



## ANNOUNCEMENT

The Board of Directors of Singapore Airport Terminal Services Limited wishes to make the following announcement:-

### 1 AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2002

	THE GROUP			THE COMPANY		
	2001-02 S\$M	2000-01# S\$M	Change %	2001-02 S\$M	2000-01# S\$M	Change %
Revenue	895.3	887.2	+ 0.9	70.9	56.1	+ 26.4
Expenditure	(628.6)	(692.6)	- 9.2	(51.6)	(47.1)	+ 9.6
<b>OPERATING PROFIT</b>	266.7	194.6	+ 37.1	19.3	9.0	+ 114.4
Interest on borrowings	(5.9)	(4.7)	+ 25.5	(9.3)	(8.8)	+ 5.7
Interest Income	4.0	2.9	+ 37.9	3.9	2.7	+ 44.4
Dividend from subsidiaries and associated companies	-	-	-	153.3	155.1	- 1.2
Share of profits of associated companies	22.5	17.7	+ 27.1	-	-	-
Dividend income from long-term investment	0.6	0.4	+ 50.0	0.6	0.4	+ 50.0
Gain on liquidation of a subsidiary company	-	-	-	-	3.6	-
Amortisation of goodwill	(0.4)	-	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	287.5	210.9	+ 36.3	167.8	162.0	+ 3.6
Taxation	(74.7)	(40.3)	+ 85.4	(44.3)	(33.8)	+ 31.1
<b>PROFIT AFTER TAXATION</b>	212.8	170.6	+ 24.7	123.5	128.2	- 3.7
Minority Interests	0.1	-	-	-	-	-
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	212.9	170.6	+ 24.8	123.5	128.2	- 3.7

	THE GROUP			THE COMPANY		
	2001-02 S\$M	2000-01# S\$M	Change %	2001-02 S\$M	2000-01# S\$M	Change %
NOTES:						
(a) Operating profit is arrived at after charging/(crediting) for:						
Depreciation of fixed assets	56.8	40.0	+ 42.0	26.3	19.6	+ 34.2
Foreign exchange gain	(0.9)	(1.0)	- 10.0	(0.9)	(1.0)	- 10.0
(b) Revenue:						
First half year	464.5	437.2	+ 6.2	33.5	27.1	+ 23.6
Second half year	430.8	450.0	- 4.3	37.4	29.0	+ 29.0
	<u>895.3</u>	<u>887.2</u>	<u>+ 0.9</u>	<u>70.9</u>	<u>56.1</u>	<u>+ 26.4</u>
(c) Profit after taxation:						
First half year	112.8	92.8	+ 21.6	65.8	64.3	+ 2.3
Second half year	100.0	77.8	+ 28.5	57.7	63.9	- 9.7
	<u>212.8</u>	<u>170.6</u>	<u>+ 24.7</u>	<u>123.5</u>	<u>128.2</u>	<u>- 3.7</u>

	THE GROUP		
	2001-02	2000-01 #	Change
(d) Profit after taxation as a percentage of revenue (%)	23.8	19.2	+ 4.6 points
(e) Profit after taxation and minority interest as a percentage of issued capital and reserves at the end of the year (%)	22.9	22.4	+ 0.5 point
(f) Earnings per share (cents) - basic	21.3	17.1	+ 4.2 cents
- diluted	21.3	17.1	+ 4.2 cents
(g) Net tangible assets per share (cents)	92.2	76.1	+ 16.1 cents

The Group has complied with the revised/new Statements of Accounting Standard ("SAS") which were effective from 1 April 2001. The effects of the revised/new SAS are:

#### SAS 10 (2000) Events after the Balance Sheet Date

Under SAS 10 (2000), dividends proposed or declared after balance sheet date are no longer recognised as a liability as at balance sheet date. Consequently, the revenue reserves of the Group and of the Company as at 31 March 2001 were restated by adding back the proposed final dividend of \$30.2 million for the year ended 31 March 2001.

#### SAS 12 (revised 2001) Income Taxes

Under SAS 12 (revised 2001), a deferred tax liability is now recognised for all taxable temporary differences. Previously deferred tax liability was recognised on account of differences only to the extent that a tax liability was expected to materialise in the foreseeable future. As a result, the revenue reserves of the Group and of the Company as at 31 March 2001 has been reduced by \$12.5 million and \$6.8 million respectively.

As a result, the comparative figures in profit and loss accounts for the Group and the Company for the year ended 31 March 2001 have been restated accordingly.

## 2 SEGMENT INFORMATION

### Analysis by business activity

	Revenue		Profit before interest on borrowings and tax	
	2001-02	2000-01	2001-02	2000-01
	S\$M	S\$M	S\$M	S\$M
Inflight catering	406.3	412.4	123.8	99.6
Ground handling	425.8	418.0	129.1	97.3
Other services *	63.2	56.8	40.5	18.7
Group	895.3	887.2	293.4	215.6

\* Other services include aviation security services, airline laundry services and leasing of office space to airline clients and cargo agents.

### Analysis by geographical location

	Revenue		Profit before interest on borrowings and tax	
	2001-02	2000-01	2001-02	2000-01
	S\$M	S\$M	S\$M	S\$M
Singapore	895.3	887.2	270.5	197.0
Overseas	-	-	22.9	18.6
Group	895.3	887.2	293.4	215.6

## 3 AUDITED SUMMARISED BALANCE SHEETS AT 31 MARCH 2002

	THE GROUP		THE COMPANY	
	2002	2001#	2002	2001#
	S\$M	S\$M	S\$M	S\$M
Share capital	100.0	100.0	100.0	100.0
Distributable reserves	829.5	660.7	419.9	341.6
Non-distributable reserves	0.8	0.6	-	-
Shareholders' funds	930.3	761.3	519.9	441.6
Minority Interests	0.5	-	-	-
Deferred taxation	113.3	102.4	60.8	55.1
Long-term liabilities	249.5	249.6	248.0	247.4
	1,293.6	1,113.3	828.7	744.1
Represented by:-				
Fixed assets	857.4	833.6	617.6	614.8
Subsidiaries	-	-	37.3	36.0
Associated companies	122.2	77.3	92.7	42.9
Long-term investments	7.9	10.6	7.9	10.6
Goodwill	8.2	-	-	-
Loan to third parties	48.0	47.4	48.0	47.4
Current assets	444.2	360.3	322.6	214.3
Less: Current liabilities	(194.3)	(215.9)	(297.4)	(221.9)
	1,293.6	1,113.3	828.7	744.1

# Restated

#### 4 CASH FLOW SUMMARY

	THE GROUP	
	2001-02	2000-01
	S\$M	S\$M
Net cash provided by operating activities	195.6	202.7
Net cash used in investing activities	(66.1)	(86.4)
Net cash (used in)/provided by financing activities	(45.8)	9.1
Net increase in cash and cash equivalents	83.7	125.4

#### 5 GROUP BORROWINGS

	Unsecured	
	31.3.2002	30.9.2001
	S\$M	S\$M
Repayable within one year	0.8	1.0
Repayable after one year	249.5	250.7
	250.3	251.7

#### 6 COMMENTS ON RESULTS

6.1 The Group's profit after tax increased \$42.2 million (+24.7%) to \$212.8 million. Revenue was up \$8.1 million (+0.9%): ground handling revenue increased \$7.8 million (+1.9%); inflight catering revenue dropped \$6.1 million (-1.5%); while revenue from other services grew \$6.4 million (+11.3%), mainly from aviation security services rendered. Inflight catering's revenue declined as a result of lower passenger loads. Expenditure decreased \$64 million (-9.2%) to \$628.6 million, the result largely of lower staff costs (-\$82.3 million or -20.2%). Staff costs were mainly lower because no provision for profit sharing bonus has been made, whereas a bonus equivalent to 4.54 months of salary amounting to \$75.8 million was paid the previous year. This is in line with the profit sharing agreement which is based on profits of the SIA Group and is applicable until the end of financial year 2003-04.

6.2 Operating expenditure excluding staff costs increased \$18.3 million (+6.4%) because of higher costs associated with the commissioning of the sixth airfreight terminal (+\$14.5 million), and higher insurance costs (+\$5 million) as a result of 11 September events. The increase was offset by lower raw material costs (-\$3.4 million).

6.3 Profits from overseas operations through associated companies increased \$4.8 million (+27.1%) to \$22.5 million and represent 8.9% of the Group's profit after tax.

6.4 The Group's shareholders' funds rose \$169 million (+22.2%) to \$930.3 million. Earnings per share rose 4.2 cents to 21.3 cents and net tangible assets per share went up 16.1 cents to 92.2 cents as at 31 March 2002.

6.5 During the year, there were no pre-acquisition profits or material adjustments for under or over provision of taxation in respect of prior years.

6.6 Except for the subsequent event mentioned in paragraph 7.1, no transaction or event of a material and unusual nature has arisen between 31 March 2002 and the date of this report, which would substantially affect the results of the Company or the Group.

#### 7 SUBSEQUENT EVENT

7.1 On 3 May 2002, the Singapore Finance Minister announced the revision in the Singapore corporate tax rate from 24.5% to 22.0%. The provisions for current and deferred tax in these financial statements have not been adjusted to reflect the change in the tax rate. Had they been adjusted, the provision for current tax for the Group and the Company would be reduced by approximately \$6.2 million and \$0.3 million respectively, and the provision for deferred tax for the Group and the Company would be reduced by approximately \$11.6 million and \$6.2 million respectively.

## **8 SHARE OPTIONS**

8.1 On 2 July 2001, options were granted under the SATS Employee Share Option Plan ("Plan") to eligible employees to subscribe for 16,784,200 ordinary shares of \$0.10 each of the Company ("Shares"), out of which options in respect of 15,350,200 Shares were accepted by the employees. The exercise periods of the said options commence on 2 July 2002 for Senior Executives (as defined under the Plan) and 2 July 2003 for other employees, and expire on 1 July 2011. The exercise price of the Shares under the said options is \$1.54 per Share.

8.2 As at 30 September 2001, options to subscribe for a total of 47,631,100 Shares were outstanding under the Plan. As at 31 March 2002, options to subscribe for a total of 47,310,700 Shares are outstanding under the Plan (options to subscribe for a total of 492,100 Shares lapsed pursuant to Rule 8 of the Plan).

8.3 None of the options granted on 28 March 2000, 3 July 2000 or 2 July 2001 have been exercised to date.

## **9 OUTLOOK FOR 2002-03**

9.1 Cargo and passenger traffic is recovering. Flight frequencies, however, are expected to remain below pre-September 11, 2001 levels for the first half of the new financial year.

9.2 Barring unforeseen events, revenue should be better in the improved climate. However costs will rise. Insurance and security costs have already escalated, and staff costs are expected to increase.

9.3 Over the coming year, the Group will continue to seek new joint ventures and acquisitions in Singapore and abroad and strengthen its position as the region's leading integrated ground handling and inflight catering provider.

## **10 DIVIDENDS**

10.1 An interim dividend of 2 cents per ordinary share of nominal value 10 cents, less income tax at 24.5%, amounting to a net dividend of \$15.1 million, was paid on 29 November 2001.

10.2 A final dividend of 4 cents per ordinary share of nominal value 10 cents, less income tax at 22.0%, amounting to a net dividend of \$31.2 million, is proposed. With the proposed final dividend, the total dividend less tax, payable out of profits for FY2001/02, will amount to \$46.3 million (FY2000-01: \$45.1 million).

## **11 CLOSURE OF BOOKS**

11.1 Notice is hereby given that the Transfer Books and the Register of Members of the Company will be closed on 16 and 17 July 2002 (both dates inclusive) for the preparation of dividend warrants. The final dividend will be paid on 26 July 2002 to members on the Register as at 15 July 2002.

11.2 Duly completed and stamped transfers received by the Share Registrars, KPMG, at 138 Robinson Road #17-00, The Corporate Office, Singapore 068906 up to 5.00 pm on 15 July 2002 will be registered to determine shareholders' entitlement to the final dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 pm on 15 July 2002 will be entitled to the proposed final dividend.

12      **ANNUAL GENERAL MEETING**

12.1      The 29th Annual General Meeting of the Company will be held at the Ballroom I and II, 3<sup>rd</sup> Level, Singapore Marriott Hotel, 320 Orchard Road, Singapore 238865, on Tuesday, 9 July 2002, at 10.00 am.

BY ORDER OF THE BOARD

Annabelle Yip  
Company Secretary  
17 May 2002  
Singapore

**Also available on SATS's website :  
<http://www.sats.com.sg>**