

## AUDITED RESULTS FOR FINANCIAL YEAR ENDED 31 MARCH 2007

1(a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

### CONSOLIDATED PROFIT AND LOSS ACCOUNTS for the financial year ended 31 March 2007 (in \$ million)

	THE GROUP			
	4th Quarter		Financial Year	
	2006-07	2005-06	2006-07	2005-06
<b>REVENUE</b>	233.7	223.9	945.7	932.0
<b>EXPENDITURE</b>				
Staff costs	(133.4)	(110.9)	(441.2)	(408.0)
Cost of raw materials	(19.8)	(19.9)	(81.7)	(79.5)
Licensing fees	(15.0)	(14.3)	(60.4)	(59.1)
Depreciation and amortisation expenses	(15.8)	(16.9)	(65.7)	(65.3)
Company accommodation and utilities	(16.6)	(14.4)	(64.7)	(58.9)
Other costs	(23.2)	(19.9)	(78.8)	(77.1)
	<u>(223.8)</u>	<u>(196.3)</u>	<u>(792.5)</u>	<u>(747.9)</u>
<b>OPERATING PROFIT</b>	9.9	27.6	153.2	184.1
Interest on borrowings	(1.5)	(1.6)	(6.2)	(6.3)
Interest income	4.8	3.3	18.2	9.3
Dividend from long-term investment	-	-	1.0	0.6
Amortisation of deferred income	0.3	0.3	1.4	1.4
Gain/(loss) on disposal of fixed assets	0.1	(0.4)	0.1	(0.3)
Share of profits of associated companies	8.0	10.4	52.1	57.3
<b>PROFIT BEFORE TAXATION</b>	21.6	39.6	219.8	246.1
Taxation	(0.8)	(8.8)	(47.4)	(56.9)
Adjustment for reduction in Singapore statutory tax rate	6.6	-	6.6	-
<b>PROFIT FOR THE PERIOD</b>	<u>27.4</u>	<u>30.8</u>	<u>179.0</u>	<u>189.2</u>
Attributable to:				
<b>Shareholders of the Company</b>	27.2	30.6	178.2	188.6
Minority Interests	0.2	0.2	0.8	0.6
	<u>27.4</u>	<u>30.8</u>	<u>179.0</u>	<u>189.2</u>

#### Notes :

#### (i) Profit after taxation is arrived at after crediting/(charging):

Foreign exchange (loss)/gain, net	(0.3)	(0.1)	(0.7)	(0.1)
Provision for doubtful debts	-	-	-	(0.2)
Adjustments for over/(under) provision of tax in respect of prior years	3.0	(0.7)	3.0	(1.0)

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

**BALANCE SHEETS At 31 March 2007 (in \$ million)**

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>31.03.2007</b>	<b>31.03.2006</b>	<b>31.03.2007</b>	<b>31.03.2006</b>
<b>Share capital</b>	215.6	179.8	215.6	179.8
<b>Reserves</b>				
Revenue reserve	1,111.3	1,018.2	895.8	760.5
Share-based compensation reserve	13.0	10.0	13.0	10.0
Statutory reserve	5.6	4.1	-	-
Foreign currency translation reserve	(31.2)	(9.5)	-	-
Fair value reserve	(0.1)	(0.1)	(0.1)	(0.1)
<b>Equity attributable to equity holders</b>	<u>1,314.2</u>	<u>1,202.5</u>	<u>1,124.3</u>	<u>950.2</u>
<b>Minority interests</b>	<u>3.9</u>	<u>3.3</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>	1,318.1	1,205.8	1,124.3	950.2
<b>Deferred taxation</b>	53.5	65.6	32.7	36.9
<b>Notes payable</b>	200.0	200.0	200.0	200.0
<b>Term loans</b>	2.5	3.9	-	-
<b>Deferred income</b>	24.6	26.3	24.6	26.2
	<u>1,598.7</u>	<u>1,501.6</u>	<u>1,381.6</u>	<u>1,213.3</u>
Represented by:-				
<b>Fixed assets</b>				
Leasehold land and buildings	497.4	522.9	480.8	506.6
Progress payments	5.3	3.3	0.6	0.4
Others	119.0	143.0	0.7	1.1
	621.7	669.2	482.1	508.1
<b>Subsidiary companies</b>	-	-	43.3	43.3
<b>Associated companies</b>	340.7	339.6	270.6	270.6
<b>Loan to an associated company</b>	2.0	2.6	2.0	2.6
<b>Long-term investment</b>	7.9	7.9	7.9	7.9
<b>Intangible assets</b>	9.9	14.5	0.5	0.2
<b>Current assets</b>				
Trade debtors	51.2	46.4	4.9	1.3
Other debtors	7.7	6.1	6.3	4.2
Prepayments	2.8	2.9	1.4	1.1
Related companies	398.4	352.6	331.8	283.9
Associated companies	0.7	0.4	0.7	0.4
Loan to an associated company	0.6	0.6	0.6	0.6
Loan to third party	-	42.4	-	42.4
Stocks	12.2	13.2	0.2	0.2
Short-term non-equity investments	73.5	48.9	73.5	48.9
Fixed deposits	255.8	151.5	255.0	150.2
Cash and bank balances	19.1	19.1	14.7	9.7
	822.0	684.1	689.1	542.9
Less: <b>Current liabilities</b>				
Term loans	0.3	0.8	-	-
Bank overdraft - secured	-	0.4	-	-
Trade creditors	150.2	107.0	24.1	17.9
Other creditors	5.9	5.9	2.0	1.7
Loan from immediate holding company	-	42.4	-	42.4
Related companies	-	-	73.2	86.2
Provision for taxation	49.1	59.8	14.6	14.1
	205.5	216.3	113.9	162.3
<b>Net current assets</b>	<u>616.5</u>	<u>467.8</u>	<u>575.2</u>	<u>380.6</u>
	<u>1,598.7</u>	<u>1,501.6</u>	<u>1,381.6</u>	<u>1,213.3</u>

**1(b) (ii) Aggregate amount of group's borrowings and debt securities**

**(In \$ million)**

Amount repayable in one year or less, or on demand

<u>As at 31.03.2007</u>		<u>As at 31.03.2006</u>	
<u>Secured</u> *	<u>Unsecured</u>	<u>Secured</u> **	<u>Unsecured</u>
0.2	0.1	0.7	42.9

Amount repayable after one year

<u>As at 31.03.2007</u>		<u>As at 31.03.2006</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u> **	<u>Unsecured</u>
-	202.5	2.8	201.1

**Details of any collateral**

\* Secured by machineries belong to subsidiary, M/s Country Foods Pte Ltd.

\*\* Secured by a first legal mortgage over the building located at 22 Senoko Way Singapore 758044 and machineries. All belong to subsidiary, M/s Country Foods Pte Ltd.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**CONSOLIDATED CASH FLOW STATEMENTS  
for Financial Year ended 31 March 2007 (in \$ million)**

	<b>The Group</b>	
	<b>2006-07</b>	<b>2005-06</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before taxation	219.8	246.1
Adjustments for:		
Interest income	(18.2)	(9.3)
Interest on borrowings	6.2	6.3
Dividend from long-term investment	(1.0)	(0.6)
Depreciation and amortisation expenses	65.7	65.3
Effects of exchange rate changes	0.2	0.1
Gain on disposal of fixed assets	(0.1)	0.3
Share of profits of associated companies	(52.1)	(57.3)
Share-based payment expense	6.6	6.9
Amortisation of deferred income	(1.4)	(1.4)
Operating profit before working capital changes	<u>225.7</u>	<u>256.4</u>
(Increase)/decrease in debtors	(6.7)	17.8
Decrease/(increase) in prepayments	0.1	-
Decrease/(increase) in stocks	1.0	(2.3)
Increase in amounts owing by related companies	(4.7)	(5.2)
Increase/(decrease) in creditors	42.2	( 7.5)
(Increase)/decrease in amounts due from associated companies	(0.3)	0.7
Cash generated from operations	<u>257.3</u>	<u>259.9</u>
Interest paid to third parties	(6.2)	(6.3)
Tax paid	<u>(48.8)</u>	<u>(46.6)</u>
Net cash provided by operating activities	<u>202.3</u>	<u>207.0</u>
<b><u>Cash flows from investing activities</u></b>		
Purchase of fixed assets	(12.8)	(12.0)
Return of capital from associated company	-	3.3
Investments in associated companies	-	(1.5)
Repayment of loan from associated company	0.6	-
Loan to associated companies	-	(3.2)
Dividends from associated companies	14.6	20.8
Proceeds from disposal of fixed assets	0.2	0.3
Interest received from deposits	18.7	8.9
Purchase short-term non-equity investments	(24.6)	(11.3)
Dividend from long-term investment	1.0	0.6
Net cash (used in)/provided by investing activities	<u>(2.3)</u>	<u>5.9</u>
<b><u>Cash flows from financing activities</u></b>		
Repayment of term loan	(1.9)	(0.4)
Proceeds from exercise of share options	32.4	28.3
Dividends paid	(83.9)	(83.1)
Dividends paid by subsidiary company to minority interest	(0.2)	(0.1)
Bank charges on sale and lease back arrangement	(0.2)	(0.4)
Net cash used in financing activities	<u>(53.8)</u>	<u>(55.7)</u>
Net increase in cash and cash equivalents	146.2	157.2
Effects of exchange rate changes	(0.2)	(0.1)
Cash and cash equivalents at beginning of financial year	<u>431.5</u>	<u>274.4</u>
Cash and cash equivalents at end of the financial year	<u>577.5</u>	<u>431.5</u>

**1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**STATEMENTS OF CHANGES IN EQUITY  
for the financial year ended 31 March 2007 (in \$ million)**

	Attributable to Equity Holders of the Company									
	Share Capital	Share Premium	Revenue Reserve	Share-based Compensation Reserve	Fair Value Reserve	Statutory Reserve*	Foreign Currency Translation Reserve	Total	Minority Interests	Total Equity
<b>THE GROUP</b>										
Balance at 1 April 2006	179.8	-	1,018.2	10.0	(0.1)	4.1	(9.5)	1,202.5	3.3	1,205.8
Transfer to statutory reserve	-	-	(1.5)	-	-	1.5	-	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	-	(21.7)	(21.7)	-	(21.7)
Net income and expense not recognised in the profit and loss accounts	-	-	(1.5)	-	-	1.5	(21.7)	(21.7)	-	(21.7)
Profit for the financial year	-	-	178.2	-	-	-	-	178.2	0.8	179.0
Net income and expense recognised for the financial year	-	-	176.7	-	-	1.5	(21.7)	156.5	0.8	157.3
Share-based payment	-	-	-	6.6	-	-	-	6.6	-	6.6
Share options exercised and lapsed	35.8	-	0.3	(3.6)	-	-	-	32.5	-	32.5
Dividends, net	-	-	(83.9)	-	-	-	-	(83.9)	(0.2)	(84.1)
Balance at 31 March 2007	<u>215.6</u>	<u>-</u>	<u>1,111.3</u>	<u>13.0</u>	<u>(0.1)</u>	<u>5.6</u>	<u>(31.2)</u>	<u>1,314.2</u>	<u>3.9</u>	<u>1,318.1</u>
Balance at 1 April 2005	102.8	44.3	914.1	7.5	-	2.7	(5.8)	1,065.6	2.8	1,068.4
Transfer to share capital	44.3	(44.3)	-	-	-	-	-	-	-	-
Net fair value changes on financial assets	-	-	-	-	(0.1)	-	-	(0.1)	-	(0.1)
Transfer to statutory reserve	-	-	(1.4)	-	-	1.4	-	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	-	(3.7)	(3.7)	-	(3.7)
Net income and expense not recognised in the profit and loss accounts	-	-	(1.4)	-	(0.1)	1.4	(3.7)	(3.8)	-	(3.8)
Profit for the financial year	-	-	188.6	-	-	-	-	188.6	0.6	189.2
Net income and expense recognised for the financial year	-	-	187.2	-	(0.1)	1.4	(3.7)	184.8	0.6	185.4
Share-based payment	-	-	-	6.9	-	-	-	6.9	-	6.9
Share options exercised and lapsed	32.7	-	-	(4.4)	-	-	-	28.3	-	28.3
Dividends, net	-	-	(83.1)	-	-	-	-	(83.1)	(0.1)	(83.2)
Balance at 31 March 2006	<u>179.8</u>	<u>-</u>	<u>1,018.2</u>	<u>10.0</u>	<u>(0.1)</u>	<u>4.1</u>	<u>(9.5)</u>	<u>1,202.5</u>	<u>3.3</u>	<u>1,205.8</u>

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

**STATEMENTS OF CHANGES IN EQUITY (Cont'd)**  
**for the financial year ended 31 March 2007 (in \$ million)**

	Share Capital	Share Premium	Revenue Reserve	Share-based Compensation Reserve	Fair Value Reserve	Total Equity
<u>THE COMPANY</u>						
Balance at 1 April 2006	179.8	-	760.5	10.0	(0.1)	950.2
Profit for the financial year	-	-	218.9	-	-	218.9
Share-based payment	-	-	-	6.6	-	6.6
Share options exercised and lapsed	35.8	-	0.3	(3.6)	-	32.5
Dividends, net	-	-	(83.9)	-	-	(83.9)
Balance at 31 March 2007	215.6	-	895.8	13.0	(0.1)	1,124.3
Balance at 1 April 2005	102.8	44.3	589.6	7.5	-	744.2
Transfer to share capital	44.3	(44.3)	-	-	-	-
Net fair value changes on financial assets	-	-	-	-	(0.1)	(0.1)
Net income and expense not recognised in the profit and loss Accounts	-	-	-	-	(0.1)	(0.1)
Profit for the financial year	-	-	254.0	-	-	254.0
Net income and expense recognised for the financial year	-	-	254.0	-	(0.1)	253.9
Share-based payment	-	-	-	6.9	-	6.9
Share options exercised and lapsed	32.7	-	-	(4.4)	-	28.3
Dividends, net	-	-	(83.1)	-	-	(83.1)
Balance at 31 March 2006	179.8	-	760.5	10.0	(0.1)	950.2

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

#### **SHARE CAPITAL AND OPTIONS ON SHARES IN THE COMPANY**

(i) The issued and paid-up capital of the Company increased from S\$179,812,336 as at 31 March 2006 to S\$215,535,829 as at 31 March 2007. The increase was due to new ordinary shares of the Company ("Shares") allotted and issued pursuant to the exercise of options granted under the SATS Employee Share Option Plan ("Plan"), which comprises the Senior Executive Share Option Scheme for senior executives and the Employee Share Option Scheme for all other employees.

(ii) On 3 July 2006, options were granted under the Plan to eligible employees to subscribe for 15,189,800 Shares, out of which options in respect of 14,878,000 Shares were accepted by the employees. The exercise periods of the said options commence on 3 July 2007 for Senior Executives (as defined under the Plan) and 3 July 2008 for other employees, and expire on 2 July 2016. The exercise price of the Shares under the said options is S\$2.10 per Share.

(iii) As at 31 March 2007 options to subscribe for a total of 57,508,655 Shares were outstanding under the Plan. As at 31 March 2006, options to subscribe for a total of 59,863,300 Shares were outstanding under the Plan.

(iv) The movement of options to subscribe for Shares granted under the Plan during the financial year 2006-07 is as follows:

<u>Date of Grant</u>	<u>Balance at 01.04.2006/ *Date of grant</u>	<u>Lapsed</u>	<u>Exercised</u>	<u>Not Accepted</u>	<u>Balance at 31.03.2007</u>	<u>Exercise price</u>	<u>Expiry date</u>
28.3.2000	16,156,400	(444,700)	(5,999,200)	-	9,712,500	S\$2.20	27.3.2010
3.7.2000	4,512,350	(215,200)	(1,081,600)	-	3,215,550	S\$1.80	2.7.2010
2.7.2001	1,352,900	(62,600)	(362,000)	-	928,300	S\$1.24	1.7.2011
1.7.2002	3,077,850	(12,650)	(821,450)	-	2,243,750	S\$1.60	30.6.2012
1.7.2003	3,057,650	(23,600)	(807,745)	-	2,226,305	S\$1.47	30.6.2013
1.7.2004	15,994,950	(136,450)	(6,805,200)	-	9,053,300	S\$2.09	30.6.2014
1.7.2005	15,711,200	(300,000)	(20,350)	-	15,390,850	S\$2.27	30.6.2015
3.7.2006	15,189,800	(139,900)	-	(311,800)	14,738,100	S\$2.10	2.7.2016
	<u>75,053,100</u>	<u>(1,335,100)</u>	<u>(15,897,545)</u>	<u>(311,800)</u>	<u>57,508,655</u>		

\* For the most recent grant

(v) Restricted Share Plan and Performance Share Plan

At the extraordinary general meeting of the Company held on 19 July 2005, the Company's shareholders approved the adoption of two new share plans, namely the Restricted Share Plan ("RSP") and Performance Share Plan ("PSP"), in addition to the Employee Share Option Plan.

As at 31 March 2007, the number of outstanding shares granted under the Company's RSP and PSP were 182,030 (31 March 2006: Nil) and 84,360 respectively (31 March 2006: Nil).

Depending on the achievement of pre-determined targets over a two-year period for the RSP and a three-year period for the PSP, the final number of restricted shares and performance shares awarded could range between 0% to 120% of the initial grant of the restricted shares and between 0% to 150% of the initial grant of the performance shares.

**2 Whether the figures have been audited, or reviewed and in accordance with which standard.**

The figures have been audited in accordance with Singapore Standards on Auditing.

**3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).**

See attached auditor's report.

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with the audited financial statements as at 31 March 2006.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

**6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	THE GROUP			
	4 <sup>th</sup> Quarter		Financial Year	
	2006-07	2005-06	2006-07	2005-06
Earnings per share based on net profit attributable to shareholders (cents):				
(i) Basic *	2.6	2.9	17.0	18.2
(ii) Diluted **	2.6	2.9	16.9	18.1

\* Based on weighted average number of fully paid shares in issue.

\*\* Based on weighted average number of fully paid shares in issue after adjusting for dilution of shares under the employee share option plan.

7 **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>As at 31.03.2007</b>	<b>As at 31.03.2006</b>	<b>As at 31.03.2007</b>	<b>As at 31.03.2006</b>
Net asset value per ordinary share (cents)	123.8	115.0	105.9	90.8

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

## **GROUP EARNINGS**

### **8(a)(i) Financial highlights for financial year ended 31 March 2007**

#### **Operating Profit and Net Profit**

The Group's operating profit for FY2006-07 was \$153.2 million, a decrease of \$30.9 million or 16.8% compared to \$184.1 million in the preceding financial year. The Group's profit attributable to the shareholders decreased 5.5% to \$178.2 million.

#### **Balance Sheet**

Total equity of the Group stood at \$1,318.1 million as at 31 March 2007, an increase of 9.3% from that as at 31 March 2006. The increase came from profits for FY2006-07 and share options exercised during the year.

#### **Cash Flow**

The Group has a cash balance of \$577.5 million as at 31 March 2007, an increase of \$146.0 million compared to a year ago mainly from profits made and share options exercised during the year.

### **8(a)(ii) Detailed financial analysis for financial year ended 31 March 2007**

#### **Operating Revenue**

The segmental revenue and its composition are summarised below:

	<b>Financial Year</b>				<b>% Change</b>
	<b>2006-07</b>		<b>2005-06</b>		
	<b>\$Million</b>	<b>%</b>	<b>\$Million</b>	<b>%</b>	
Inflight catering	409.7	43.3	396.3	42.5	+ 3.4
Ground handling	436.6	46.1	433.2	46.5	+ 0.8
Security Services	49.7	5.3	59.3	6.4	- 16.2
Others #	49.7	5.3	43.2	4.6	+ 15.0
<b>Total</b>	<b>945.7</b>	<b>100.0</b>	<b>932.0</b>	<b>100.0</b>	<b>+ 1.5</b>

# Other services include airline laundry services, cargo delivery, manufacturing and distribution of chilled and frozen processed food, and leasing of office space to airline clients and cargo agents.

The Group's operating revenue for FY2006-07 was \$945.7 million, an increase of \$13.7 million or 1.5% because of higher business volume but was offset by pressure on rates in the current competitive environment.

Revenue from inflight catering increased 3.4% from \$396.3 million to \$409.7 million because of the increase in volume of inflight meals uplifted.

Revenue from ground handling, increased 0.8% from \$433.2 million to \$436.6 million because of the increase in cargo throughput and flights handled but was offset by the rate pressures.

Revenue from aviation security services decreased 16.2% from \$59.3 million to \$49.7 million because of the cessation of hold-baggage screening contract in end August 2006.

Revenue from other services increased 15.0% to \$49.7 million.

### **Operating Expenditure**

Total operating expenditure for the Group increased 6.0% to \$792.5 million in FY2006-07 mainly because of higher bonus provision and increased electricity rates.

### **Profit Contribution from Associated Companies**

Profit contribution from overseas through associated companies decreased 9.1% from \$57.3 million to \$52.1 million for the financial year ended 31 March 2007. This represents 23.7% of the Group's profit before tax, an increase of 0.4% point over the preceding financial year.

### **Taxation**

Taxation declined by 28.3% to \$40.8 million as a result of the 2% reduction in corporate tax rate and a deferred tax write-back amounting to \$6.6 million.

### **8(b)(i) Financial highlights for fourth quarter ended 31 March 2007**

Operating revenue increased 4.4% to \$233.7 million due principally to higher business volume. This was despite rate reductions, suspension of flights by some airline clients and the expiry of the baggage screening contract at Changi Airport.

Operating expenditure increased 14.0% to \$223.8 million due principally to higher bonus provision and increased electricity rates. The computation of the Company's bonus for FY2006-07 was linked to the SIA Group's profitability. Going forward, the linkage will no longer apply.

As a result of the higher increase in expenses, operating profit, at \$9.9 million, was 64.1% lower.

Profit contribution from our associated companies decreased 23.1% to \$8.0 million, partly due to the strengthening of the Singapore dollar and higher costs of the expanded infrastructure of our Hong Kong associate. Associated companies contributed 37.0% of our Group's profit before tax, up 10.7% point.

Profit before tax, at \$21.6 million, was 45.5% lower. Taxation in the fourth quarter had a positive effect due to the change in corporate tax rate from 20% to 18% and a deferred tax write-back arising from the tax rate reduction.

Profit attributable to the shareholders decreased by 11.1% to \$27.2 million.

**9** Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

**10** A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

#### **OUTLOOK FOR FINANCIAL YEAR 2007-08**

Overall, business volume for the new financial year is expected to grow moderately. Rate pressure, however, will continue in the face of strong competition. We will continue to focus on productivity gains and service quality improvements to enhance our cost competitiveness.

We have expanded our capacity to cater to longer-term growth for our Hong Kong operations. Profit contribution from our Hong Kong associate will be affected by higher depreciation and related charges in the near term.

We will continue to seek opportunities, especially in China, India and the Middle East for new ventures to boost our long-term profitability.

#### **11 Dividends**

##### **(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? Yes

Name of dividend	Interim	Final	Special
Dividend type	Cash	Cash	Cash
Dividend amount per share	4 cents per ordinary share less tax	6 cents per ordinary share less tax	5 cents per ordinary share less tax
Tax rate	20%	18%	18%

##### **(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of dividend	Interim	Final
Dividend type	Cash	Cash
Dividend amount per share	4 cents per ordinary share less tax	6 cents per ordinary share less tax
Tax rate	20%	20%

##### **(c) Date Payable**

The final dividend, if approved by Shareholders on 26 July 2007, will be paid on 13 August 2007.

**(d) Books Closure Date**

Notice is hereby given that, subject to Shareholders' approval being obtained for the declaration of the final and special dividends to be paid on 13 August 2007, the Transfer Books and the Register of Members of the Company will be closed on 2 August 2007 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 Registrars, M & C Services Private Limited, at 138 Robinson Road #17-00, The Corporate Office, Singapore 068906 up to 5.00 pm on 01 August 2007 will be registered to determine shareholders' entitlements to the proposed final and special dividends. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 pm on 01 August 2007 will be entitled to the proposed final and special dividends.

**12 If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.

**13 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**13.1 BY INDUSTRY** (in \$ million)

	Inflight Catering	Ground Handling/ Cargo	Others	Eliminations	Total
<u>Financial year ended 31 March 2007</u>					
Revenue					
External revenue	409.7	436.6	99.4	-	945.7
Inter-segment revenue	3.3	-	86.1	(89.4)	-
Total revenue	<u>413.0</u>	<u>436.6</u>	<u>185.5</u>	<u>(89.4)</u>	<u>945.7</u>
Operating profit	81.7	45.1	26.4	-	153.2
Interest income	1.0	1.6	18.5	(2.9)	18.2
Interest on borrowings	-	-	(9.1)	2.9	(6.2)
Gross dividend from long-term investment	1.0	-	-	-	1.0
Share of profits of associated companies	13.8	38.3	-	-	52.1
Gain on disposal of fixed assets	-	0.1	-	-	0.1
Amortisation of deferred income	-	-	1.4	-	1.4
Profit before taxation	<u>97.5</u>	<u>85.1</u>	<u>37.2</u>	<u>-</u>	<u>219.8</u>
Taxation	(19.1)	(15.5)	(6.2)	-	(40.8)
Profit after taxation	<u>78.4</u>	<u>69.6</u>	<u>31.0</u>	<u>-</u>	<u>179.0</u>
<u>As at 31 March 2007</u>					
Segment assets	339.5	454.3	667.1	-	1,460.9
Associated companies	65.0	275.5	0.2	-	340.7
Loan to an associated company	2.6	-	-	-	2.6
Total assets	<u>407.1</u>	<u>729.8</u>	<u>667.3</u>	<u>-</u>	<u>1,804.2</u>
Current liabilities	48.3	67.1	41.0	-	156.4
Long-term liabilities	-	-	27.1	-	27.1
Notes payable	-	-	200.0	-	200.0
Tax liabilities	24.9	27.2	50.5	-	102.6
Total liabilities	<u>73.2</u>	<u>94.3</u>	<u>318.6</u>	<u>-</u>	<u>486.1</u>
Capital expenditure	3.3	7.4	3.0	-	13.7
Depreciation and amortisation expenses	24.2	38.0	3.5	-	65.7
Non-cash items other than depreciation and amortisation expenses	-	7.4	(1.0)	-	6.4

13.1 **BY INDUSTRY (cont'd)** (in \$ million)

	Inflight Catering	Ground Handling/ Cargo	Others	Eliminations	Total
<u>Financial year ended 31 March 2006</u>					
Revenue					
External revenue	396.3	433.2	102.5	-	932.0
Inter-segment revenue	2.9	-	85.3	(88.2)	-
Total revenue	<u>399.2</u>	<u>433.2</u>	<u>187.8</u>	<u>(88.2)</u>	<u>932.0</u>
Operating profit	79.3	69.2	35.6	-	184.1
Interest income	2.2	2.4	9.7	(5.0)	9.3
Interest on borrowings	-	-	(11.3)	5.0	(6.3)
Gross dividend from long-term investment	0.6	-	-	-	0.6
Share of profits of associated companies	13.0	44.3	-	-	57.3
Loss on disposal of fixed assets	-	-	(0.3)	-	(0.3)
Amortisation of deferred income	-	-	1.4	-	1.4
Profit before taxation	<u>95.1</u>	<u>115.9</u>	<u>35.1</u>	<u>-</u>	<u>246.1</u>
Taxation	(20.9)	(26.6)	(9.4)	-	(56.9)
Profit after taxation	<u>74.2</u>	<u>89.3</u>	<u>25.7</u>	<u>-</u>	<u>189.2</u>
<u>As at 31 March 2006</u>					
Segment assets	359.5	508.1	507.5	-	1,375.1
Associated companies	62.5	276.9	0.2	-	339.6
Loan to an associated company	3.2	-	-	-	3.2
Total assets	<u>425.2</u>	<u>785.0</u>	<u>507.7</u>	<u>-</u>	<u>1,717.9</u>
Current liabilities	36.6	45.4	74.5	-	156.5
Long-term liabilities	-	-	30.2	-	30.2
Notes payable	-	-	200.0	-	200.0
Tax liabilities	30.0	38.5	56.9	-	125.4
Total liabilities	<u>66.6</u>	<u>83.9</u>	<u>361.6</u>	<u>-</u>	<u>512.1</u>
Capital expenditure	1.8	9.6	1.6	-	13.0
Depreciation and amortisation expenses	25.5	36.1	3.7	-	65.3
Non-cash items other than depreciation and amortisation expenses	-	7.7	(1.3)	-	6.4

**13.2 BY GEOGRAPHICAL LOCATION** (in \$ million)

	Singapore	Overseas	Total
<u>Financial year ended 31 March 2007</u>			
Revenue	<u>941.4</u>	<u>4.3</u>	<u>945.7</u>
<u>As at 31 March 2007</u>			
Segment assets	1,448.6	12.3	1,460.9
Associated companies	0.2	340.5	340.7
Loan to an associated company	-	2.6	2.6
Total assets	<u>1,448.8</u>	<u>355.4</u>	<u>1,804.2</u>
Capital expenditure	<u>13.7</u>	<u>-</u>	<u>13.7</u>
<u>Financial year ended 31 March 2006</u>			
Revenue	<u>931.6</u>	<u>0.4</u>	<u>932.0</u>
<u>As at 31 March 2006</u>			
Segment assets	1,365.3	9.8	1,375.1
Associated companies	0.2	339.4	339.6
Loan to an associated company	-	3.2	3.2
Total assets	<u>1,365.5</u>	<u>352.4</u>	<u>1,717.9</u>
Capital expenditure	<u>13.0</u>	<u>-</u>	<u>13.0</u>

**14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to note 8.

**15 A breakdown of sales.**

(in \$ million)	THE GROUP		
	2006-07	2005-06	% Change
(a) Turnover reported for first half year	470.4	474.4	- 0.8
(b) Profit after tax reported for first half-year	100.9	107.1	- 5.8
(c) Turnover reported for second half year	475.3	457.6	+ 3.9
(d) Profit after tax reported for second half-year	78.1	82.1	- 4.9

**16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

(\$ million)	2006-07	2005-06
Ordinary dividend		
- Interim (net of tax)	33.6	33.4
- Final (net of tax)*	52.2	50.3
Special dividend (net of tax)*	43.5	-
Total	129.3	83.7

\* 2006-07 final and special dividends are estimated based on number of shares issued as at the end of the financial year

## 17 Interested Person Transactions

17.1 The interested person transactions entered into during the financial year ended 31 March 2007 and the immediately preceding financial year FY2005-06 are listed below:

<u>Name of Interested Person</u>	<b>Aggregate value of all interested person transactions entered into during the financial years below under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions of value less than S\$100,000)</b>	
	<b>2006-07</b> \$'000	<b>2005-06</b> \$'000
SilkAir Pte Ltd	57,520	5,483
Jetstar Asia Pte Ltd & ValuAir Ltd	11,150	-
Singapore Airlines Cargo Pte Ltd	10,800	-
Tiger Airways Pte Ltd	5,028 #	-
Great Wall Airlines Co Ltd	3,350	-
Singapore Airlines Limited	812	27,821
Singapore Computer Systems Ltd	510	-
Senoko Energy Supply Pte Ltd	432	-
SembCorp Environmental Management Pte Ltd	-	1,463
Asia Airfreight Terminal Co Ltd	-	1,980
SembCorp Power Pte Ltd	-	4,596
SIA Engineering Company Limited	-	1,228
Singapore Food Industries Ltd	-	170
<b>Total</b>	<b>89,602</b>	<b>42,741</b>

# Includes amounts invoiced and paid in FY2004-05 and FY2005-06.

There were no non-mandated interested person transactions (excluding transactions of value less than S\$100,000 and transactions under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) entered into during FY2006-07 and FY2005-06.

BY ORDER OF THE BOARD  
Shireena Woon  
Company Secretary  
11 May 2007  
Singapore

Singapore Company Registration No: 197201770G