RSP and PSP based on the fair values determined on grant date and estimation of share grants that will ultimately vest.

The total amount of share-based compensation expenses recognised in profit or loss based on the fair values determined on grant date and estimation of share grants that will ultimately vest are summarised as follows:

	GROUP	
	2018-19 $'000	2017-18 $'000
Share-based compensation expense		
Restricted share plan	**4,060**	6,680
Performance share plan	**2,576**	3,956
	6,636	10,636

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13. 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 2017	94,748	700,826	147,835	330,986	52,878	45,071	55,263	58,677	1,486,284
Translation	(1,660)	–	(1)	(50)	–	(130)	(221)	(145)	(2,207)
Reclassifications	–	5,759	8,403	26,709	210	1,681	83	(42,845)	–
Transfer to intangible assets (Note 16)	–	–	–	–	–	–	–	(200)	(200)
Additions (Note 25)	1,256	1,501	1,827	10,381	15,710	3,345	6,203	53,465	93,688
Disposals	(254)	–	(366)	(328)	(3,847)	(658)	(2,059)	–	(7,512)
At 31 March 2018 and 1 April 2018	94,090	708,086	157,698	367,698	64,951	49,309	59,269	68,952	1,570,053
Translation	(693)	193	(31)	(375)	9	(33)	(111)	398	(643)
Reclassifications	–	–	12,372	5,754	675	5,112	1,783	(25,696)	–
Transfer from intangible assets (Note 16)	–	–	–	–	–	–	–	2,317	2,317
Additions (Note 25)	855	686	3,911	6,592	7,182	3,526	5,240	55,427	83,419
Additions from reclassification of joint venture to subsidiary	–	–	2,066	–	5,699	2,009	5,046	–	14,820
Disposals	(1,018)	–	(570)	(1,501)	(3,314)	(528)	(3,464)	–	(10,395)
Write off	–	–	–	–	–	(597)	–	(16)	(613)
At 31 March 2019	93,234	708,965	175,446	378,168	75,202	58,798	67,763	101,382	1,658,958

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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 2017	9,271	469,385	88,815	296,498	24,377	31,412	27,871	–	947,629
Translation	(392)	(109)	(3)	(53)	(15)	(101)	(123)	–	(796)
Depreciation	4,932	27,475	11,440	9,168	7,421	4,758	5,186	–	70,380
Disposals	(74)	–	(322)	(320)	(3,847)	(627)	(1,549)	–	(6,739)
Disposal of subsidiary	–	–	(80)	–	(434)	(19)	(2)	–	(535)
At 31 March 2018 and 1 April 2018	13,737	496,751	99,850	305,293	27,502	35,423	31,383	–	1,009,939
Translation	(190)	104	(8)	(46)	–	(24)	(67)	–	(231)
Depreciation from reclassification of joint venture to subsidiary	–	–	205	–	1,437	295	2,246	–	4,183
Depreciation	4,935	27,710	13,236	10,244	7,884	5,649	5,584	–	75,242
Disposals	(410)	–	(537)	(1,482)	(3,281)	(493)	(2,860)	–	(9,063)
Write off	–	–	–	–	–	(275)	–	–	(275)
At 31 March 2019	18,072	524,565	112,746	314,009	33,542	40,575	36,286	–	1,079,795
Carrying amounts									
At 1 April 2017	85,477	231,441	59,020	34,488	28,501	13,659	27,392	58,677	538,655
At 31 March 2018	80,353	211,335	57,848	62,405	37,449	13,886	27,886	68,952	560,114
At 31 March 2019	75,162	184,400	62,700	64,159	41,660	18,223	31,477	101,382	579,163

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 2017	5,204	4	2,461	141	12,546	20,356
Reclassifications	–	–	447	–	(447)	–
Transfer to investment properties (Note 15)	–	–	–	–	(5,085)	(5,085)
Additions	8	–	10	57	17,672	17,747
At 31 March 2018 and 1 April 2018	5,212	4	2,918	198	24,686	33,018
Reclassifications	697	–	3,212	–	(3,909)	–
Transfer to investment properties (Note 15)	–	–	–	–	(6,408)	(6,408)
Transfer from intangible assets (Note 16)	–	–	–	–	2,317	2,317
Additions	–	–	–	–	10,835	10,835
At 31 March 2019	5,909	4	6,130	198	27,521	39,762
Accumulated depreciation						
At 1 April 2017	1,978	–	2,435	76	–	4,489
Depreciation	484	1	104	12	–	601
At 31 March 2018 and 1 April 2018	2,462	1	2,539	88	–	5,090
Depreciation	550	–	325	13	–	888
At 31 March 2019	3,012	1	2,864	101	–	5,978
Carrying amounts						
At 1 April 2017	3,226	4	26	65	12,546	15,867
At 31 March 2018	2,750	3	379	110	24,686	27,928
At 31 March 2019	2,897	3	3,266	97	27,521	33,784

The Group's carrying amount of property, plant and equipment under finance leases is $531,845 (2018: $561,166).

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15. INVESTMENT PROPERTIES

	GROUP $'000	COMPANY $'000
Cost		
At 1 April 2017	**47,483**	764,144
Translation	**1,155**	–
Transfer from property, plant and equipment (Note 14)	**–**	5,085
Additions	**–**	70
Disposals	**(481)**	–
At 31 March 2018 and 1 April 2018	**48,157**	769,299
Transfer from property, plant and equipment (Note 14)	**–**	6,408
Additions	**–**	16
At 31 March 2019	**48,157**	775,723
Accumulated depreciation		
At 1 April 2017	**37,087**	511,297
Translation	**1,171**	–
Depreciation	**1,364**	28,536
Disposals	**(377)**	–
At 31 March 2018 and 1 April 2018	**39,245**	539,833
Depreciation	**1,323**	29,111
At 31 March 2019	**40,568**	568,944
Carrying amount		
At 1 April 2017	**10,396**	252,847
At 31 March 2018	**8,912**	229,466
At 31 March 2019	**7,589**	206,779

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 as follows:

	2019		2018	
	Carrying value $'000	Fair value $'000	Carrying value $'000	Fair value $'000
Investment properties	**7,589**	**34,056**	8,912	39,204

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 rented to third parties as at 31 March as follows:

	2019		2018	
	Carrying value $'000	Fair value $'000	Carrying value $'000	Fair value $'000
Investment properties rented by Company to third parties	**1,581**	**14,700**	2,123	17,500

15. INVESTMENT PROPERTIES (cont'd)

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 2019 from its investment properties which are leased out under operating leases, amounted to $3,038,000 and $48,075,000 (2018: $4,487,000 and $47,416,000) respectively.

Direct operating expenses (including repairs and maintenance) incurred on rental-earning investment properties amounted to $976,000 and $40,442,000 (2018: $1,103,000 and $39,229,000) 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 2017	103,696	3,110	130,984	26,814	39,234	303,838
Translation	(25)	246	(285)	–	(56)	(120)
Reclassification	1,752	(1,752)	–	–	–	–
Transfer from property, plant and equipment (Note 14)	–	200	–	–	–	200
Additions (Note 25)	873	5,558	–	–	–	6,431
Disposals	–	(246)	–	–	–	(246)
At 31 March 2018 and 1 April 2018	106,296	7,116	130,699	26,814	39,178	310,103
Translation	4	(1)	819	–	564	1,386
Reclassification	2,726	(2,726)	–	–	–	–
Transfer to property, plant and equipment (Note 14)	–	(2,317)	–	–	–	(2,317)
Additions (Note 25)	371	6,690	–	–	–	7,061
Additions from reclassification of joint venture to subsidiary	–	–	114,114	–	81,108	195,222
Disposals	(23)	–	–	–	–	(23)
At 31 March 2019	109,374	8,762	245,632	26,814	120,850	511,432
Accumulated depreciation						
At 1 April 2017	95,009	–	–	15,640	35,241	145,890
Translation	(26)	–	–	–	9	(17)
Amortisation	3,338	–	–	1,915	1,471	6,724
At 31 March 2018 and 1 April 2018	98,321	–	–	17,555	36,721	152,597
Translation	(2)	–	–	–	–	(2)
Amortisation	3,453	–	–	1,915	2,941	8,309
Disposals	(23)	–	–	–	–	(23)
At 31 March 2019	101,749	–	–	19,470	39,662	160,881
Carrying amounts						
At 1 April 2017	8,687	3,110	130,984	11,174	3,993	157,948
At 31 March 2018	7,975	7,116	130,699	9,259	2,457	157,506
At 31 March 2019	7,625	8,762	245,632	7,344	81,188	350,551

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16. INTANGIBLE ASSETS (cont'd)

Customer relationships and licence

The customer relationships relate to the economic benefits that are expected to derive from business dealings with the existing customers in the Singapore, Japan and Malaysia operations. These are acquired as part of the acquisition of the subsidiaries. The relationships include catering, ground handling services 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 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 Food Services ("SFS")
– TFK Corporation
– Ground Team Red Holdings Sdn. Bhd. ("GTRH")

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

	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
SFS	**111,791**	111,791	111,791
TFK Corporation	**18,790**	18,908	19,193
GTRH	**115,051**	–	–
	245,632	130,699	130,984

Key assumptions used in the value in use calculations

The calculations of value in use for 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 the market share of the CGUs to be stable over the forecast period.

16. INTANGIBLE ASSETS (cont'd)

Key assumptions used in the value in use calculations (cont'd)

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:

	Growth rates			Discount rates		
	31 Mar 2019 %	31 Mar 2018 %	1 Apr 2017 %	31 Mar 2019 %	31 Mar 2018 %	1 Apr 2017 %
SFS	**1.0**	1.0	1.0	**6.7**	7.0	7.1
TFK Corporation	**0.8**	0.8	0.8	**7.5**	7.5	7.5
GTRH	**3.5**	–	–	**9.0**	–	–

COMPANY	Software $'000	Work in progress $'000	Total $'000
Cost			
At 1 April 2017	27,659	1,272	28,931
Additions	–	1,740	1,740
Reclassifications	721	(721)	–
At 31 March 2018 and 1 April 2018	28,380	2,291	30,671
Additions	–	2,557	2,557
Reclassifications	307	(307)	–
Transfer to property, plant & equipment (Note 14)	–	(2,317)	(2,317)
At 31 March 2019	28,687	2,224	30,911
Accumulated amortisation			
At 1 April 2017	25,605	–	25,605
Amortisation	897	–	897
At 31 March 2018 and 1 April 2018	26,502	–	26,502
Amortisation	781	–	781
At 31 March 2019	27,283	–	27,283
Carrying amounts			
At 1 April 2017	2,054	1,272	3,326
At 31 March 2018	1,878	2,291	4,169
At 31 March 2019	1,404	2,224	3,628

17. INVESTMENT IN SUBSIDIARIES

	COMPANY		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Unquoted shares, at cost	**718,140**	536,472	536,219

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17. INVESTMENT IN SUBSIDIARIES (cont'd)

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

		Cost of investment			Equity held		
Name of companies	Principal activities (Place of business)	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 %	31 Mar 2018 %	1 Apr 2017 %
Held by the Company							
SATS Airport Services Pte Ltd [*,a]	Airport ground handling services	**16,500**	16,500	16,500	**100**	100	100
SATS Catering Pte Ltd [*,a]	Inflight catering services	**14,000**	14,000	14,000	**100**	100	100
SATS Security Services Private Limited [a]	Security handling services	**3,000**	3,000	3,000	**100**	100	100
SATS Aero Laundry Pte. Ltd. [a]	Providing and selling laundry and linen services	**2,515**	2,515	2,515	**100**	100	100
SATS Aerolog Express Pte. Ltd. [a]	Airport cargo delivery management services	**1,340**	1,340	1,340	**100**	100	100
Country Foods Pte. Ltd. [a]	Manufacturing and sale of chilled and frozen food, and providing food catering services	**11,030**	11,030	11,030	**100**	100	100
SATS Asia-Pacific Star Pte. Ltd. [a]	Airport ground handling services and inflight catering services	**#**	#	#	**100**	100	100
SATS HK Limited	Ramp services, passenger handling services and operations control services (Hong Kong)	**–**	–	–	**–**	–	100
SATS Food Services Pte. Ltd. [a]	Food processing and distribution services	**487,260**	487,260	487,260	**100**	100	100
SATS Investments Pte. Ltd. [a]	Investment holding	**#**	#	#	**100**	100	100

17. INVESTMENT IN SUBSIDIARIES (cont'd)

		Cost of investment			Equity held		
Name of companies	Principal activities (Place of business)	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 %	31 Mar 2018 %	1 Apr 2017 %
Held by the Company (cont'd)							
SATS (India) Co. Private Limited [b]	Business development and marketing and product development (India)	**228**	228	228	**100**	100	100
SATS Investments (II) Pte. Ltd. [a]	Investment holding	**#**	#	#	**100**	100	100
Cemerlang Pte. Ltd. [a]	Investment holding	**#**	#	#	**100**	100	100
SATS Services Sdn. Bhd. [b]	Shared services to the Company and its subsidiaries (Malaysia)	**201**	201	201	**100**	100	100
SATS Saudi Arabia [b]	Cargo handling (Saudi Arabia)	**145**	145	145	**80**	80	80
Ready To Travel Pte. Ltd. [a]	Provide services that facilitate travel	**100**	100	–	**100**	100	–
SATS Ground Services Singapore Pte. Ltd. [a]	Ground handling	**754**	153	–	**20**	20	–
SATS Group Services Sdn. Bhd. [b]	Investment holding (Malaysia)	**#**	#	–	**100**	100	–
Ground Team Red Holdings Sdn. Bhd. [e]	Investment holding (Malaysia)	**160,886**	–	–	**50**	–	–
SATS China Co., Ltd. [i,m]	Investment holding (People's Republic of China)	**20,181**	–	–	**100**	–	–
		718,140	536,472	536,219			

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17. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of companies	Principal activities (Place of business)	Equity held 31 Mar 2019 %	31 Mar 2018 %	1 Apr 2017 %
Held through SATS Airport Services Pte Ltd				
SATS-Creuers Cruise Services Pte. Ltd. [a]	Management of international cruise terminal	**60**	60	60
SATS Saudi Arabia [b]	Cargo handling (Saudi Arabia)	**20**	20	20
SATS Seletar Aviation Services Pte. Ltd. [a,j]	Terminal management services	**52**	–	–
Held through SATS Food Services Pte. Ltd.				
Primary Industries Private Limited and its subsidiaries [a]	Provision of abattoir services	**78.5**	78.5	78.5
– Hog Auction Market Pte Ltd [a]	Auctioneers of pigs	**78.5**	78.5	78.5
Primary Industries (Qld) Pty Ltd [b]	Provision of land logistics and food solutions (Australia)	**100**	100	100
Shanghai ST Food Industries Co., Limited [c]	Manufacture and sale of frozen foodstuffs (People's Republic of China)	**100**	100	100
SFI Food Pte. Ltd. [a]	Provision of technical and management services for agri–food business	**100**	100	100
SG IPF Pte. Ltd. [a]	Investment holding	**–**	–	100
SFI Manufacturing Private Limited [a]	Supply of food products and catering services	**100**	100	100
SATS Delaware North Pte. Ltd. [a]	Catering and food and beverages services at Singapore Sports Hub	**70**	70	70
Held through SATS Investments Pte. Ltd.				
TFK Corporation [b,f]	Inflight catering services (Japan)	**59.4**	59.4	59.4
Food And Allied Support Services Corporation Pte. Ltd. [a]	Remote catering	**51**	51	51

17. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of companies	Principal activities (Place of business)	Equity held 31 Mar 2019 %	31 Mar 2018 %	1 Apr 2017 %
Held through SATS Investments Pte. Ltd. (cont'd)				
SATS Investments Turkey Havacılık Yatırımları Anonim Şirketi	Investment holding (Turkey) (Dormant)	**100**	100	–
SATS Food Turkey Gıda Hizmetleri Anonim Şirketi	Food-related projects (Turkey) (Dormant)	**100**	100	–
Held through TFK Corporation				
Inflight Foods Co., Ltd. [f,h]	Preparation and sale of inflight meals, frozen foods, seafood, meat and rice products and vegetables and fruits (Japan)	**59.4**	59.4	59.4
Narita Dry Ice Co., Ltd. [f,h]	Manufacture and sale of dry ice and ice cubes and sale of refrigerant and packaging material (Japan)	**59.4**	59.4	59.4
New Tokyo Service Co., Ltd [f,h]	Inflight catering services, and provision of manpower to inflight catering operators (Japan)	**59.4**	59.4	59.4
Tokyo Flight Kitchen Restaurantes LTDA [f]	Real estate management (Brazil)	**–**	–	59.4
Held through Food And Allied Support Services Corporation Pte. Ltd.				
FASSCO International (Australia) Pty Ltd	Catering, housekeeping and other allied services (Australia)	**51**	51	51
FASSCO International (India) Private Limited [d]	Catering, housekeeping and other allied services (India)	**51**	51	51
FASSCO Catering Services L.L.C. [b,g]	Catering and allied services (Abu Dhabi)	**25**	25	25

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17. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of companies	Principal activities (Place of business)	Equity held 31 Mar 2019 %	31 Mar 2018 %	1 Apr 2017 %
Held through SATS China Co., Ltd.				
SATS (Tianjin) Food Co., Ltd. [k,m]	Food production, processing and distribution (People's Republic of China)	**100**	–	–
SATS (Kunshan) Food Co., Ltd. [b,l] (Formerly known as SATS Yihai Kerry Kunshan Food Co., Ltd.)	Food production, processing and distribution (People's Republic of China)	**100**	60	60
Held through Ground Team Red Holdings Sdn. Bhd.				
Ground Team Red Sdn. Bhd. [e,n]	Airport ground handling services (Malaysia)	**49**	–	–
SATS Ground Services Singapore Pte. Ltd. [a]	Ground handling	**60**	–	–

[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] Audited by Devaki S. Kalamkar and Associates.
[e] Audited by Ernst & Young and its member firms.
[f] Percentage of equity held excludes Treasury Shares held by TFK Corporation.
[g] Held through Food And Allied Support Services Corporation Pte. Ltd. (a subsidiary) which has dividend right of 97% in the subsidiary company.
[h] Not required to be audited under the laws of their countries of incorporation.
[i] Incorporated on 19 July 2018.
[j] Incorporated on 14 June 2018.
[k] Incorporated on 28 November 2018.
[l] SATS China Co. acquired 60% equity interest in SATS Yihai Kerry Kunshan Food Co., Ltd. from SATS Food Services Pte. Ltd. and 40% from Yihai Kerry Investments Co., Ltd. Subsequent to the transaction completion, the entity was renamed "SATS (Kunshan) Food Co., Ltd.".
[m] In the process of appointing auditor.
[n] Refer to Note 3.5 for details on the consolidation of Ground Team Red Sdn. Bhd.
* Significant subsidiaries in accordance to Rule 718 of the Singapore Exchange Securities Trading Limited – Listing Rules.

Amount is less than $1,000.

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 %	Profit allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividends paid to NCI $'000
TFK Corporation and its subsidiaries ("TFK") (Japan)				
31 March 2019	40.6	1,736	(59,499)	3,550
31 March 2018	40.6	4,399	(61,977)	253
1 April 2017	40.6	3,049	(58,380)	258
Ground Team Red Holdings Sdn. Bhd. ("GTRH") (Malaysia)				
31 March 2019	50	1,636	(83,535)	–
31 March 2018	–	–	–	–
1 April 2017	–	–	–	–

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 2018-19 $'000	TFK 2017-18 $'000	GTRH* 2018-19 $'000	GTRH* 2017-18 $'000
Revenue	**248,096**	239,396	**47,045**	–
Profit before tax	**6,103**	12,440	**2,675**	–
Income tax expenses	**(1,806)**	(4,103)	**(606)**	–
Profit after tax	**4,297**	8,337	**2,069**	–
Other comprehensive (loss)/income	**(1,982)**	860	**1,515**	–
Total comprehensive income	**2,315**	9,197	**3,584**	–

* The figures disclosed include Ground Team Red Sdn. Bhd. ("GTR") and SATS Ground Services Singapore Pte. Ltd. ("SGSS") being subsidiaries of GTRH.

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17. INVESTMENT IN SUBSIDIARIES (cont'd)

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

Summarised statement of financial position as at 31 March:

	TFK			GTRH*		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Current assets	**91,069**	98,635	83,303	**39,173**	–	–
Current liabilities	**(39,869)**	(51,491)	(51,667)	**(11,818)**	–	–
	51,200	47,144	31,636	**27,355**	–	–
Non-current assets	**119,982**	131,559	142,086	**208,092**	–	–
Non-current liabilities	**(7,782)**	(7,144)	(10,738)	**(20,131)**	–	–
	112,200	124,415	131,348	**187,961**	–	–
Net assets	**163,400**	171,559	162,984	**215,316**	–	–

Other summarised information:

	TFK		GTRH*	
	2018-19 $'000	2017-18 $'000	2018-19 $'000	2017-18 $'000
Net cash in flows from operations	**20,956**	11,403	**1,120**	–
Acquisition of significant property, plant and equipment, and intangible assets	**(2,666)**	(3,577)	**(1,529)**	–

* The figures disclosed include Ground Team Red Sdn. Bhd. ("GTR") and SATS Ground Services Singapore Pte. Ltd. ("SGSS") being subsidiaries of GTRH.

Consolidation of GTRH and GTR

On 1 January 2019, joint ventures "GTRH and GTR" have been consolidated as subsidiaries of the Group with 50% and 49% equity interest respectively.

The fair value of the identifiable assets and liabilities as at the date of reclassification were:

	1 Jan 2019 $'000
Property, plant and equipment	10,637
Intangible assets – customer relationship	81,108
Trade and other receivables	16,743
Other current assets	714
Cash and bank balances	12,975
	122,177

17. INVESTMENT IN SUBSIDIARIES (cont'd)

Consolidation of GTRH and GTR (cont'd)

	1 Jan 2019 $'000
Other long term liabilities	20,401
Trade and other payables	7,225
Other current liabilities	1,007
	28,633
Total net identifiable assets at fair value	93,544
Carrying value of investment in GTRH and GTR at 1 January 2019	160,886
Non-controlling interest measured at the non-controlling interest's proportionate share	46,772
Less: Goodwill arising from acquisition	(114,114)
	93,544

Goodwill arising from acquisition

The purchase price allocation exercise was finalized in FY2018-19 and a goodwill amounting to $114,114,000 arose from the acquisition of 50% equity interest in GTRH. This was attributable to the assembled workforce, as well as the potential synergies in connectivity expected to arise from the partnership.

Loan to and from subsidiaries

	COMPANY		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Loan to subsidiaries:			
Non-current	**299,392**	312,420	328,753
Current	**217**	217	900
	299,609	312,637	329,653

Loans to subsidiaries amounting to $299,609,000 (2018: $312,637,000; 1 April 2017: $329,653,000) comprise the following:

(i) An amount of $217,000 (2018: $217,000; 1 April 2017: $217,000) which is unsecured, bears interest at 3% per annum and is repayable by 31 March 2019. The full repayment was received from the subsidiary subsequent to financial year-end;

(ii) An amount of NIL (2018: NIL; 1 April 2017: $2,912,000) which is unsecured, bears interest at 5% per annum and fully paid up on 31 January 2018; and

(iii) The remaining loans amounting to $299,392,000 (2018: $312,420,000; 1 April 2017: $326,524,000) are unsecured, non-interest bearing, repayable on demand and not expected to be repaid in the next twelve months.

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17. INVESTMENT IN SUBSIDIARIES (cont'd)

Loan to and from subsidiaries (cont'd)

	COMPANY		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Loan from subsidiaries:			
Current	**38,500**	58,000	–

Loan from subsidiaries is unsecured, bears interest at 1 month SIBOR less 0.3% per annum and repayable on demand.

18. INVESTMENT IN ASSOCIATES

	GROUP			COMPANY		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Quoted shares, at cost	**116,428**	116,428	116,428	**–**	–	–
Unquoted shares, at cost	**450,400**	433,741	412,143	**347,826**	331,167	316,354
Impairment loss	**(14,913)**	(3,313)	(3,313)	**(10,444)**	(10,444)	(10,444)
Share of post-acquisition results	**259,913**	241,325	196,311	**–**	–	–
Accumulated amortisation of goodwill and intangible assets	**(60,993)**	(53,835)	(46,291)	**–**	–	–
Share of statutory reserves of associates	**10,767**	9,147	8,242	**–**	–	–
Share of changes recognised directly in associates' equity	**(11,213)**	(11,518)	1,122	**–**	–	–
Foreign currency translation adjustments	**(128,882)**	(127,895)	(94,528)	**–**	–	–
	621,507	604,080	590,114	**337,382**	320,723	305,910

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 2.5 to 18 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/joint ventures, net of tax" in the consolidated income statement.

Amounts due from associates

The amounts due from associates amounting to $1,138,000 (2018: $627,000; 1 April 2017: $1,820,000) are unsecured, trade-related and are repayable on demand.

18. INVESTMENT IN ASSOCIATES (cont'd)

Associates

		GROUP					
		Cost of investment			Equity held		
Name of companies	Principal activities (Place of business)	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 %	31 Mar 2018 %	1 Apr 2017 %
Held by the Company							
Maldives Inflight Catering Private Limited [b,k]	Inflight catering services (Republic of Maldives)	**287**	287	287	**35.0**	35.0	35.0
Beijing Airport Inflight Kitchen Limited [c,k]	Inflight catering services (People's Republic of China)	**13,882**	13,882	13,882	**28.0**	28.0	28.0
Beijing Aviation Ground Services Co., Ltd [d,k]	Airport ground handling services (People's Republic of China)	**17,101**	5,710	5,710	**29.0**	28.0	28.0
Aviserv Limited [e,k] (Incorporated in Ireland)	Inflight catering services (Pakistan)	**3,313**	3,313	3,313	**49.0**	49.0	49.0
Tan Son Nhat Cargo Services Joint Stock Company Limited [f,k]	Air cargo handling services (Vietnam)	**979**	979	979	**15.0**	15.0	15.0
Asia Airfreight Terminal Company Limited [b,l]	Air cargo handling services (Hong Kong)	**85,099**	85,099	85,099	**45.0**	45.0	45.0
Servair-SATS Holding Company Pte Ltd [g,k]	Investment holding company (Singapore)	**509**	509	509	**49.0**	49.0	49.0
MacroAsia Catering Services, Inc. [f,k]	Inflight catering services (Philippines)	**11,604**	11,604	11,604	**33.0**	33.0	33.0
Taj Madras Flight Kitchen Private Limited [b]	Inflight catering services (India)	**1,901**	1,901	1,901	**30.0**	30.0	30.0
Evergreen Airline Services Corporation [g,k]	Airport ground handling services (Taiwan)	**5,404**	5,404	5,404	**20.0**	20.0	20.0

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18. INVESTMENT IN ASSOCIATES (cont'd)

Associates (cont'd)

Name of companies	Principal activities (Place of business)	GROUP Cost of investment 31 Mar 2019 $'000	Cost of investment 31 Mar 2018 $'000	Cost of investment 1 Apr 2017 $'000	Equity held 31 Mar 2019 %	Equity held 31 Mar 2018 %	Equity held 1 Apr 2017 %
Held by the Company (cont'd)							
Evergreen Air Cargo Services Corporation [h,k]	Air cargo handling services (Taiwan)	**16,163**	16,163	16,163	**25.0**	25.0	25.0
Taj SATS Air Catering Limited [b]	Catering services (India)	**24,646**	24,646	24,646	**49.0**	49.0	49.0
PT Jasa Angkasa Semesta, Tbk [i,k]	Ground and cargo handling (Indonesia)	**105,532**	105,532	105,532	**49.8**	49.8	49.8
Evergreen Sky Catering Corporation [g,k]	Inflight catering services (Taiwan)	**39,765**	39,765	39,765	**25.0**	25.0	25.0
SATS HK Limited [h,k]	Ramp services, passenger handling services and operations control services (Hong Kong)	**14,813**	14,813	–	**49.0**	49.0	–
KrisShop Pte. Ltd. (Formerly known as Singapore Airport Duty-Free Emporium (Private) Limited) [a]	Travel retail business, offer inflight and ground-based duty-free and duty paid goods (Singapore)	**6,828**	1,560	1,560	**15.0**	24.0	24.0
Unquoted shares held by Company, at cost		**347,826**	331,167	316,354			
Held through TFK Corporation							
Tasco Foods Co., Ltd. [m]	Production and sales of confectionery (Japan)	**2,748**	2,748	2,748	**29.6**	29.6	29.6
Held through SATS Investments Pte. Ltd.							
Brahim's SATS Investment Holdings Sdn. Bhd. [h,k]	Investment holding company (Malaysia)	**49,057**	49,057	49,057	**49.0**	49.0	49.0
Oman Air SATS Cargo LLC [g,k]	Air cargo handling services (Oman)	**23,038**	23,038	23,038	**33.0**	33.0	33.0

18. INVESTMENT IN ASSOCIATES (cont'd)

Associates (cont'd)

Name of companies	Principal activities (Place of business)	GROUP Cost of investment 31 Mar 2019 $'000	Cost of investment 31 Mar 2018 $'000	Cost of investment 1 Apr 2017 $'000	Equity held 31 Mar 2019 %	Equity held 31 Mar 2018 %	Equity held 1 Apr 2017 %
Held through SATS Food Services Pte. Ltd.							
Jilin Zhong Xin Chia Tai Food Co., Ltd. [j,k]	Operate and manage pig farm, abattoir, pork-processing, feed mill and other projects (People's Republic of China)	**–**	–	9,578	**–**	–	30.0
Held through SATS Investments (II) Pte. Ltd. & Cemerlang Pte. Ltd.							
PT Cardig Aero Services Tbk [i,k]	Aviation support and catering services (Indonesia)	**116,428**	116,428	116,428	**41.7**	41.7	41.7
Held through SATS Investments (II) Pte. Ltd.							
Mumbai Cargo Service Center Airport Private Limited [b]	Air cargo handling services (India)	**16,363**	16,363	–	**49.0**	49.0	–
Held through SATS Catering Pte. Ltd.							
PT Purantara Mitra Angkasa Dua [i,k]	Aviation catering services (Indonesia)	**11,368**	11,368	11,368	**20.0**	20.0	20.0
		566,828	550,169	528,571			

[a] Audited by KPMG, Singapore.
[b] Audited by member firms of KPMG International in the respective countries.
[c] Audited by Ruihua Certified Public Accountants Co., Ltd.
[d] Audited by BDO China Shu Lun Pan CPAs, Beijing.
[e] Audited by Fitzgerald & Associates, Ireland.
[f] Audited by Ernst & Young and its member firms.
[g] Audited by Deloitte and Touche and its member firms.
[h] Audited by PricewaterhouseCoopers and its member firms.
[i] Audited by Amir Abadi Jusuf, Aryanto, Mawar & Rekan, Indonesia.
[j] Audited by Ji Lin Hua Tai Certified Public Accountants Co., Ltd (People's Republic of China).
[k] Financial year end on 31 December.
[l] 4% equity interest in Asia Airfreight Terminal was transfered to assets held for sale.
[m] Not required to be audited under the laws of their countries of incorporation.

There was no associate company that was considered as significant in accordance to Rule 718 of the Singapore Exchange Securities Trading Limited – Listing Rules.

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18. INVESTMENT IN ASSOCIATES (cont'd)

Associates (cont'd)

On 5 February 2016, SATS Ltd. completed the acquisition of 49% equity interest in Brahim's SATS Investment Holdings Sdn. Bhd. ("BSIH") at a base consideration of RM110,000,000 ($37,456,000) and additional earn-out consideration and outperformance consideration ("earn-out consideration") of up to RM108,000,000 ($34,101,000) on which is conditional upon certain agreed financial targets being achieved. The Group has recorded a potential earn-out consideration of $11,600,000 in FY2016-17. As the target period has lapsed and the earn-out targets were not met, the earn-out consideration was adjusted to the current year's income statement. In view of the above, the Group has assessed its investment in BSIH and recorded an impairment loss amounting to $11,600,000.

On 20 February 2017, SATS Ltd. completed the acquisition of an additional 10% stake in its long term investment, Evergreen Sky Catering Corporation ("ESCC"), thereby increasing the total shareholdings in ESCC from 15% to 25%. In FY2017-18, the purchase price allocation exercise was finalised and the surplus of $11,600,000 from the finalisation of the valuation was recognised in the income statement.

Corporate Guarantee

The Group has provided a proportionate guarantee up to a maximum amount of approximately $42,348,000 (2018: $43,900,000; 1 April 2017: NIL) to financial institutions for providing credit and banking facilities to an associate, which the Group is liable for in the event of default by the associate.

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

	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
PT Jasa Angkasa Semesta, Tbk ("PT Jas")	**57,083**	53,683	59,545
Asia Airfreight Terminal Company Limited ("AAT")	**118,338**	118,605	121,208
PT Cardig Aero Services Tbk ("PT Cas")	**107,088**	109,962	123,088
Evergreen Sky Catering Corporation ("ESCC")	**71,319**	70,464	57,390
Other associates	**267,679**	251,366	228,883
	621,507	604,080	590,114
Fair value of PT Cas based on the quoted market price at reporting date (Level 1 in the fair value hierarchy)	**56,977**	57,390	72,102

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

	2018-19 $'000	2017-18 $'000	2016-17 $'000
Share of profits after tax	**21,823**	17,576	34,110
Other comprehensive (loss)/income	**(3,688)**	(6,517)	3,050
Total comprehensive income	**18,135**	11,059	37,160

18. INVESTMENT IN ASSOCIATES (cont'd)

The summarised financial information in respect of PT Jas, AAT, PT Cas and ESCC, based on their respective 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		ESCC	
	2018-19 $'000	2017-18 $'000	2018-19 $'000	2017-18 $'000	2018-19 $'000	2017-18 $'000	2018-19 $'000	2017-18 $'000
Revenue	**148,248**	151,668	**150,571**	123,078	**184,802**	206,794	**155,213**	149,094
Profit after tax	**29,857**	36,427	**13,172**	13,864	**1,506**	13,248	**23,714**	27,161
Other comprehensive income/(loss)	**1,886**	(2,483)	**–**	–	**(59)**	(1,335)	**(813)**	(2,460)
Total comprehensive income	**31,743**	33,944	**13,172**	13,864	**1,447**	11,913	**22,901**	24,701

Summarised statement of financial position as at 31 March:

	PT Jas			AAT			PT Cas			ESCC		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Current assets	**42,837**	38,274	34,120	**148,421**	135,653	131,336	**89,228**	81,168	116,407	**61,468**	53,200	62,040
Non-current assets excluding goodwill	**42,950**	42,706	40,409	**128,055**	131,970	137,190	**105,282**	100,606	57,666	**310,226**	259,020	171,392
Goodwill	**–**	–	–	**–**	–	–	**1,626**	1,626	1,797	**–**	–	–
Total assets	**85,787**	80,980	74,529	**276,476**	267,623	268,526	**196,136**	183,400	175,870	**371,694**	312,220	233,432
Current liabilities	**38,693**	35,904	40,720	**32,147**	22,294	18,050	**74,391**	59,968	51,657	**29,070**	29,706	24,261
Non-current liabilities	**19,388**	24,197	10,306	**12,791**	12,197	13,871	**41,760**	45,779	38,366	**95,391**	46,361	5,383
Total liabilities	**58,081**	60,101	51,026	**44,938**	34,491	31,921	**116,151**	105,747	90,023	**124,461**	76,067	29,644
Net assets	**27,706**	20,879	23,503	**231,538**	233,132	236,605	**79,985**	77,653	85,847	**247,233**	236,153	203,788

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18. INVESTMENT IN ASSOCIATES (cont'd)

	PT Jas		AAT		PT Cas		ESCC	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Net assets excluding goodwill	**27,706**	20,879	**231,538**	233,132	**78,359**	76,027	**247,233**	236,153
Less: Non-controlling interest	**–**	–	**–**	–	**18,173**	14,125	**–**	–
	27,706	20,879	**231,538**	233,132	**60,186**	61,902	**247,233**	236,153
Proportion of the Group's ownership	**49.8%**	49.8%	**45.0%**	45.0%	**41.7%**	41.7%	**25.0%**	25.0%
Group's share of net assets	**13,797**	10,398	**104,192**	104,909	**25,067**	25,782	**61,808**	59,038
Goodwill on acquisition and intangible assets	**43,286**	43,285	**14,146**	13,696	**82,021**	84,180	**9,511**	11,426
Carrying amount of the investment	**57,083**	53,683	**118,338**	118,605	**107,088**	109,962	**71,319**	70,464
Group's interest in net assets of investee at beginning of the year	**53,683**	59,545	**118,605**	121,208	**109,962**	123,088	**70,464**	57,390
Group's share of:								
Profit/(loss)	**14,869**	18,141	**6,454**	6,794	**(1,565)**	3,093	**4,063**	16,164
Other comprehensive income/(loss)	**934**	(7,149)	**4,303**	(9,628)	**(26)**	(12,137)	**(1,863)**	(1,861)
Movement in other reserves	**–**	–	**–**	–	**–**	(3,566)	**–**	–
Equity stake held for sale	**–**	–	**24**	231	**–**	–	**–**	–
Total comprehensive income/(loss)	**15,803**	10,992	**10,781**	(2,603)	**(1,591)**	(12,610)	**2,200**	14,303
Dividends received during the year	**(12,403)**	(16,854)	**(11,048)**	–	**(1,283)**	(516)	**(1,345)**	(1,229)
Carrying amount of interest in investee at end of the year	**57,083**	53,683	**118,338**	118,605	**107,088**	109,962	**71,319**	70,464

19. INVESTMENT IN JOINT VENTURES

	GROUP			COMPANY		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Unquoted shares, at cost	**57,166**	202,182	45,513	**12,014**	165,023	12,014
Post-acquisition revenue reserve capitalised as share capital	**3,090**	3,090	3,090	**–**	–	–
Fair value remeasurement on retained interest	**13,306**	13,306	13,306	**–**	–	–
Share of post-acquisition results	**39,719**	32,852	25,937	**–**	–	–
Accumulated amortisation of intangible assets	**–**	(980)	–	**–**	–	–
Others	**(28)**	–	–	**–**	–	–
Foreign currency translation	**(10,808)**	(5,736)	(7,113)	**–**	–	–
	102,445	244,714	80,733	**12,014**	165,023	12,014

Amortisation of intangible assets

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

Amounts due from/to joint ventures

The amounts due from joint ventures amounting to $4,148,000 (2018: $3,978,000; 1 April 2017: $4,923,000) and amount due to joint ventures amounting to $9,267,000 (2018: $3,493,000; 1 April 2017: $4,878,000) are unsecured, trade-related and are repayable on demand.

Joint ventures

		GROUP					
		Cost of investment			Equity held		
Name of companies	Principal activities (Place of business)	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 %	31 Mar 2018 %	1 Apr 2017 %
Held by the Company							
Air India SATS Airport Services Private Limited [a]	Ground handling and cargo handling services (India)	**12,014**	12,014	12,014	**50.0**	50.0	50.0
Ground Team Red Holdings Sdn. Bhd. [d]	Investment holding company (Malaysia)	**–**	153,009	–	**–**	50.0	–
Unquoted shares held by Company, at cost		**12,014**	165,023	12,014			

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19. INVESTMENT IN JOINT VENTURES (cont'd)

Joint ventures (cont'd)

		GROUP					
		Cost of investment			Equity held		
Name of companies	Principal activities (Place of business)	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 %	31 Mar 2018 %	1 Apr 2017 %
Held through SATS Food Services Pte. Ltd.							
SATS BRF Food Pte. Ltd.[b]	Meat processing, manufacturing of branded food products (Singapore)	**24,480**	24,480	24,480	**51.0**	51.0	51.0
SG IPF Pte. Ltd.[b]	Investment holding (Singapore)	**11,517**	9,837	–	**60.0**	60.0	–
Held through SATS Asia-Pacific Star Private Limited							
DFASS SATS Pte. Ltd.[b,c]	Inflight duty-free and duty-paid sales, offer mail order and pre-order service, supply liquor for inflight pantry services, and operate ground based duty-free and duty-paid retail sales (Singapore)	**9,019**	2,706	9,019	**50.0**	15.0	50.0
Held through SATS Airport Services Pte Ltd							
SATS PPG Singapore Pte. Ltd.[b]	Manage and operate airport lounge (Singapore)	**136**	136	–	**50.0**	50.0	–
		57,166	202,182	45,513			

[a] Audited by member firm of KPMG International.

[b] Audited by KPMG, Singapore.

[c] The 35% equity interest was classified as assets held for sale as at 31 March 2018 (Note 26). Subsequently, the proposed joint venture with Singapore Airlines Limited and DFASS (Singapore) Pte. Ltd. was carried out through KrisShop Pte. Ltd. (previously known as Singapore Airport Duty-Free Emporium (Private) Limited) instead. The 35% equity interest was therefore reclassified to investment in joint ventures as at 31 March 2019.

[d] Reclassified to investment in subsidiaries (Note 17).

19. INVESTMENT IN JOINT VENTURES (cont'd)

The Group's material investments in joint ventures are summarised below:

	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Air India SATS Airport Services Private Limited ("AISATS")	**44,275**	38,935	35,180
SATS BRF Food Pte. Ltd. ("SBRF")	**34,610**	33,836	34,562
Ground Team Red Holdings Sdn. Bhd. ("GTRH")	**–**	157,694	–
Other joint ventures	**23,560**	14,249	10,991
	102,445	244,714	80,733

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

	2018-19 $'000	2017-18 $'000
Share of profits after tax	**4,379**	2,324
Other comprehensive (loss)/income	**(302)**	315
Total comprehensive income	**4,077**	2,639

Although the Group holds an ownership interest of 51% in SATS BRF Food Pte. Ltd. ("SBRF"), 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"), SATS BRF Food Pte. Ltd. ("SBRF") and Ground Team Red Holdings Sdn. Bhd. ("GTRH") based on their respective financial statements and a reconciliation with the carrying amount of the investment in consolidated financial statements are as follows:

	AISATS		SBRF		GTRH*	
	2018-19 $'000	2017-18 $'000	2018-19 $'000	2017-18 $'000	2018-19** $'000	2017-18 $'000
Revenue	**138,719**	138,762	**194,594**	222,067	**57,904**	27,928
Operating expenses	**(121,860)**	(125,781)	**(192,985)**	(223,521)	**(52,619)**	(23,014)
Interest (expenses)/income	**(1,805)**	(2,053)	**25**	(28)	**–**	–
Profit/(loss) before tax	**15,054**	10,928	**1,634**	(1,482)	**5,285**	4,914
Income tax expenses	**(1,586)**	2,862	**(116)**	58	**(2,421)**	(1,088)
Profit/(loss) after tax	**13,468**	13,790	**1,518**	(1,424)	**2,864**	3,826
Other comprehensive income	**–**	–	**–**	–	**–**	–
Total comprehensive income	**13,468**	13,790	**1,518**	(1,424)	**2,864**	3,826

* The figures disclosed include Ground Team Red Sdn. Bhd. ("GTR") being a subsidiary of GTRH.

** 2018-19 only consist of the nine months results prior to the consolidation of GTRH.

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19. INVESTMENT IN JOINT VENTURES (cont'd)

Summarised statement of financial position as follow:

	AISATS			SBRF			GTRH*		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Cash and cash equivalents	**3,898**	3,355	8,992	**8,982**	7,090	15,786	**–**	2,849	–
Inventories	**2,921**	2,285	1,117	**25,863**	21,429	22,902	**–**	–	–
Other receivable	**1,815**	–	–	**472**	315	–	**–**	–	–
Trade receivable	**44,974**	49,989	42,204	**28,397**	27,576	30,130	**–**	8,747	–
Current assets	**53,608**	55,629	52,313	**63,714**	56,410	68,818	**–**	11,596	–
Non-current assets	**92,992**	83,331	72,850	**3,439**	4,008	5,377	**–**	6,536	–
Total assets	**146,600**	138,960	125,163	**67,153**	60,418	74,195	**–**	18,132	–
Current liabilities	**34,850**	47,291	43,113	**25,381**	20,163	32,517	**–**	8,339	–
Non-current liabilities	**23,200**	13,800	11,690	**–**	–	–	**–**	–	–
Total liabilities	**58,050**	61,091	54,803	**25,381**	20,163	32,517	**–**	8,339	–
Net assets	**88,550**	77,869	70,360	**41,772**	40,255	41,678	**–**	9,793	–
Net assets excluding goodwill	**88,550**	77,869	70,360	**41,772**	40,255	41,678	**–**	9,793	–
Less: Non-controlling interest	**–**	–	–	**–**	–	–	**–**	(175)	–
	88,550	77,869	70,360	**41,772**	40,255	41,678	**–**	9,618	–
Proportion of the Group's ownership	**50.0%**	50.0%	50.0%	**51.0%**	51.0%	51.0%	**–**	50.0%	–
Group's share of net assets	**44,275**	38,935	35,180	**21,304**	20,530	21,256	**–**	4,809	–
Fair value remeasurement on retained interest	**–**	–	–	**13,306**	13,306	13,306	**–**	–	–
Goodwill on acquisition and intangible assets	**–**	–	–	**–**	–	–	**–**	152,885	–
Carrying amount of the investment	**44,275**	38,935	35,180	**34,610**	33,836	34,562	**–**	157,694	–
Group's interest in net assets of investee at beginning of the year/ at acquisition date	**38,935**	35,180	28,848	**33,836**	34,562	37,020	**157,694**	153,009	–
Group's share of total comprehensive income for the year	**5,727**	4,167	6,947	**774**	(726)	(2,458)	**(3,485)**	4,685	–
Dividends received during the year	**(387)**	(412)	(615)	**–**	–	–	**–**	–	–
Capital injection	**–**	–	–	**–**	–	–	**6,677**	–	–
Reclassification to subsidiary	**–**	–	–	**–**	–	–	**(160,886)**	–	–
Carrying amount of interest in investee at end of the year	**44,275**	38,935	35,180	**34,610**	33,836	34,562	**–**	157,694	–

* The figures disclosed include Ground Team Red Sdn. Bhd. ("GTR") being a subsidiary of GTRH.

20. LONG-TERM INVESTMENTS

	GROUP			COMPANY		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Quoted equity investment	**247**	305	414	**–**	–	–
Loan, secured	**20,276**	19,632	24,827	**–**	–	–
Others	**114**	50	51	**–**	–	–
	20,637	19,987	25,292	**–**	–	–

The secured loan of $20,276,000 (2018: $19,632,000; 1 April 2017: $24,827,000) refers to an investment in a 5-year secured loan of US$14,963,000 (2018: US$14,963,000; 1 April 2017: US$17,800,000) with interest rate of 6.5% per annum.

21. DEFERRED TAXATION

	GROUP				
	Consolidated Statement of Financial Position			Consolidated Income Statement	
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	2018-19 $'000	2017-18 $'000
Deferred tax liabilities					
Property, plant and equipment	**43,602**	41,025	45,116	**(2,135)**	(4,517)
Intangible assets	**21,833**	2,793	3,587	**1,172**	770
Provisions	**(1,621)**	(1,525)	(3,132)	**(31)**	48
Defined benefit plan	**58**	(1,835)	(2,498)	**–**	–
Unremitted foreign dividend and interest income	**6,468**	6,222	6,459	**(246)**	237
Unutilised tax losses/capital allowances	**–**	–	(6,438)	**–**	–
Undistributed earnings of associates/ joint ventures	**17,442**	15,309	12,486	**(5,073)**	(5,917)
Other temporary differences	**(168)**	(353)	(126)	**(184)**	130
	87,614	61,636	55,454		
Deferred tax assets					
Provisions	**4,694**	2,228	339	**350**	4,566
Unutilised tax losses	**4,811**	6,570	1,127	**(1,405)**	7,054
Property, plant and equipment	**2,455**	1,895	10,136	**567**	(10,763)
	11,960	10,693	11,602	**(6,985)**	(8,392)

	COMPANY		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Deferred tax liabilities			
Property, plant and equipment	**21,386**	21,377	20,769
Provision	**(1,304)**	(1,438)	(1,388)
Unremitted foreign dividend and interest income	**6,467**	6,221	6,459
	26,549	26,160	25,840

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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 $17,372,000 (2018: $13,014,000; 1 April 2017: $19,800,000) 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 (2018: NIL; 1 April 2017: 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			COMPANY		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Trade and other receivables:						
Trade receivables	**132,502**	146,107	124,033	**3,576**	1,710	2,435
Staff loans	**75**	61	24	**56**	40	23
Sundry receivables	**17,468**	12,310	12,348	**2,120**	931	1,621
Amounts due from related parties – Trade	**150,863**	140,068	134,815	**–**	–	–
Amounts due from related companies – Non-trade	**–**	–	–	**102,988**	77,131	57,748
	300,908	298,546	271,220	**108,740**	79,812	61,827

Trade receivables are generally on 30 – 90 day terms.

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

	GROUP			COMPANY		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
United States Dollar	**2,954**	1,387	3,563	**193**	–	–

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.

23. TRADE AND OTHER RECEIVABLES (cont'd)

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

	GROUP			COMPANY		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Balance at 1 April	**1,408**	1,740	2,270	**146**	251	44
Exchange differences	**(1)**	(37)	17	**–**	–	–
Write-off against provisions	**(45)**	(116)	(71)	**–**	(77)	–
(Write-back)/charge to income statement	**(57)**	(210)	449	**–**	(28)	207
Transfer to assets held for sale	**–**	–	(925)	**–**	–	–
Others	**–**	31	–	**–**	–	–
Balance at 31 March	**1,305**	1,408	1,740	**146**	146	251
Bad debts write-off directly to income statement	**402**	44	262	**–**	–	8

Staff loans

There was no interest charge on the staff loans for FY2018-19 and FY2017-18.

Sundry receivables

Sundry receivables are unsecured, interest-free and repayable upon demand.

Amounts due from related parties

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			COMPANY		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Food supplies and dry stores	**13,505**	12,384	11,770	**–**	–	–
Technical spares	**10,310**	9,776	9,773	**–**	–	–
Other consumables	**500**	363	371	**383**	198	231
	24,315	22,523	21,914	**383**	198	231
Income statement:						
Inventories recognised as an expense	**270,872**	260,528	268,068	**–**	–	–
Inclusive:						
– Inventories written down	**188**	87	153	**–**	–	–

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25. CASH AND SHORT-TERM DEPOSITS

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.00% to 1.50% (2018: 0.00% to 1.58%; 1 April 2017: 0.00% to 1.30%) per annum. Short-term deposits are made for varying periods of between 2 days and 365 days depending on the expected cash requirements of the Group, and earn interest at the effective interest rate ranging from 0.00% to 3.11% (2018: 0.10% to 2.81%; 1 April 2017: 0.10% to 2.95%) per annum.

(a) Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts in statements of financial position:

	GROUP			COMPANY		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Fixed deposits	**230,398**	247,747	393,978	**162,355**	190,693	285,941
Cash and bank balances	**119,461**	125,531	114,388	**14,140**	20,899	14,745
Cash and cash equivalents included in the consolidated statement of cash flows	**349,859**	373,278	508,366	**176,495**	211,592	300,686
Cash transferred to asset held for sale	**–**	–	(2,562)	**–**	–	–
Cash and short-term deposits per statement of financial position	**349,859**	373,278	505,804	**176,495**	211,592	300,686

(b) Analysis of capital expenditure cash flows:

	GROUP		
	2018-19 $'000	2017-18 $'000	2016-17 $'000
Additions of property, plant and equipment (Note 14)	**83,419**	93,688	86,744
Additions of intangible assets (Note 16)	**7,061**	6,431	2,597
Accrual for additions of property, plant and equipment (Note 27)	**(2,840)**	(886)	(1,217)
Cash invested in property, plant and equipment and intangible assets	**87,640**	99,233	88,124

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

	GROUP			COMPANY		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Australian Dollar	**4,480**	2,040	605	**–**	–	–
United States Dollar	**5,919**	28,430	16,187	**3,865**	7,247	4,020
Japanese Yen	**363**	457	–	**363**	457	–

26. ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

In the year ended 31 March 2017, the Company announced the sale of 4% of the issued shares of Asia Airfreight Terminal Company Limited ("AAT") owned by the Company to Holistic Capital Investment Limited. The Group and Company has classified the assets of $10,519,000 (2018: $10,543,000; 1 April 2017: $10,774,000) and $7,564,000 (2018: $7,564,000; 1 April 2017: $7,564,000) respectively to assets held for sale in line with this impending dilution.

On 8 March 2018, the Company announced that SATS Asia-Pacific Star Pte. Ltd. ("APS"), a wholly-owned subsidiary, has entered into a non-binding Points of Agreement with Singapore Airlines Limited ("SIA") and DFASS (Singapore) Pte. Ltd. ("DFASS") for SIA to subscribe for a 70% equity stake in DFASS SATS Pte. Ltd. Upon completion of the transaction, each of DFASS and APS will hold 15% of the share capital in DFASS SATS Pte. Ltd. Pending the completion of the transaction, the Group has classified the net assets of $9,353,000 as assets held for sale. Subsequently the proposed joint venture structure was carried out through KrisShop Pte. Ltd. (previously known as Singapore Airport Duty-Free Emporium (Private) Limited), which was then owned by SIA and SATS Ltd. in the proportion of approximately 76: 24 respectively. The share subscription transaction was completed on 30 November 2018 together with the transfer of certain assets and business undertakings pursuant to a business agreement. The assets held for sale in relation to DFASS SATS Pte. Ltd. was reclassified back to investment in joint ventures.

The assets classified as held for sale are as follows:

	GROUP			COMPANY		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Assets:						
Property, plant and equipment	**–**	–	5,026	**–**	–	–
Investment properties	**–**	–	2,064	**–**	–	–
Deferred tax	**–**	–	2,024	**–**	–	–
Prepayment	**–**	–	1,707	**–**	–	–
Loan and interest receivable	**–**	–	–	**–**	–	16,239
Trade and other receivables	**–**	–	9,309	**–**	–	–
Cash and short-term deposits	**–**	–	2,562	**–**	–	–
Investment in associates/ joint ventures	**10,519**	19,896	10,774	**7,564**	7,564	12,721
Assets of disposal groups classified as held for sale	**10,519**	19,896	33,466	**7,564**	7,564	28,960
Liabilities:						
Trade creditors	**–**	–	2,836	**–**	–	–
Other liabilities	**–**	–	2,237	**–**	–	–
Liabilities of disposal groups classified as held for sale	**–**	–	5,073	**–**	–	–

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27. TRADE AND OTHER PAYABLES

	GROUP			COMPANY		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Current:						
Trade payables	**161,643**	166,555	146,054	**12,417**	14,956	14,176
Other payables:						
Tender deposits	**4,514**	4,835	4,487	**2,519**	2,731	2,461
Accrued expenses	**145,481**	147,443	155,080	**23,263**	20,772	23,034
Purchase of property, plant and equipment	**8,531**	5,691	4,805	**86**	120	666
Others	**1,675**	3,414	2,655	**–**	–	–
	160,201	161,383	167,027	**25,868**	23,623	26,161
Amounts due to related companies	**764**	3,673	3,067	**177**	1,115	1,086
Deposits placed by subsidiaries	**–**	–	–	**166,192**	163,541	188,300
Trade and other payables	**322,608**	331,611	316,148	**204,654**	203,235	229,723
Non-current:						
Earn out considerations	**–**	–	16,128	**–**	–	4,528
Accrued expenses	**18,802**	21,273	23,342	**9,168**	8,461	8,165
Other payables	**18,802**	21,273	39,470	**9,168**	8,461	12,693

Trade and other payables are non-interest bearing. Trade payables are normally settled on 60-day terms while other current payables have an average term of three to six months.

Trade and other payables denominated in foreign currencies are as follows:

	GROUP			COMPANY		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Australian Dollar	**203**	450	426	**–**	–	–
Great Britain Pound	**140**	212	212	**–**	–	–
Euro	**434**	482	106	**–**	–	–
United States Dollar	**719**	494	519	**172**	220	40
Swiss Franc	**247**	–	–	**–**	–	–
Japanese Yen	**178**	–	–	**–**	–	–

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			COMPANY		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Unsecured:						
Repayable within one year	**–**	9,850	8,748	**–**	–	–
Repayable after one year	**95,437**	96,034	97,481	**95,437**	96,034	97,481
	95,437	105,884	106,229	**95,437**	96,034	97,481
Secured:						
Repayable within one year	**–**	–	1,250	**–**	–	–
Total term loans	**95,437**	105,884	107,479	**95,437**	96,034	97,481

GROUP	Effective interest rate	Maturity date	Outstanding as at		
			31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Unsecured term loans:					
JPY floating rate	0.45%	November 2021	**95,437**	104,653	104,979
JPY fixed rate	–	–	**–**	1,231	1,250
			95,437	105,884	106,229
Secured term loans:					
JPY floating rate	–	–	**–**	–	1,250

As at 31 March 2019, there were two unsecured loan held by the Group (2018: four; 1 April 2017: four) and two (2018: two; 1 April 2017: two) unsecured loan, held by the Group and the Company, respectively. The unsecured loans, held by the Company, have an effective interest rate of 0.45% per annum and maturity date of November 2021.

There was no (2018: NIL; 1 April 2017: one) secured term loan held by the Group as at 31 March 2019. The loan as at 31 March 2017 was secured on the property, plant and equipment and other assets of a subsidiary.

Hedge of net investments in foreign operations

Included in loans as at 31 March 2019 was the term loans of JPY7.8 billion (2018: JPY7.8 billion; 1 April 2017: JPY7.8 billion), approximately $95.4 million (2018: $96.0 million; 1 April 2017: $97.5 million), which have 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 2019 (2018: NIL).

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28. TERM LOANS (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities		
	Term loans $'000	Finance leases $'000	Total $'000
Balance at 1 April 2017	107,479	1,148	108,627
Changes from financing cash flows			
Repayment of finance leases and related charges	–	(606)	(606)
Effect of changes in foreign exchange rates	(1,595)	(13)	(1,608)
Other changes			
Interest expense	–	7	7
Balance at 31 March 2018/1 April 2018	105,884	536	106,420
Changes from financing cash flows			
Repayment of term loans	(9,789)	–	(9,789)
Repayment of finance leases and related charges	–	(255)	(255)
Effect of changes in foreign exchange rates	(658)	–	(658)
Other changes			
Interest expense	–	14	14
Balance at 31 March 2019	95,437	295	95,732

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 Mar 2019		31 Mar 2018		1 Apr 2017	
	Minimum payments $'000	Present value of payments $'000	Minimum payments $'000	Present value of payments $'000	Minimum payments $'000	Present value of payments $'000
Not later than one year	**164**	**146**	305	285	472	427
Later than one year but not later than five years	**168**	**149**	264	251	754	721
Total future minimum lease payments	**332**	**295**	569	536	1,226	1,148
Less: Amounts representing finance charges	**(37)**	**–**	(33)	–	(78)	–
Present value of minimum lease payments	**295**	**295**	536	536	1,148	1,148

The average discount rates implicit in the leases are 0.01% - 5.40% (2018: 0.01% - 5.40%; 1 April 2017: 0.01% - 5.40%) per annum for the lease of equipment and motor vehicles.

30. RELATED PARTY TRANSACTIONS

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

Key Management Personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The Group considers the Chief Executive Officer, Chief Financial Officer and all Business Unit Heads to be Key Management Personnel of the Group.

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	
	2018-19 $'000	2017-18 $'000
Services rendered by:		
Related parties	**40,934**	37,685
Associates/joint ventures	**15,259**	19,677
	56,193	57,362
Sales to:		
Related parties	**836,525**	809,736
Associates/joint ventures	**2,710**	3,160
	839,235	812,896
Rental income:		
Associates/joint ventures	**2,170**	2,469

Directors' and key executives' remuneration

	GROUP	
	2018-19 $'000	2017-18 $'000
Directors		
Directors' fees (Note 6)		
– paid by the Company	**1,128**	988
– paid by subsidiaries of the Group	**13**	17
	1,141	1,005
Key executives		
Salary, bonuses and other costs	**8,030**	6,477
CPF and other defined contributions	**62**	48
Share-based compensation expense	**2,502**	3,154
	10,594	9,679

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	(624,500)	–
Yacoob Bin Ahmed Piperdi	377,950	(377,950)	–
Denis Suresh Kumar Marie	80,600	(80,600)	–

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30. RELATED PARTY TRANSACTIONS (cont'd)

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	340,000	3,807,036	(2,173,836)	1,633,200
Yacoob Bin Ahmed Piperdi	85,000	1,669,835	(1,133,235)	536,600
Tan Chuan Lye	–	1,408,281	(1,374,481)	33,800
Seah Kok Khong, Manfred	50,000	50,000	–	50,000
Mok Tee Heong Kerry	50,000	50,000	–	50,000
Denis Suresh Kumar Marie	50,000	811,448	(529,848)	281,600

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

31. CAPITAL AND OTHER COMMITMENTS

(a) The Group and the Company have commitments for capital expenditure. Such commitments aggregated to $94.7 million (2018: $119.6 million) for the Group and $16.7 million (2018: $24.5 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 60 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	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Within one year	**25,791**	11,955	**4,749**	1,998
Later than one year but not later than five years	**63,940**	30,136	**18,338**	6,557
Later than five years	**166,907**	18,277	**72,855**	7,673
	256,638	60,368	**95,942**	16,228

(c) In January 2019, SATS Ltd. entered into a joint venture agreement with Capital Airports Holding Company Limited ("CAH") to incorporate a company ("Daxing Ground Handling JVCO") in Beijing, China to provide ground and cargo handling and other related services at Beijing Daxing International Airport. The Daxing Ground Handling JVCO will have registered capital of RMB 265,770,000 (approximately $53.3 million) and SATS Ltd. will hold 40% of the JVCO.

In addition, a joint venture agreement was entered into with CAH and Juneyao Airlines Co., Ltd. ("Juneyao") to incorporate a company ("Daxing Catering JVCO") in Beijing, China to provide inflight catering and other related services at Beijing Daxing International Airport. The Daxing Catering JVCO will have registered capital of RMB 300,000,000 (approximately $60.1 million) and shareholding proportion of CAH 80%, Juneyao 10% and SATS Ltd. 10%.

The transaction is pending completion as at 31 March 2019.

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial risk management

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 13 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. The Group has exposure to the following risks arising from the financial investments:

(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, except for those disclosed as follows.

Exposure to currency risk

The summary of quantitative data about the exposure to currency risk (excluding the JPY-denominated bank loan that is designated as a hedge of the Group's net investment in its Japan subsidiary) as reported to the management of the Group is as follows:

	2019		2018	
GROUP	USD $'000	AUD $'000	USD $'000	AUD $'000
Trade and other receivables	**4,003**	**–**	1,820	–
Cash and short-term deposits	**8,021**	**4,305**	37,299	1,960
Loan, secured	**20,276**	**–**	19,632	–
Trade and other payables	**(974)**	**(195)**	(226)	(432)
	31,326	**4,110**	58,525	1,528

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Singapore dollar, as indicated below against the USD and AUD at 31 March would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Effect on profit before tax	
GROUP	2019 $'000	2018 $'000
USD (5% strengthening)	**1,566**	2,926
AUD (5% strengthening)	**206**	77
USD (5% weakening)	**(1,566)**	(2,926)
AUD (5% weakening)	**(206)**	(77)

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32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (cont'd)

Financial risk management (cont'd)

(b) Interest rate risk

The Group's earnings are affected by changes in interest rates due to the impact that such changes have on its interest income from cash and 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, JPY and USD. 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 term loans at 31 March would have the following effects:

	GROUP 31 March		COMPANY 31 March	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Effect of an increase in 50 basis points in market interest rates				
Profit before tax	**675**	716	**142**	183
Effect of a decrease in 50 basis points in market interest rates				
Profit before tax	**(675)**	(716)	**(142)**	(183)

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and loan receivable.

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at 31 March 2019 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 counterparties. Surplus funds are placed as interest-bearing deposits with reputable financial institutions. Credit risks are managed by limiting aggregate exposure on all outstanding financial instruments to any individual counterparty, taking into account its credit rating. Such credit risk exposures are regularly reviewed, and adjusted as necessary. This mitigates the risk of material loss arising in the event of non-performance by counterparties.

Concentration of credit risk exists when changes in economic, industry or geographical factors affect the group of counterparties 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 counterparties. The table below shows an analysis of credit risk exposures of the financial assets of the Group and the Company as at 31 March:

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (cont'd)

Financial risk management (cont'd)

(c) Credit risk (cont'd)

GROUP	Outstanding balance			Percentage of total financial assets		
Credit profiles	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 %	31 Mar 2018 %	1 Apr 2017 %
By Industry						
Airlines	**229,471**	228,067	210,033	**34.9**	33.7	26.8
Financial institutions	**349,458**	361,802	505,922	**53.3**	53.5	64.5
Others	**77,124**	86,560	67,812	**11.8**	12.8	8.7
	656,053	676,429	783,767	**100.0**	100.0	100.0
By Region						
Singapore	**478,708**	532,659	644,746	**73.0**	78.7	82.3
Japan	**80,722**	92,362	77,003	**12.3**	13.7	9.8
Others	**96,623**	51,408	62,018	**14.7**	7.6	7.9
	656,053	676,429	783,767	**100.0**	100.0	100.0

COMPANY	Outstanding balance			Percentage of total financial assets		
Credit profiles	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 %	31 Mar 2018 %	1 Apr 2017 %
By Industry						
Airlines	**3,501**	1,509	2,253	**0.6**	0.2	0.3
Financial institutions	**176,636**	211,647	301,126	**30.0**	34.9	43.3
Related parties	**402,597**	389,768	387,401	**68.4**	64.3	55.7
Others	**5,845**	3,655	5,160	**1.0**	0.6	0.7
	588,579	606,579	695,940	**100.0**	100.0	100.0
By Region						
Singapore	**584,843**	604,796	691,949	**99.4**	99.7	99.4
Others	**3,736**	1,783	3,991	**0.6**	0.3	0.6
	588,579	606,579	695,940	**100.0**	100.0	100.0

Trade receivables

At the end of the reporting period, approximately:

– 52% (2018: 48%; 1 April 2017: 51%) of the Group's trade receivables were due from a major customer located in Singapore.
– 54% (2018: 50%; 1 April 2017: 53%) of the Group's trade receivables were due from related parties.

There is no concentration of customers' credit risk at the Company level.

The Group uses an allowance matrix to measure the lifetime expected credit loss allowance for trade receivables. In measuring the expected credit losses, trade receivables are grouped based on similar credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical observed default rates analysed in accordance to days past due by segmenting customers based on industry and geographical classification. Trade and other receivables are written off when there is no reasonable expectation of recovery.

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32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (cont'd)

Financial risk management (cont'd)

(c) Credit risk (cont'd)

Trade receivables (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables for individual customers as at reporting date. There is no disclosure on the exposure to credit risk and ECLs for the Company's trade receivables balance as the amount is not material.

	31 March 2019		
GROUP	Weighted average loss rate %	Carrying value $'000	Impairment loss allowance $'000
Not past due	**0.02**	**220,709**	**53**
Past due 0 to 30 days	**0.18**	**29,266**	**52**
Past due 30 to 90 days	**0.07**	**20,822**	**14**
More than 90 days	**9.44**	**12,568**	**1,186**
		283,365	**1,305**

Comparative information under FRS39

	GROUP	
	31 Mar 2018 $'000	1 Apr 2017 $'000
Not past due and not impaired	204,511	203,793
Past due but not impaired		
Less than 30 days	29,815	25,693
30 days to 60 days	17,818	10,348
61 days to 90 days	6,823	5,955
More than 90 days	27,208	13,059
	81,664	55,055
	286,175	258,848
Other impaired trade receivables – individually assessed	1,408	2,533
Less: Accumulated impairment losses	(1,408)	(2,533)
	–	–
Total trade receivables, net	286,175	258,848

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 as above.

No aging analysis of other receivables are presented as the majorities of outstanding balances as at 31 March 2019 are current. The Group assesses that no allowance for impairment loss on other receivables is required.

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (cont'd)

Financial risk management (cont'd)

(c) Credit risk (cont'd)

Amount due from related companies – non-trade and loan to subsidiaries

The Company held non-trade receivables due from its related companies of $102,988,000 (2018: $77,131,000; 1 April 2017: $57,748,000) and loan to subsidiaries of $299,392,000 (2018: $312,420,000; 1 April 2017: $328,753,000). These balances are amounts for working capital requirements. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to audited financial statements, management accounts and cash flow projections, and applying experienced credit judgement), these exposures are considered to have low credit risk. Therefore impairment on these balances has been measured on the 12 month expected credit loss basis; and the amount of the allowance is insignificant.

Financial guarantees

The Group has issued financial guarantees to financial institution for granting of credit and banking facilities to its associate (see Note 18). These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its associate has adequate financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect credit losses arising from these guarantees.

Cash and short-term deposits

The Group held cash and short-term deposits of $349.9 million as at 31 March 2019 (2018: $373.3 million; 1 April 2017: $505.8 million). The cash and short-term deposits are held with bank and financial institution counterparties.

	GROUP					
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 %	31 Mar 2018 %	1 Apr 2017 %
Investment grade (A to Aaa)	**349,307**	372,564	505,251	**99.8**	99.8	99.9
Others	**552**	714	553	**0.2**	0.2	0.1
	349,859	373,278	505,804	**100.0**	100.0	100.0

Impairment on cash and short-term deposits has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and short-term deposits have low credit risk based on the external credit ratings of the counterparties.

The amount of the allowances of cash and short-term deposits is negligible.

Loan, secured

The Group held a 5-year secured loan of $20,276,000 which has been fully collaterised with quoted equity shares. As the estimated fair value of the quoted equity shares is higher than the carrying value of the secured loan, the Group assesses that no allowance for credit losses is required.

(d) Liquidity risk

As at 31 March 2019, the Group had at its disposal, cash and cash equivalents amounting to $349.9 million (2018: $373.3 million; 1 April 2017: $505.8 million). In addition, the Group has available short-term credit facilities of approximately $518.6 million (2018: $338.2 million; 1 April 2017: $263.8 million) from revolving credit facilities granted by commercial banks. The Group also has a Medium Term Note Programme to issue notes up to $500.0 million (2018: $500.0 million; 1 April 2017: $500.0 million), which has not been utilised as at 31 March 2019.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (cont'd)

Financial risk management (cont'd)

(d) Liquidity risk (cont'd)

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	2–5 years $'000	More than 5 years $'000	Total $'000
31 March 2019					
Financial assets:					
Trade and other receivables	300,908	–	–	–	300,908
Amount due from associates/joint ventures	5,286	–	–	–	5,286
Cash and short-term deposits	349,859	–	–	–	349,859
Total undiscounted financial assets	656,053	–	–	–	656,053
Financial liabilities:					
Trade and other payables	322,608	–	18,802	–	341,410
Amount due to associates/joint ventures	9,267	–	–	–	9,267
Term loans	432	432	95,725	–	96,589
Finance lease	163	109	60	–	332
Total undiscounted financial liabilities	332,470	541	114,587	–	447,598
Total net undiscounted financial assets/(liabilities)	323,583	(541)	(114,587)	–	208,455
31 March 2018					
Financial assets:					
Trade and other receivables	298,546	–	–	–	298,546
Amount due from associates/joint ventures	4,605	–	–	–	4,605
Cash and short-term deposits	373,278	–	–	–	373,278
Total undiscounted financial assets	676,429	–	–	–	676,429
Financial liabilities:					
Trade and other payables	331,611	6	17,270	3,997	352,884
Amount due to associates/joint ventures	3,493	–	–	–	3,493
Term loans	10,336	428	96,890	–	107,654
Finance lease	305	159	105	–	569
Total undiscounted financial liabilities	345,745	593	114,265	3,997	464,600
Total net undiscounted financial assets/(liabilities)	330,684	(593)	(114,265)	(3,997)	211,829

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (cont'd)

Financial risk management (cont'd)

(d) Liquidity risk (cont'd)

COMPANY	Within 1 year $'000	1–2 years $'000	2–5 years $'000	More than 5 years $'000	Total $'000
31 March 2019					
Financial assets:					
Trade and other receivables	108,740	–	–	–	108,740
Amount due from associates/joint ventures	3,735	–	–	–	3,735
Loan to subsidiaries	238	–	–	299,392	299,630
Cash and short-term deposits	176,495	–	–	–	176,495
Total undiscounted financial assets	289,208	–	–	299,392	588,600
Financial liabilities:					
Loan from subsidiaries	39,521	–	–	–	39,521
Term loans	432	432	95,725	–	96,589
Trade and other payables	204,654	–	9,168	–	213,822
Total undiscounted financial liabilities	244,607	432	104,893	–	349,932
Total net undiscounted financial assets/(liabilities)	44,601	(432)	(104,893)	299,392	238,668
31 March 2018					
Financial assets:					
Trade and other receivables	79,812	–	–	–	79,812
Amount due from associates/joint ventures	2,538	–	–	–	2,538
Loan to subsidiaries	238	–	–	312,420	312,658
Cash and short-term deposits	211,592	–	–	–	211,592
Total undiscounted financial assets	294,180	–	–	312,420	606,600
Financial liabilities:					
Loan from subsidiaries	58,551	–	–	–	58,551
Term loans	428	428	96,890	–	97,746
Trade and other payables	203,235	–	8,461	–	211,696
Total undiscounted financial liabilities	262,214	428	105,351	–	367,993
Total net undiscounted financial assets/(liabilities)	31,966	(428)	(105,351)	312,420	238,607

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (cont'd)

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	Amortised costs $'000	FVOCI $'000	Other financial liabilities $'000	Total $'000
31 March 2019				
Assets				
Long-term investments	20,390	247	–	20,637
Trade and other receivables	300,908	–	–	300,908
Amount due from associates/joint ventures	5,286	–	–	5,286
Cash and short-term deposits	349,859	–	–	349,859
	676,443	247	–	676,690
Total non-financial assets				1,731,739
Total assets				2,408,429
Liabilities				
Amount due to associates/joint ventures	–	–	9,267	9,267
Term loans	–	–	95,437	95,437
Finance lease	–	–	295	295
Trade and other payables	–	–	341,410	341,410
	–	–	446,409	446,409
Total non-financial liabilities				144,901
Total liabilities				591,310

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (cont'd)

Classification of financial instruments (cont'd)

Comparative information under FRS39

GROUP	Loans and receivables $'000	Available-for-sale financial assets $'000	Other financial liabilities $'000	Total $'000
31 March 2018				
Assets				
Long-term investments	–	19,987	–	19,987
Trade and other receivables	298,546	–	–	298,546
Amount due from associates/joint ventures	4,605	–	–	4,605
Cash and short-term deposits	373,278	–	–	373,278
	676,429	19,987	–	696,416
Total non-financial assets				1,651,947
Total assets				2,348,363
Liabilities				
Amount due to associates/joint ventures	–	–	3,493	3,493
Term loans	–	–	105,884	105,884
Finance lease	–	–	536	536
Trade and other payables	–	–	352,884	352,884
	–	–	462,797	462,797
Total non-financial liabilities				118,950
Total liabilities				581,747
1 April 2017				
Assets				
Long-term investments	–	25,292	–	25,292
Trade and other receivables	271,220	–	–	271,220
Amount due from associates/joint ventures	6,743	–	–	6,743
Cash and short-term deposits	505,804	–	–	505,804
	783,767	25,292	–	809,059
Total non-financial assets				1,470,343
Total assets				2,279,402
Liabilities				
Amount due to joint ventures	–	–	4,878	4,878
Term loans	–	–	107,479	107,479
Finance lease	–	–	1,148	1,148
Trade and other payables	–	–	355,618	355,618
	–	–	469,123	469,123
Total non-financial liabilities				119,103
Total liabilities				588,226

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (cont'd)

Classification of financial instruments (cont'd)

COMPANY	Amortised costs $'000	Other financial liabilities $'000	Total $'000
31 March 2019			
Assets			
Trade and other receivables	108,740	–	108,740
Loan to subsidiaries	299,609	–	299,609
Amount due from associates/joint ventures	3,735	–	3,735
Cash and short-term deposits	176,495	–	176,495
	588,579	–	588,579
Total non-financial assets			1,322,045
Total assets			1,910,624
Liabilities			
Loan from subsidiaries	–	38,500	38,500
Term loans	–	95,437	95,437
Trade and other payables	–	204,654	204,654
	–	338,591	338,591
Total non-financial liabilities			48,849
Total liabilities			387,440

Comparative information under FRS39

COMPANY	Loans and receivables $'000	Other financial liabilities $'000	Total $'000
31 March 2018			
Assets			
Trade and other receivables	79,812	–	79,812
Loan to subsidiaries	312,637	–	312,637
Amount due from associates/joint ventures	2,538	–	2,538
Cash and short-term deposits	211,592	–	211,592
	606,579	–	606,579
Total non-financial assets			1,293,848
Total assets			1,900,427
Liabilities			
Loan from subsidiaries	–	58,000	58,000
Term loans	–	96,034	96,034
Trade and other payables	–	211,696	211,696
	–	365,730	365,730
Total non-financial liabilities			38,783
Total liabilities			404,513

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (cont'd)

Classification of financial instruments (cont'd)

COMPANY	Loans and receivables $'000	Other financial liabilities $'000	Total $'000
1 April 2017			
Assets			
Trade and other receivables	61,827	–	61,827
Loan to subsidiaries	329,653	–	329,653
Amount due from associates/joint ventures	3,774	–	3,774
Cash and short-term deposits	300,686	–	300,686
	695,940	–	695,940
Total non-financial assets			1,157,421
Total assets			1,853,361
Liabilities			
Term loans	–	97,481	97,481
Trade and other payables	–	242,416	242,416
	–	339,897	339,897
Total non-financial liabilities			40,543
Total liabilities			380,440

Fair values

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

The quoted equity instruments classified as long-term investments are categorised within Level 1 of the fair value hierarchy. Fair value hierarchy Level 1 refers to quoted prices (unadjusted) in active markets for identical assets or liabilities. These quoted equity instruments represent ordinary shares in companies that are traded in an active stock exchange market.

Financial assets and financial liabilities that are classified as measured at amortised cost with carrying amounts being a reasonable approximation of their 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 or the fixed interest rates approximate the market interest rates for such assets/liabilities. These financial assets include trade and other receivables, amount due from associates/joint ventures, loan to subsidiaries, cash and short-term deposits and secured loan receivable. These financial liabilities include trade and other payables, term loans and finance leases.

33. 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 2019 and 31 March 2018, no changes were made in the objectives, policies or processes relating to the management of the Group's capital structure.

The Group monitors capital based on the total debt-equity ratio, which is total debt divided by equity attributable to 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

33. CAPITAL MANAGEMENT (cont'd)

	GROUP 31 March		COMPANY 31 March	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Term loans (Note 28)	**95,437**	105,884	**95,437**	96,034
Finance leases (Note 29)	**295**	536	**–**	–
Total debt	**95,732**	106,420	**95,437**	96,034
Equity attributable to owners of the Company	**1,649,231**	1,634,081	**1,523,184**	1,495,914
Total debt-equity ratio	**0.06**	0.07	**0.06**	0.06

34. 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 Marina Bay Cruise Centre.
3. The others 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 basis in a manner similar to transactions with third parties.

34. 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	Others $'000	Total $'000
Financial year ended 31 March 2019				
Revenue	988,197	837,759	2,063	1,828,019
Operating profit/(loss)	152,565	95,023	(561)	247,027
Net finance income	495	38	2,728	3,261
Share of results of associates/joint ventures, net of tax	12,803	46,126	–	58,929
Write back of earn-out consideration	11,600	–	–	11,600
Impairment loss on investment in associates	(11,600)	–	–	(11,600)
(Loss)/gain on disposal of property, plant and equipment	(287)	140	(339)	(486)
Other non-operating (expenses)/income	(705)	100	(416)	(1,021)
Profit before tax	164,871	141,427	1,412	307,710
Income tax expense	(31,391)	(17,377)	(2,712)	(51,480)
Profit/(loss) for the year	133,480	124,050	(1,300)	256,230
As at 31 March 2019				
Segment assets	380,611	264,896	89,707	735,214
Property, plant and equipment and investment property	260,098	255,967	70,687	586,752
Associates/joint ventures	268,058	450,039	5,855	723,952
Deferred tax assets	11,843	117	–	11,960
Intangible assets	142,131	204,793	3,627	350,551
Total assets	1,062,741	1,175,812	169,876	2,408,429
Current liabilities	151,069	143,197	37,755	332,021
Long-term liabilities	8,053	1,731	104,604	114,388
Tax liabilities	46,964	58,243	39,694	144,901
Total liabilities	206,086	203,171	182,053	591,310
Capital expenditure	28,623	48,094	13,763	90,480
Depreciation and amortisation charges	38,885	37,412	8,577	84,874

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

34. SEGMENT REPORTING (cont'd)

BY BUSINESS (cont'd)

	Food Solutions $'000	Gateway Services $'000	Others $'000	Total $'000
Financial year ended 31 March 2018				
Revenue	946,638	776,510	1,436	1,724,584
Operating profit/(loss)	150,045	78,291	(1,969)	226,367
Net finance income	592	–	2,795	3,387
Share of results of associates/joint ventures, net of tax	25,488	45,665	2	71,155
Gain/(loss) on disposal of property, plant and equipment	89	255	(18)	326
Gain on disposal of assets held for sale	10,357	5,186	–	15,543
Write back of earn-out consideration	4,528	–	–	4,528
Other non-operating income/(expenses)	76	(144)	348	280
Profit before tax	191,175	129,253	1,158	321,586
Income tax expense	(32,762)	(18,201)	(5,088)	(56,051)
Profit/(loss) for the year	158,413	111,052	(3,930)	265,535
As at 31 March 2018				
Segment assets	400,043	276,030	86,271	762,344
Property, plant and equipment and investment property	268,813	235,860	64,353	569,026
Associates/joint ventures	272,086	576,501	207	848,794
Deferred tax assets	10,576	117	–	10,693
Intangible assets	146,088	7,249	4,169	157,506
Total assets	1,097,606	1,095,757	155,000	2,348,363
Current liabilities	171,967	125,364	47,908	345,239
Long-term liabilities	9,872	3,090	104,596	117,558
Tax liabilities	43,764	36,390	38,796	118,950
Total liabilities	225,603	164,844	191,300	581,747
Capital expenditure	29,703	50,756	19,660	100,119
Depreciation and amortisation charges	37,474	33,450	7,544	78,468

34. 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 2019				
Revenue	1,505,910	248,097	74,012	1,828,019
As at 31 March 2019				
Segment assets	616,746	94,805	23,663	735,214
Property, plant and equipment and investment property	441,651	83,895	61,206	586,752
Associates/joint ventures	64,025	2,656	657,271	723,952
Deferred tax assets	209	11,552	199	11,960
Intangible assets	135,044	19,812	195,695	350,551
Total assets	1,257,675	212,720	938,034	2,408,429
Capital expenditure	61,987	4,195	24,298	90,480
Financial year ended 31 March 2018				
Revenue	1,422,987	239,396	62,201	1,724,584
As at 31 March 2018				
Segment assets	633,943	105,272	23,129	762,344
Property, plant and equipment and investment property	448,909	88,591	31,526	569,026
Associates/joint ventures	48,293	2,428	798,073	848,794
Deferred tax assets	157	10,344	192	10,693
Intangible assets	135,584	21,397	525	157,506
Total assets	1,266,886	228,032	853,445	2,348,363
Capital expenditure	73,586	3,791	22,742	100,119

Information about a major customer

Revenue from one major customer amounted to $836.0 million (2018: $809.0 million), arising from sales by all segments.

35. SUBSEQUENT EVENTS

On 17 May 2019, the Company through its wholly-owned subsidiary, SATS China Co., Ltd. ("SATS China") entered into:

(a) a conditional Share Purchase Agreement with Nanjing Guangyida Enterprise Management Consulting Service Centre (Limited Partnership) ("GYD") and Mr. Luo Bo ("LB"), in relation to SATS China's proposed acquisition of 15,255,000 shares, equivalent to 45.0% of the existing shares in the capital of Nanjing Weizhou Airline Food Corp., Ltd ("TargetCo") ("Proposed Transfer"). The consideration to be paid for the Purchase Shares is RMB127.8 million (approximately $25.5 million).

(b) a conditional share subscription agreement with TargetCo and LB for the subscription by SATS China of TargetCo whereby the TargetCo shall allot and issue an additional 3,390,000 new shares in the capital of TargetCo to SATS China, for a total subscription price of RMB28.4 million (approximately $5.7 million).

(c) a conditional Shareholders' Agreement with the existing shareholders of TargetCo, the terms of which shall become effective upon the successful completion of the Proposed Transfer.

Upon the successful completion of both the transactions in (a) and (b) above, SATS China shall own 50.0% of the shares in the capital of TargetCo.

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 2019 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		
Singapore Airlines Limited	–	536,057
SIA Engineering Company Limited	–	9,425
KrisShop Pte. Ltd.	–	2,102
ST Aerospace Services Co Pte Ltd	–	496
SMRT Buses Pte. Ltd.	–	153
Scoot TigerAir Pte. Ltd.	–	184
	–	548,417
Transactions for the Purchase of Goods and Services		
NCS Communications Engineering Pte Ltd	–	4,325
Singapore Telecommunications Limited	–	3,256
Certis Cisco Consulting Services Pte Ltd	–	771
Certis Cisco Secure Logistics Pte Ltd	–	156
	–	8,508
Other transactions with KrisShop Pte. Ltd. ("KSPL")*		
Subscription in the share capital of KSPL	5,300	–
DFASS SATS Pte. Ltd.'s disposal of business to KSPL	13,800	–
	19,100	–

* The Company refers to the announcement on 23 November 2018 relating to the Shareholders' Agreement between Singapore Airlines Limited, DFASS (Singapore) Pte. Ltd. and the Company dated 30 November 2018. As announced, the Company is entitled to receive earn out payments, which are paid on an annual basis, in consideration for the provision of certain commitments provided by the Company to KSPL. These aggregate earn out payments are dependent on the sales revenue of KSPL for that year and subject to a cap of S$16 million. The cap is subject to renewal by the parties from time to time.

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 2019, 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 23 May 2019

Number of Issued Shares	:	1,124,056,275
Number of Issued Shares (excluding Treasury Shares)	:	1,114,358,920
Class of Shares	:	Ordinary shares
Number/Percentage of Treasury Shares	:	9,697,355 / 0.86%
Number of Shares/Percentage held by Subsidiary Holdings	:	Nil
Voting Rights	:	1 vote per share

ANALYSIS OF SHAREHOLDINGS

Range of shareholdings	No. of shareholders	%	No. of shares (excluding treasury shares)	%*
1 – 99	1,769	5.16	82,769	0.01
100 – 1000	14,913	43.53	10,109,679	0.91
1,001 – 10,000	14,840	43.32	53,309,272	4.78
10,001 – 1,000,000	2,716	7.93	85,433,842	7.67
1,000,001 and above	22	0.06	965,423,358	86.63
Total	**34,260**	**100.00**	**1,114,358,920**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares held	%*
1	VENEZIO INVESTMENTS PTE LTD	446,123,158	40.03
2	DBS NOMINEES PTE LTD	169,060,464	15.17
3	CITIBANK NOMINEES SINGAPORE PTE LTD	151,408,070	13.59
4	DBSN SERVICES PTE LTD	69,218,571	6.21
5	HSBC (SINGAPORE) NOMINEES PTE LTD	57,611,896	5.17
6	RAFFLES NOMINEES (PTE) LTD	22,895,564	2.05
7	BPSS NOMINEES SINGAPORE (PTE.) LTD.	16,274,844	1.46
8	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	4,659,955	0.42
9	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	4,357,157	0.39
10	HENG SIEW ENG	2,525,000	0.23
11	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,482,233	0.22
12	DB NOMINEES (SINGAPORE) PTE LTD	2,382,233	0.21
13	ALEXANDER CHARLES HUNGATE	2,273,836	0.20
14	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,142,075	0.19
15	MERRILL LYNCH (SINGAPORE) PTE LTD	2,085,767	0.19
16	TAN CHUAN LYE	1,876,201	0.17
17	YIM CHEE CHONG	1,541,000	0.14
18	SING CHUNG HUI @ SING CHUNG SUI	1,500,000	0.14
19	SOCIETE GENERALE SINGAPORE BRANCH	1,444,408	0.13
20	PHILLIP SECURITIES PTE LTD	1,295,422	0.12
		963,157,854	**86.43**

* The shareholding percentage has been calculated based on the number of issued ordinary shares of the Company as at 23 May 2019, excluding any ordinary shares held in treasury and subsidiary holdings as at that date.

INFORMATION ON SHAREHOLDINGS

as at 23 May 2019

SUBSTANTIAL SHAREHOLDERS

As at 23 May 2019, 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[1] of total shareholding)	No. of shares in which the substantial shareholder has a deemed interest (representing percentage[1] of total shareholding)	Total no. of shares in which the substantial shareholder is interested (representing percentage[1] of total shareholding)
Temasek Holdings (Private) Limited	–	446,532,946[2] (approximately 40.07%)	446,532,946 (approximately 40.07%)
Tembusu Capital Pte. Ltd.	–	446,123,158[2] (approximately 40.03%)	446,123,158 (approximately 40.03%)
Napier Investments Pte. Ltd.	–	446,123,158[2] (approximately 40.03%)	446,123,158 (approximately 40.03%)
Venezio Investments Pte. Ltd.	446,123,158 (approximately 40.03%)	–	446,123,158 (approximately 40.03%)
BlackRock, Inc.	–	55,776,168[3] (approximately 5.00%)	55,776,168 (approximately 5.00%)
The PNC Financial Services Group, Inc.	–	55,776,168[3] (approximately 5.00%)	55,776,168 (approximately 5.00%)

Notes:

1 The shareholding percentage has been calculated based on the number of issued ordinary shares of the Company as at 23 May 2019, excluding any ordinary shares held in treasury and subsidiary holdings as at that date.

2 Derived mainly through the direct interest of Venezio Investments Pte. Ltd.

3 BlackRock, Inc. is deemed to have an interest in 55,776,168 shares held through its various subsidiaries. The PNC Financial Services Group, Inc. is deemed to have an interest in the same shares through its over 20% interest in BlackRock, Inc.

SHAREHOLDINGS HELD BY THE PUBLIC

Based on information available to the Company as at 23 May 2019, approximately 54.24% 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 46th 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 Thursday, 18 July 2019 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 2019 and the Auditors' Report thereon.

2. To declare a final ordinary tax-exempt (one-tier) dividend of 13 cents per share for the financial year ended 31 March 2019.

3. To re-elect Ms Euleen Goh Yiu Kiang, who will retire by rotation in accordance with Article 90 of the Constitution of the Company and who, being eligible, offers herself for re-election as a Director of the Company.

4. To re-elect Mr Yap Chee Meng, who will retire by rotation 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.

5. To re-elect Mr Michael Kok Pak Kuan, who will retire by rotation 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 Ms Jenny Lee Hong Wei, who will retire in accordance with Article 96 of the Constitution of the Company and who, being eligible, offers herself 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 2020 (2019: 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 which will be proposed as Ordinary Resolutions:

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 and subsidiary holdings) (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 and subsidiary holdings) (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 and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

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(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,

and, in sub-paragraph (i) above and this sub-paragraph (ii), "**subsidiary holdings**" has the meaning given to it in the Listing Manual of the SGX-ST;

(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:

(a) existing Rules 2, 3, 4, 5, 6, 7, 8, 12 and 13 of the SATS Restricted Share Plan be altered by deleting and respectively substituting them with the corresponding Rules set out in Appendix 1 to the Letter to Shareholders dated 19 June 2019; and

(b) the Directors be and are hereby authorised to:

(i) grant awards in accordance with the provisions of the SATS Performance Share Plan and/or the SATS Restricted Share Plan (as altered); and

(ii) 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 vesting of awards under the SATS Performance Share Plan and/or the SATS Restricted Share Plan (as altered),

provided that:

(aa) the aggregate number of new Shares to be allotted and issued pursuant to the SATS Performance Share Plan, the SATS Restricted Share Plan (as altered) and the SATS Employee Share Option Plan shall not exceed 15 percent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time; and

(bb) the aggregate number of Shares under awards to be granted pursuant to the SATS Performance Share Plan and/or the SATS Restricted Share Plan (as altered) 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 and subsidiary holdings) from time to time,

and in this Resolution, "**subsidiary holdings**" has the meaning given to it in the Listing Manual of the Singapore Exchange Securities Trading Limited.

11. That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of the Singapore Exchange Securities Trading Limited, 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 2 to the Letter to Shareholders dated 19 June 2019 (the "**Letter to Shareholders**") with any party who is of the class of interested persons described in Appendix 2 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 Singapore Exchange Securities Trading Limited ("**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 treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)); 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

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(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.

BY ORDER OF THE BOARD

Prema d/o K Subramaniam
Company Secretary

Singapore, 19 June 2019

EXPLANATORY NOTES

1. (a) In relation to Ordinary Resolution No. 3, Ms Euleen Goh Yiu Kiang 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. Ms Goh will, upon re-election, continue to serve as the Chairman of the Board, the Chairman of the Board Executive Committee, the Chairman of the Nominating Committee and the Chairman of the Remuneration and Human Resource Committee. Ms Goh is considered an independent Director.

   (b) In relation to Ordinary Resolution No. 4, Mr Yap Chee Meng 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. Mr Yap will, upon re-election, continue to serve as the Chairman of the Audit Committee and a member of the Board Risk and Safety Committee. Mr Yap is considered an independent Director.

   (c) In relation to Ordinary Resolution No. 5, Mr Michael Kok Pak Kuan 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. Mr Kok will, upon re-election, continue to serve as a member of the Board Executive Committee and a member of the Remuneration and Human Resource Committee. Mr Kok is considered an independent Director.

   (d) In relation to Ordinary Resolution No. 6, Ms Jenny Lee Hong Wei will be retiring from office at the Annual General Meeting pursuant to Article 96 of the Constitution of the Company, and will be standing for re-election at the Annual General Meeting. Ms Lee is considered an independent Director.

   Detailed information on these Directors (including information as set out in Appendix 7.4.1 of the Listing Manual of the Singapore Exchange Securities Trading Limited) can be found in the section on "Additional information on Directors seeking re-election" in the SATS Annual Report for FY2018-19.

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 non-executive Directors of the Company for the current financial year ("**FY2019-20**"). There is no change in the fees for FY2019-20, with the scale of fees for the non-executive Directors remaining the same as for the last financial year ("**FY2018-19**").

   The proposed fees for FY2019-20, if approved, will facilitate the payment of Directors' fees during or soon after 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 FY2019-20, assuming attendance in person by all the Directors at such meetings, 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 FY2019-20. 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 2020 (the "**2020 AGM**") before any such payments are made.

   If approved, each of the non-executive Directors (including the Chairman) will receive approximately 70 percent of his/her total Directors' fees for FY2019-20 in cash and approximately 30 percent in the form of ordinary shares of the Company ("**Shares**") (FY2018-19: 85 percent in cash and 15 percent in Shares). The Share component of the Directors' fees will be increased by 15 percent as compared to the last financial year, as the Company believes that this will further align the interests of non-executive Directors with the interests of shareholders.

   The current intention is that, subject to the passing of Ordinary Resolution No. 10 (to approve alterations to the SATS Restricted Share Plan to permit grants of fully paid Shares to be made to non-executive Directors as part of their remuneration), the Share component of the Directors' fees will be paid out in the form of awards under the SATS Restricted Share Plan (as altered). The awards will consist of fully paid Shares with no performance conditions attached and no vesting periods imposed. The non-executive Directors will be required to retain a base shareholding worth up to one year's retainer fee for as long as he is on the Board of the Company, and for a period of one year after stepping down as a Director. A non-executive Director who steps down before the payment of the Share component of his fees will receive all of his fees (calculated on a pro-rated basis, where applicable) in cash. Further details regarding the Directors' fees can be found under the heading "Non-Executive Directors' Remuneration" in the Corporate Governance Report in the SATS Annual Report for FY2018-19.

   The cash component of the Directors' fees for FY2019-20 is intended to be paid half-yearly in arrears. The Share component of the Directors' fees for FY2019-20 is intended to be paid after the 2020 AGM has been held or after the release of the Company's first quarter financial results for the financial year ending 31 March 2021 (the "**1QFY2020-21 Results**"), whichever is later. The actual number of Shares to be awarded will be determined by reference to the volume-weighted average price of a Share on the Singapore Exchange Securities Trading Limited over the 10 trading days after the 2020 AGM or the release of the 1QFY2020-21 Results, whichever is later, rounded down to the nearest hundred Shares, and any residual balance will be settled in cash.

   The non-executive Directors will abstain from voting his/her holding of Shares (if any), and will procure that their respective associates abstain from voting their respective holdings of Shares (if any), in respect of this Resolution.

3. Ordinary Resolution No. 9, if passed, will empower the 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 and subsidiary holdings) 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. 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 and subsidiary holdings) 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. As at 23 May 2019, the Company had 9,697,355 treasury shares and no subsidiary holdings.

4. Ordinary Resolution No. 10 is to:

   (a) approve alterations to the SATS Restricted Share Plan so as to enable non-executive Directors of the Company and/or its subsidiaries to participate in the SATS Restricted Share Plan; and

   (b) empower the Directors to grant awards and to allot and issue Shares pursuant to the SATS Performance Share Plan and/or the SATS Restricted Share Plan (as altered), provided that:

      (i) the aggregate number of new Shares which may be issued under the SATS Performance Share Plan, the SATS Restricted Share Plan (as altered) and the SATS Employee Share Option Plan is limited to 15 percent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time; and

      (ii) the aggregate number of Shares under awards which may be granted pursuant to the SATS Performance Share Plan and/or the SATS Restricted Share Plan (as altered) 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 and subsidiary holdings) from time to time.

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The SATS Employee 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 SATS Performance Share Plan and the SATS 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.

The purpose of the proposed alterations to the SATS Restricted Share Plan is to (*inter alia*) permit grants of fully paid Shares to be made to non-executive Directors of the Company as part of their remuneration in respect of their office as such in lieu of cash, in order to improve the alignment of the interests of the non-executive Directors with the interests of shareholders. Please refer to the Letter to Shareholders dated 19 June 2019 for more details. See, also, the explanatory notes to Ordinary Resolution No. 7 above on the current intention to pay out approximately 30 percent of the Directors' fees for the current financial year ending 31 March 2020 ("**FY2019-20**") in the form of awards under the SATS Restricted Share Plan (as altered).

In respect of the Directors' fees for the previous financial year ended 31 March 2019 ("**FY2018-19**") which was approved at the 45th Annual General Meeting of the Company held on 19 July 2018 (the "**2018 AGM**"), the Company had disclosed in the notice convening the 2018 AGM that the intention at that time was for the Share component of such fees (approximately 15 percent) to be purchased from the market on the first trading day immediately after the release of the Company's first quarter financial results for FY2019-20 or as soon as practicable thereafter. After further deliberation, subject to the passing of Ordinary Resolution No. 10, the Company now intends for the Share component of the Directors' fees for FY2018-19 to paid out in the form of awards under the SATS Restricted Share Plan (as altered) instead, with the actual number of Shares to be awarded to be determined by reference to the volume-weighted average price of a Share on the Singapore Exchange Securities Trading Limited over the 10 trading days after the forthcoming Annual General Meeting (the "**2019 AGM**") or the release of the Company's first quarter financial results for FY2019-20, whichever is later, rounded down to the nearest hundred Shares, and any residual balance will be settled in cash. The awards will consist of fully paid Shares with no performance conditions attached and no vesting periods imposed. The non-executive Directors will be required to retain a base shareholding worth up to one year's retainer fee for as long as he is on the Board of the Company, and for a period of one year after stepping down as a Director. A non-executive Director who steps down before the payment of the Share component of his fees will receive all of his fees (calculated on a pro-rated basis, where applicable) in cash. The exact amount of Directors' fees paid or to be paid to each Director for FY2018-19 can be found under the heading "Non-Executive Directors' Remuneration" in the Corporate Governance Report in the SATS Annual Report for FY2018-19.

If the proposed alterations to the SATS Restricted Share Plan are not approved at the 2019 AGM, all of the Directors' fees for FY2019-20 and FY2018-19 will be paid in cash.

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 Singapore Exchange Securities Trading Limited) 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 23 May 2019 (the "**Latest Practicable Date**"), the purchase by the Company of 2 percent of its issued Shares (excluding treasury shares and subsidiary holdings) will result in the purchase or acquisition of a maximum number of 22,287,178 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 22,287,178 Shares at the Maximum Price of S$5.35 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 22,287,178 Shares is approximately S$119,236,402.

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 2019, based on certain assumptions, are set out in paragraph 4.7.4 of the Letter to Shareholders dated 19 June 2019 (the "**Letter to Shareholders**").

Please refer to the Letter to Shareholders for more details.

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 72 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 for the proposed final dividend being obtained at the 46th Annual General Meeting of the Company to be held on 18 July 2019, the Transfer Books and Register of Members of the Company will be closed on 31 July 2019 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 30 July 2019 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 30 July 2019 will be entitled to the proposed final dividend.

The proposed final dividend, if approved by shareholders, will be paid on 8 August 2019.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Yap Chee Meng	Michael Kok Pak Kuan	Jenny Lee Hong Wei
Date of appointment	1 October 2013	6 March 2015	25 January 2019
Date of last re-appointment (if applicable)	21 July 2017	21 July 2017	Not applicable
Age	64	68	47
Country of principal residence	Singapore	Singapore	China
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board considered the Nominating Committee's recommendation and assessment on Mr Yap's background, expertise, experience, independence and commitment in the discharge of his duties as an Independent Director of SATS Ltd., and is satisfied that he will continue to contribute to the Board.	The Board considered the Nominating Committee's recommendation and assessment on Mr Kok's background, expertise, experience, independence and commitment in the discharge of his duties as an Independent Director of SATS Ltd., and is satisfied that he will continue to contribute to the Board.	The Board considered the Nominating Committee's recommendation and assessment on Ms Lee's background, expertise, experience, independence and commitment in the discharge of her duties as an Independent Director of SATS Ltd., and is satisfied that she will continue to contribute to the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Non-Executive and Independent Director • Chairman, Audit Committee • Member, Board Risk and Safety Committee	• Non-Executive and Independent Director • Member, Board Executive Committee • Member, Remuneration and Human Resource Committee	• Non-Executive and Independent Director
Professional qualifications	• Fellow, Institute of Chartered Accountants in England & Wales • Fellow, Institute of Singapore Chartered Accountants	• Senior Executive Programme, London Business School, UK • Advanced Management Program, Harvard Business School, USA	• Master and Bachelor of Science in Electrical Engineering, Cornell University • Master of Business Administration, Kellogg School of Management, Northwestern University
Working experience and occupation(s) during the past 10 years	Mr Yap held various senior management positions in KPMG from 1992, before he retired as KPMG International's Chief Operating Officer for the Asia Pacific Region in 2013. Mr Yap currently serves as a Director/Chairman of various companies.	Mr Kok joined Dairy Farm International Holdings Limited in 1973 and held various senior management positions within the group, before he retired as Group Chief Executive Officer of Dairy Farm International Holdings Limited in 2012. Mr Kok currently serves as a Director of various companies.	Ms Lee has been the Managing Partner of GGV Capital LLC since 2005. She has over 16 years of global venture capital experience. Ms Lee currently serves as a Director of various companies, including companies listed on NYSE and NASDAQ.
Shareholding interest in the listed issuer and its subsidiaries	Nil	30,000 ordinary shares in SATS Ltd.	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments* including Directorships			
Past (for the last 5 years)	*Other listed companies* • Director, Keppel Land Limited (Delisted on 16 July 2015) • Director, SMRT Corporation Ltd. (Delisted on 31 October 2016) *Other principal commitments* • Director, AXA Insurance Singapore Pte. Ltd. • Board Member, National Research Foundation, PMO Singapore • Director, Lazada Group S.A.	*Other listed companies* • Director, Dairy Farm International Holdings Limited *Other principal commitments* • Director, Sino-Singapore Jilin Food Zone Development & Management Co Ltd • Director, KPK & Son Realty Pte Ltd • Chairman, SATS (Kunshan) Food Co., Ltd. (formerly known as SATS Yihai Kerry Kunshan Food Co., Ltd.) • Chairman, SATS Yihai Kerry (Langfang) Food Co., Ltd.	*Other listed companies* • Director, YY Inc. (NASDAQ) • Director, 21 Vianet Group Inc. (NASDAQ) *Other principal commitments* • Director, Pactera Technology International, Ltd. • Director, Sinosun Holding Corp. • Director, China Talent Group Holdings, Ltd. • Director, CDG Holdings Limited • Director, Beijing Kingsoft Office Software Co., Ltd. • Director, U51. Com Inc.
Present	*Other listed companies* • Lead Independent and Non-Executive Director, ARA Trust Management (Suntec) Limited (The Manager of Suntec REIT) *Other principal commitments* • Director, AXA Insurance Pte. Ltd. • Director, Keppel Land Limited • President / Independent Commissioner, PT RHB Asset Management Indonesia • Director, RHB International Investments Pte. Ltd. • Director, RHB Asset Management Pte. Ltd. • Director, RHB Asset Management Sdn. Bhd. • Director, RHB Islamic International Asset Management Berhad • Director, RHB Asset Management Limited • Director, The Esplanade Co Ltd • Director, Pavilion Gas Pte Ltd • Director, Pavilion Energy Trading & Supply Pte. Ltd. • Director, RHB Investment Bank Berhad • Director, RHB Securities Singapore Pte. Ltd. • Director, Little Tunny Investments Limited	*Other listed companies* • Director, Jardine Cycle and Carriage Limited • Director, Mapletree North Asia Commercial Trust Management Ltd. (formerly known as Mapletree Greater China Commercial Trust Management Limited) (The Manager of Mapletree North Asia Commercial Trust)	*Other listed companies* • Director, LAIX Inc. (NYSE) • Director, NIU Technologies (NASDAQ) *Other principal commitments* • Director, Cashshield Pte. Ltd. • Director, GGV Capital Pte. Ltd. • Director, Wuhan Kubote Technology Co., Ltd. • Director, Shanghai Luodingsen Automated Equipment Co., Ltd. • Director, Shenzhen Chengzi Automation Co., Ltd. • Director, Airlook Airspace Technology (Beijing) Co., Ltd. • Director, LongWin Investment Management Co. Ltd. • Director, Directouch Holdings Limited • Director, Yodo1 Holding Ltd • Director, Myhug Inc. • Director, EHang Holdings Limited • Director, Shenzhen Immotor Technology Co.,Ltd. • Director, Petkit Technology Inc. • Director, Xiaozhan Limited • Director, Zuoyebang Education Limited • Director, Kascend Holding Inc. • Director, Phononic Devices, Inc. • Director, Clobotics Holdings Limited • Director, FarmFriend Inc. • Director, Vincross Inc. • Director, Beijing Zhichong Technology Co., Ltd • Director, Xiaobu Holdings Inc • Director, Beijing Xiangyue Education Technology Co,. Ltd. • Director, JH Limited • Director, FLT Holding Limited • Director, GGV (CS) LLC • Director, GGV (Immotor) Limited • Director, GGV (Koala) Limited • Director, GGV (WPS) Limited • Director, GGV (Xcharge) Limited • Director, GGV (Xiaole) Limited • Director, GGV Capital LLC • Director, GGV China Limited • Director, Granite Global Ventures II LLC • Director, Granite Global Ventures III LLC • Director, GGV Capital IV LLC • Director, GGV Capital V LLC • Director, GGV Capital VI LLC • Director, GGV Capital VI Plus LLC • Director, GGV Discovery I LLC • Director, GGV Capital Select LLC • Director, Jiwei Enterprise Management Consulting (Shanghai) Co., Ltd. • Director, GGV Capital (Shanghai) Co., Ltd. • Member of Board of Directors, Kauffman Fellows **Note:** Directorships in the entities listed above are held by Ms Lee as part of her functions as a Managing Partner of GGV Capital, a venture capital firm with investments in the United States and China. These entities are investee companies of GGV Capital.

* "Principal Commitments" has the same meaning as defined in the Code of Corporate Governance 2018.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	**Euleen Goh Yiu Kiang**
Date of appointment	**1 August 2013**
Date of last re-appointment (if applicable)	**21 July 2017**
Age	**64**
Country of principal residence	**Singapore**
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board considered the Nominating Committee's recommendation and assessment on Ms Goh's background, expertise, experience, independence and commitment in the discharge of her duties as an Independent Director of SATS Ltd., and is satisfied that she will continue to contribute to the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Non-Executive and Independent Director • Chairman of the Board • Chairman, Board Executive Committee • Chairman, Remuneration and Human Resource Committee • Chairman, Nominating Committee
Professional qualifications	• Associate, Institute of Chartered Accountants in England & Wales • Member, The Chartered Institute of Taxation, UK • Associate member, Institute of Financial Services, UK • Fellow, Institute of Singapore Chartered Accountants • Fellow, Singapore Institute of Directors
Working experience and occupation(s) during the past 10 years	Ms Goh held various senior management positions in Standard Chartered Bank from 2001, before she retired as Chief Executive Officer of Standard Chartered Bank Singapore in 2006. Ms Goh currently serves as a Director/Chairman of various companies.
Shareholding interest in the listed issuer and its subsidiaries	22,774 ordinary shares in SATS Ltd.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
Conflict of interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* including Directorships	
Past (for the last 5 years)	*Other listed companies* • Director, CapitaLand Limited *Other principal commitments* • Chairman, NorthLight School Board of Governors • Chairman, Singapore Chinese Girls' School • Rector, Cinnamon College, National University of Singapore • Trustee, Temasek Trust / Director, Temasek Trustees Pte. Ltd.
Present	*Other listed companies* • Director, DBS Group Holdings Ltd. • Director, Royal Dutch Shell plc *Other principal commitments* • Chairman, DBS Foundation Ltd. • Director, DBS Bank Ltd. • Director, Singapore Health Services Pte. Ltd. • Trustee, Singapore Institute of International Affairs Endowment Fund • Chairman, Governing Council of Singapore Institute of Management

* "Principal Commitments" has the same meaning as defined in the Code of Corporate Governance 2018.

INFORMATION REQUIRED

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any questions is "yes", full details must be given.

Name of Director		Euleen Goh Yiu Kiang
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c)	Whether there is any unsatisfied judgment against him?	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:	
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Yes*
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	Yes*
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

* **Notes:**

In relation to disclosures set out in note 1 to 6 below, Ms Euleen Goh was during such periods, a Non-Executive and Independent Director of DBS Bank Ltd ("**DBS**"). Ms Goh became a Non-Independent Director of DBS with effect from 1 December 2017 but remains as a Non-Executive Director.

1. In 2009, the Monetary Authority of Singapore ("**MAS**") made investigations into the sale and marketing of structured notes linked to Lehman Brothers ("**Lehman Notes**"). MAS' investigations revealed that 10 financial institutions, of which DBS was one, had certain failings in the policies, procedures and controls they had in place for the approval, sales and marketing of Lehman Notes. Arising from the investigations, DBS has been directed by the MAS to cease to carry on business in dealing in and providing any financial advisory services in Singapore in respect of any new transactions to an individual (except those served by the private banking unit) for all structured notes with effect from 1 July 2009 for a period of six months or until the MAS is satisfied that DBS has put in place adequate measures to address the findings, whichever is the later (the "**Ban**"). With effect from 12 February 2010, MAS has lifted the Ban on the sale of structured notes for DBS.
2. MAS censured DBS on 4 August 2010 for the shortcomings and inadequacies in the management oversight of its outsourced IT systems, networks, operations and infrastructure that resulted in the widespread system outage on 5 July 2010. MAS has also taken supervisory action against DBS and directed DBS to adopt certain measures in relation to its IT infrastructure and outsourcing vendors as well as to apply a multiplier of 1.2 times to its risk-weighted assets for operational risk. On 28 October 2011, MAS announced that DBS had met all key deliverables and lifted the operational risk multiplier.
3. MAS had reprimanded DBS on 6 October 2011 for breaching the requirements under the Representative Notification Framework ("**RNF**") by allowing its representatives to carry out regulated activities prior to their registration with MAS. On 30 November 2011, MAS published the regulatory action that they have taken against 15 financial institutions (including DBS) for breaches relating to the RNF. Of the 15, 10 had been ordered to pay composition fines ranging from S$5,000 to S$216,000. Four others had like DBS been reprimanded.
4. In June 2013, the MAS censured twenty banks (including DBS) for deficiencies in their benchmark submissions for Singapore dollar interest rate and foreign exchange spot benchmarks, and directed them to adopt measures to address their deficiencies. These banks are to report their progress to the MAS quarterly, and conduct independent reviews to ensure the robustness of their remedial measures. They are also required to set aside additional statutory reserves with the MAS at zero interest for a period of one year. The supervisory actions taken depend on the severity of the attempts by traders from the banks to inappropriately influence the benchmarks. There are five categories of additional statutory reserves (ranging from S$0 to S$1.2 billion). DBS is in the third category (S$400 – S$600 million). The additional statutory reserves have since been returned to DBS and the requirement to submit quarterly progress reports has also been revoked effective 3 July 2014.
5. In August 2013, the Financial Supervisory Service in Korea announced that it imposed a sanction on DBS Bank Ltd, Seoul branch for discussing with BNP Paribas and ANZ to set the price of swap products that were sold to a client on a club deal. DBS Bank Ltd, Seoul branch was fined approximately S$46,600 for this incident.
6. The MAS announced on 11 October 2016 that it had completed its inspection of DBS in relation to its 1MDB-related fund flows. The inspection revealed several breaches of AML requirements and control lapses. MAS imposed financial penalties amounting to S$1 million on DBS for breaches of MAS Notice 626 - Prevention of Money Laundering and Countering the Financing of Terrorism. The control lapses observed in DBS relate to specific bank officers who failed to carry out their duties effectively. MAS' inspections did not find pervasive control weaknesses within the bank.
7. Following the scam in Punjab National Bank involving SWIFT messages, RBI issued directions in February 2018 to banks to tighten their SWIFT related system and operational controls with immediate effect. RBI conducted an assessment of compliance with the aforementioned directions on 50 major banks. In February 2019, RBI imposed monetary penalties on 37 banks for non-compliance with its directions on this matter. DBS Bank India (then a branch of DBS) receive a penalty of Rs 1 crore (S$190,000#) for non-compliance with one of the directions. This is the lower end of the penalties meted out by RBI which ranged from Rs 1 crore to Rs 4 crores.

Conversion based on INR/SGD exchange rate of 0.018981, rounded to the nearest thousand.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

INFORMATION REQUIRED

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any questions is "yes", full details must be given.

Name of Director	Yap Chee Meng	Michael Kok Pak Kuan	Jenny Lee Hong Wei
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

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 19 June 2019.

*I/We ______________________________ (Name)

______________________________ (NRIC/Passport No./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

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 18 July 2019 at 11.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the AGM and at any adjournment thereof. **If no person is named in the above boxes, the Chairman of the AGM shall be *my/our proxy to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder, for *me/us and on *my/our behalf at the AGM and at any adjournment thereof.**

No.	Resolutions	**For	**Against
	ORDINARY BUSINESS		
1	Adoption of the Directors' Statement, the Audited Financial Statements and the Auditors' Report thereon		
2	Declaration of a final dividend		
3	Re-election of Ms Euleen Goh Yiu Kiang as Director		
4	Re-election of Mr Yap Chee Meng as Director		
5	Re-election of Mr Michael Kok Pak Kuan as Director		
6	Re-election of Ms Jenny Lee Hong Wei as Director		
7	Approval of Directors' fees for the financial year ending 31 March 2020		
8	Re-appointment of Auditors and authorisation for Directors to fix their remuneration		
	SPECIAL BUSINESS		
9	To grant authority to the Directors to issue additional shares and convertible instruments pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore		
10	To approve the proposed alterations to the SATS Restricted Share Plan and to grant authority to the Directors to grant awards and issue shares in accordance with the provisions of the SATS Performance Share Plan and the SATS Restricted Share Plan (as proposed to be altered)		
11	To approve the proposed renewal of the Mandate for Interested Person Transactions		
12	To approve the proposed renewal of the Share Purchase Mandate		

* 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 ____________ 2019

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 72 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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2nd line fold along here.

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

Please affix postage stamp

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

The Company Secretary
SATS Ltd.
c/o M & C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902

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