

building **lasting** affinity

SATS SUMMARY REPORT 2005/2006



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Mission Statement

SATS aims to be the best handling agent in the world, providing airport ground handling, inflight catering and aviation security services of the highest quality, while giving value to customers and shareholders, and career fulfilment to staff.

Corporate Information

as at 13 June 2006

BOARD OF DIRECTORS

Cheng Wai Wing Edmund
Chairman

Chew Choon Seng
Deputy Chairman

Richard Charles Helfer*
Director

Hong Hai*
Director

Khaw Kheng Joo
Director

Ng Kee Choe
Director

Ow Chin Hock
Director

Tan Jiak Ngee Michael
Director

Yeo Chee Tong
Director

AUDIT & RISK MANAGEMENT COMMITTEE

Ng Kee Choe
Chairman

Hong Hai*
Member

Ow Chin Hock
Member

Tan Jiak Ngee Michael
Member

BOARD EXECUTIVE COMMITTEE

Cheng Wai Wing Edmund
Chairman

Chew Choon Seng
Member

Ng Kee Choe
Member

REMUNERATION & HUMAN RESOURCE COMMITTEE

Cheng Wai Wing Edmund
Chairman

Chew Choon Seng
Member

Richard Charles Helfer*
Member

NOMINATING COMMITTEE

Hong Hai*
Chairman

Richard Charles Helfer*
Member

Tan Jiak Ngee Michael
Member

COMPANY SECRETARY

Shireena Johan Woon

REGISTERED OFFICE

20 Airport Boulevard
Singapore 819659

COMPANY REGISTRATION NO.

197201770G

SHARE REGISTRAR

M & C Services Private Limited
138 Robinson Road #17-00
The Corporate Office
Singapore 068906

AUDITORS

Ernst & Young
Certified Public Accountants
10 Collyer Quay #21-01
Ocean Building
Singapore 049315

Winston Ngan
Audit Partner-in-charge
(appointed in FY2005-06)

CORPORATE MANAGEMENT

Ng Chin Hwee
President and Chief Executive Officer

Karmjit Singh
Chief Operating Officer

Lim Kei Hin
Chief Financial Officer

Chan Wai Leong John
Senior Vice-President (Corporate Business Planning & Development)

Leong Kok Hong
Senior Vice-President (Cargo)

Tan Chuan Lye
Senior Vice-President (Catering)

Lim Cheng Yueh Andrew
Ag. Senior Vice-President (Apron & Passenger Services)

Denis Marie
General Manager
SATS Security Services Private Limited

Wong See Heng
General Manager
Aero Laundry and Linen Services Private Limited

Leong Yew Weng
Manager
Aerolog Express Pte Ltd

Tan Chiew Kuang Frankie
Chief Executive Officer
Country Foods Pte. Ltd.

* Dr Richard Charles Helfer and Dr Hong Hai will retire from office at the Annual General Meeting to be held on 25 July 2006, and will not be standing for re-election. Dr Helfer will cease to be a member of both the Nominating Committee and the Remuneration & Human Resource Committee, and Dr Hong will cease to be Chairman of the Nominating Committee and a member of the Audit & Risk Management Committee. Consequent upon the retirements of Dr Helfer and Dr Hong, Dr Ow Chin Hock will be appointed as Chairman of the Nominating Committee, Mr Khaw Kheng Joo will be appointed as a member of the Nominating Committee and Mr Yeo Chee Tong will be appointed as a member of the Remuneration & Human Resource Committee.

Statistical Highlights

	2005-06	Restated 2004-05	% CHANGE
FINANCIAL STATISTICS			
GROUP (\$ MILLIONS)			
Total revenue	932.0	975.7	- 4.5
Total expenditure	747.9	781.5	- 4.3
Operating profit	184.1	194.2	- 5.2
Profit before tax	246.1	217.3	13.3
Profit after tax	189.2	168.1	12.6
Profit attributable to equity holders of the Company	188.6	167.8	12.4
Share capital	179.8	147.1	22.2
Reserves			
Revenue reserve	1,018.2	911.7	11.7
Share-based compensation reserve	10.0	7.5	33.3
Foreign currency translation reserve	(9.5)	(7.9)	20.3
Statutory reserve	4.1	2.7	51.9
Fair value reserve	(0.1)	-	-
Equity attributable to equity holders of the Company	1,202.5	1,061.1	13.3
Return on shareholders' funds (%)	16.7	14.7	2.0 points
Total assets	1,721.3	1,593.2	8.0
Total debts	247.5	249.0	- 0.6
Total debt equity ratio (times)	0.21	0.23	- 0.02 time
Value added	665.1	671.7	- 1.0
Economic value added	79.8	92.7	- 13.9
PER SHARE DATA			
Earnings before tax (cents)	23.7	21.3	11.3
Earnings after tax (cents)			
- basic	18.2	16.5	10.3
- diluted	18.1	16.3	11.0
Net asset value (\$)	1.15	1.03	11.7
DIVIDENDS			
Interim dividend (cents per share)	4.0	3.0	33.3
Proposed final dividend (cents per share)	6.0	6.0	-
Dividend cover (times)	2.3	2.3	-
OPERATING STATISTICS			
EMPLOYEE PRODUCTIVITY			
Average number of employees	7,660	8,521	- 10.1
Revenue per employee (\$)	121,675	114,509	6.3
Value added per employee (\$)	86,831	78,824	10.2
Value added per \$ employment costs	1.91	1.73	10.4
OPERATING DATA			
Airfreight throughput (in million tonnes)	1.49	1.42	4.6
Passengers served (in millions)	27.32	25.27	8.1
Inflight meals prepared (in millions)	24.18	23.53	2.8
Flights handled (in thousands)	84.11	76.09	10.6

NOTES:

- SATS' financial year is from 1 April to 31 March. Throughout this report, all financial figures are stated in Singapore Dollars, unless stated otherwise.
- Returns on shareholders' funds is the profit attributable to equity holders of the Company expressed as a percentage of the average equity attributable to equity holders of the Company.
- Total debt equity ratio is total debts divided by equity attributable to equity holders of the Company at 31 March.
- Basic earnings per share is computed by dividing the profit attributable to equity holders of the Company by the weighted average number of fully paid shares in issue.
- Diluted earnings per share is computed by dividing the weighted average number of fully paid shares in issue after adjusting for dilution of shares under the employee share option plan.
- Net asset value per share is computed by dividing equity attributable to equity holders of the Company by the ordinary shares in issue.
- Dividend cover is profit attributable to equity holders of the Company divided by net dividends.
- Figures for FY2004-05 were restated due to the adoption of the new and revised Financial Reporting Standards.

Chairman's Statement

Dear Shareholders,

The year in review saw SATS experiencing its first full year impact of increased competition in Singapore brought on by the entry of the third ground handler. The company responded well with growth in business volume, and successfully defended its market share despite the pressure on rates. Continued vigilance on costs and productivity together with a strong performance from our overseas investments enabled SATS to turn in a satisfactory performance.

Financial Results

Profit attributable to shareholders (PATMI) increased from \$167.8 million to \$188.6 million, an increase of 12.4%. Return on equity was 16.7% and Economic Value Added (EVA) was a positive \$79.8 million.

Despite intensified competition, business volumes increased all round in the Group's core activities of ground handling and inflight catering, with the Group seeing growth of 10.6% in flights handled, 4.7% in cargo throughput processed and 2.8% in meals produced, from the previous financial year. Though operating revenue declined due to pressure on rates, operating expenditure also showed a reduction as we realized cost savings and higher labour productivity from the restructuring exercise last year coupled with tighter cost management.

Profit before tax increased from \$217.3 million to \$246.1 million, an increase of 13.3%. Excluding the exceptional item incurred in the previous year arising from a restructuring exercise, profit before tax was unchanged. Overseas ventures contributed \$57.3 million, an increase of 13.5%, and now make up 23.3% of the Group's profit before tax.

Delivering continued value and attractive returns to our shareholders remains our priority. Besides investing in the long term growth of our core businesses, we also seek to return value to our shareholders through a sustainable dividend policy.

The Board is pleased to recommend a final gross dividend of 6 cents per share, amounting to \$50.2 million after tax. Together with the interim dividend of 4 cents gross per share, amounting to \$33.4 million after tax, paid on 25 November 2005, the ordinary dividend after tax for the year will amount to \$83.6 million, representing a 44.4% payout of PATMI. The 10 cents gross per share marks the fourth consecutive year that we have increased the dividend payment. Based on the closing share price of \$2.34 on 31 March 2006 (year-end), the dividend yield is 4.3%.

After paying out the final gross dividend in August 2006, the Company would have about \$31.3 million in Section 44 tax credits, which would be sufficient to frank \$157 million in gross dividends. The Board is committed to utilize the Section 44 tax credits fully by December 2007.

Facing Challenges

Competition in Singapore has clearly intensified this year with no sign of waning in the near term. The effect thereof is reflected in our revenue performance; pressure on rates has led to falling unit revenue while increases in business volume mitigated its impact on total revenue. Intense competition amongst airlines coupled with rising oil prices place further pressure on service providers such as SATS as airlines seek to trim costs.

Competition and challenges are not new to SATS. We have proven our ability to rise above our competitors and have reaffirmed our leadership position in Singapore with a growing presence in the Asia-Pacific region. SATS has built a strong reputation in the industry and we will continue to play our role to further strengthen the hub status of Singapore Changi Airport for mutual benefit.

For the year ahead, prudent cost management and overseas expansion will continue to be our main focus. Productivity improvements and cost competitiveness will be pursued with even greater vigour.

Growing Beyond Singapore

Our strategy of investing in ground handling and inflight catering ventures in emerging growth markets overseas continues to bear strong results. With our new ventures in Tianjin (China), Karachi (Pakistan), Doha (Qatar) and soon, Qingdao (China), we now have a considerable presence of 23 airports in 10 countries in the Asia-Pacific region. In the coming year, we can expect further expansion in our investments overseas; just recently, we successfully tendered for the cargo handling rights at the new Bangalore International Airport, expected to be operational by April 2008.

Building A Superior Brand

To further strengthen our competitiveness in Singapore, SATS undertook a major product and service upgrade, costing some S\$23 million. The investment was made in both the major businesses of inflight catering and ground handling, comprising both the hardware and software aspects of our product. Some of these improvements set new service level benchmarks for the industry and will further strengthen our position as the premier ground handler and inflight caterer at Singapore Changi Airport.

Another significant milestone was achieved in the development of SATS this year with the unveiling of its new corporate and brand identity. The new corporate colours and logo, together with the tagline of *One with You* more accurately reflect the energy and vibrancy of the people in the organization and our global aspirations. The new tagline also carries with it a brand promise that we will be delivering to our clients and signals a strong commitment to offer superior and unrivalled services in all the airports that we operate. I am confident that the new branding and identity will raise our corporate profile and support our overseas expansion plans.

Gaining Recognition

As further testimony of our product reputation, SATS continues to be recognised in the industry with awards for our products and services. We have been awarded the "Best Air Cargo Terminal Operator in Asia" for the ninth time at the 2005 Asian Freight & Supply Chain Awards (AFSCA) organized by Cargonews Asia. In the area of service quality, SATS staff clinched the bulk of the national Excellent Service Awards (EXSA). A total of 851 awards was received by our staff, including the coveted EXSA Superstar Award. Suffice to say, SATS continues to receive awards for our service delivery from our various airline clients.

A Note Of Thanks

Our staff are dedicated and committed to the long term goal to grow shareholder value and deliver consistent and attractive returns. On behalf of the Board, I would like to recognize the contributions of President and CEO Mr Ng Chin Hwee, his management team, the Unions and all employees of SATS, and thank them for their dedication and hard work.

Our customers, partners and business associates have all contributed much to our continued success and to them, we want to say a big thank you for the vital role they have played.

We would also like to express our deep appreciation to each and every one of you, our shareholders, for your continued confidence and unwavering support.

On behalf of the SATS Group, we bid fond farewells to Dr Hong Hai and Dr Richard Charles Helfer who are stepping down as Board members. Having been on the Board since the IPO in 2000, Dr Hong and Dr Helfer have contributed significantly and have left an indelible mark on the Group. At the same time, we extend a warm welcome to Mr Yeo Chee Tong, who joined our Board on 19 May. Mr Yeo, the President and CEO of SNP Corporation Ltd, will certainly bring a wealth of experience, particularly in IT and business development, to the Board.

Thank you.

Edmund Cheng Wai Wing
Chairman

Report By The Board Of Directors

IMPORTANT NOTE

The summary financial report as set out on pages 6 to 19 does not contain sufficient information to allow for a full understanding of the results and state of affairs of the Company or of the Group. For further information, the full annual financial statements, the auditors' report on those financial statements, and the directors' report should be consulted. Shareholders may request a copy of the full annual report at no cost from the Company Secretary. Please use the request form at the end of this summary financial report.

The directors have pleasure in presenting their report together with the audited financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2006.

1. DIRECTORS OF THE COMPANY

The names of the directors in office at the date of this report are:

Edmund Cheng Wai Wing	-	Chairman
Chew Choon Seng	-	Deputy Chairman
Richard Charles Helfer		
Hong Hai		
Khaw Kheng Joo	-	appointed on 19.7.2005
Ng Kee Choe		
Ow Chin Hock		
Michael Tan Jiak Ngee		

2. DIRECTORS' INTERESTS IN ORDINARY SHARES, SHARE OPTIONS AND DEBENTURES

The following directors who held office at the end of the financial year have, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act, Cap. 50, an interest in the ordinary shares, share options and debentures of the Company, the Company's immediate holding company and subsidiary companies of the Company's immediate and ultimate holding company other than wholly-owned subsidiary companies, as stated below:

Name Of Director	Direct Interest		Deemed Interest	
	1.4.2005 / Date Of Appointment	31.3.2006	1.4.2005 / Date Of Appointment	31.3.2006

INTEREST IN SINGAPORE AIRLINES LIMITED

Ordinary shares

Chew Choon Seng	214,000	214,000	-	-
Hong Hai	20,000	20,000	-	-
Michael Tan Jiak Ngee	79,600	25,600	-	-

Options to subscribe for ordinary shares

Chew Choon Seng	834,000	1,074,000	-	-
Michael Tan Jiak Ngee	606,000	454,000	-	-

INTEREST IN SINGAPORE AIRPORT TERMINAL SERVICES LIMITED

Ordinary shares

Chew Choon Seng	10,000	10,000	-	-
Richard Charles Helfer	11,000	11,000	-	-
Ng Kee Choe	11,000	11,000	-	-
Michael Tan Jiak Ngee	16,000	16,000	-	-

Report By The Board Of Directors

2. DIRECTORS' INTERESTS IN ORDINARY SHARES, SHARE OPTIONS AND DEBENTURES (CONT'D)

Name Of Director	Direct Interest		Deemed Interest	
	1.4.2005 / Date Of Appointment	31.3.2006	1.4.2005 / Date Of Appointment	31.3.2006
INTEREST IN SIA ENGINEERING COMPANY LIMITED				
<u>Ordinary shares</u>				
Chew Choon Seng	20,000	20,000	-	-
Michael Tan Jiak Ngee	41,000	41,000	-	-
INTEREST IN SINGAPORE TELECOMMUNICATIONS LIMITED				
<u>Ordinary shares</u>				
Chew Choon Seng	11,040	11,040	-	-
Hong Hai	51,430	51,430	1,430	1,430
Khaw Kheng Joo	-	-	190	190
Ng Kee Choe	1,620	1,620	1,620	1,620
Ow Chin Hock	12,520	12,520	-	11,643
Michael Tan Jiak Ngee	6,260	6,260	-	-
INTEREST IN SNP CORPORATION LIMITED				
<u>Ordinary shares</u>				
Edmund Cheng Wai Wing	35,000	35,000	-	-
<u>Options to subscribe for ordinary shares</u>				
Edmund Cheng Wai Wing	80,000	135,000	-	-
INTEREST IN SMRT CORPORATION LIMITED				
<u>Ordinary shares</u>				
Chew Choon Seng	50,000	50,000	-	-
INTEREST IN ST ASSEMBLY TEST SERVICES LIMITED				
<u>Ordinary shares</u>				
Hong Hai	10,000	-	-	-
INTEREST IN CHARTERED SEMICONDUCTOR MANUFACTURING LIMITED				
<u>Ordinary shares</u>				
Hong Hai	4,000	-	-	-
Ow Chin Hock	-	-	-	10,000
INTEREST IN SEMBCORP INDUSTRIES LIMITED				
<u>Ordinary shares</u>				
Edmund Cheng Wai Wing	-	-	5,000	20,400
INTEREST IN MAPLETREE LOGISTICS TRUST MANAGEMENT LIMITED				
<u>Unit holdings in Mapletree Logistics Trust</u>				
Edmund Cheng Wai Wing	-	220,000	-	-
Richard Charles Helfer	-	19,000	-	-
INTEREST IN VERTEX TECHNOLOGY FUND (II) LIMITED				
<u>Ordinary shares</u>				
Ng Kee Choe	50	50	-	-
<u>Redeemable preference shares</u>				
Ng Kee Choe	50	50	-	-

Report By The Board Of Directors

2. DIRECTORS' INTERESTS IN ORDINARY SHARES, SHARE OPTIONS AND DEBENTURES (CONT'D)

Name Of Director	Direct Interest		Deemed Interest	
	1.4.2005 / Date Of Appointment	31.3.2006	1.4.2005 / Date Of Appointment	31.3.2006
SP AUSNET				
Stapled Securities				
Ng Kee Choe	-	150,000	-	-
Ow Chin Hock	-	-	-	4,000

There was no change in any of the above-mentioned interests between the end of the financial year and 21 April 2006.

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangements to which the Company is a party, whereby directors might acquire benefits by means of the acquisition of shares and share options in, or debentures of, the Company or any other body corporate, other than pursuant to the Employee Share Option Plan of its immediate holding company, and the subsidiary companies of the Company's ultimate holding company.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants 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.

3. 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 which the director has a substantial financial interest.

4. OPTIONS ON SHARES IN THE COMPANY

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, 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 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 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.

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:

- one year after the date of grant for 25% of the ordinary shares subject to the options;
- two years after the date of grant for an additional 25% of the ordinary shares subject to the options;
- three years after the date of grant for an additional 25% of the ordinary shares subject to the options; and
- four years after the date of grant for the remaining 25% of the ordinary shares subject to the options.

At the date of this report, the Committee administering the Plan comprises the following directors:

Edmund Cheng Wai Wing	-	Chairman
Chew Choon Seng	-	Member
Richard Charles Helfer	-	Member

Report By The Board Of Directors

4. OPTIONS ON SHARES IN THE COMPANY (CONT'D)

No options have been granted to Directors of the Company, controlling shareholders of the Company or their associates, or parent group employees.

No employee has received 5% or more of the total number of options available under the Plan.

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.

During the financial year, in consideration of the payment of \$1 for each offer accepted, offers of options were granted pursuant to the Plan in respect of 16,425,100 unissued ordinary shares in the Company at an exercise price of \$2.27 per share.

At the end of the financial year, options to take up 59,863,300 unissued ordinary shares in the Company were outstanding:

Date Of Grant	Balance At 1.4.2005/ *Date Of Grant	Lapsed	Exercised	Not Accepted	Balance At 31.3.2006	Exercise Price	Exercisable Period
28.3.2000	17,288,300	232,800	899,100	-	16,156,400	\$2.20	28.3.2001 - 27.3.2010
3.7.2000	7,696,450	92,900	3,091,200	-	4,512,350	\$1.80	3.7.2001 - 2.7.2010
2.7.2001	2,361,950	13,100	995,950	-	1,352,900	\$1.24	2.7.2002 - 1.7.2011
1.7.2002	5,556,050	22,100	2,456,100	-	3,077,850	\$1.60	1.7.2003 - 30.6.2012
1.7.2003	13,661,800	26,000	10,578,150	-	3,057,650	\$1.47	1.7.2004 - 30.6.2013
1.7.2004	16,192,300	164,200	33,150	-	15,994,950	\$2.09	1.7.2005 - 30.6.2014
1.7.2005	16,425,100	154,600	-	559,300	15,711,200	\$2.27	1.7.2006 - 30.6.2015
	79,181,950	705,700	18,053,650	559,300	59,863,300		

* Balance at date of grant for the most recent grant

5. AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee performed the functions specified in the Companies Act. The functions performed are detailed in the Report on Corporate Governance.

6. AUDITORS

The auditors, Ernst & Young, Certified Public Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board,

EDMUND CHENG WAI WING

Chairman

CHEW CHOON SENG

Deputy Chairman

Dated this 5th day of May 2006

Auditors' Report

To The Members Of Singapore Airport Terminal Services Limited

We have examined the accompanying summary financial statement set out on pages 11 to 18.

In our opinion, the summary financial statement is consistent, in all material respects, with the financial statements and the directors' report of Singapore Airport Terminal Services Limited and its subsidiary companies for the financial year ended 31 March 2006 from which they were derived, and complies with the requirements of S203A of the Companies (Amendment) Act 1995, and regulations made thereunder.

In our auditors' report dated 5 May 2006, which is reproduced below, we expressed an unqualified opinion on the financial statements of Singapore Airport Terminal Services Limited and its subsidiary companies:

"We have audited the accompanying financial statements of Singapore Airport Terminal Services Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages # to # for the year ended 31 March 2006. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2006, changes in equity of the Group and of the Company, the results and cash flows of the Group for the financial year ended on that date; and
- b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act."

For a better understanding of the financial position of the Company and the Group and the results of the operations of the Group for the year and of the scope of our audit, the summary financial statement should be read in conjunction with the full financial statements from which the summarised financial statement was derived and our audit report thereon.

ERNST & YOUNG

Certified Public Accountants

SINGAPORE

Dated this 5th day of May 2006

Note:

- # The page numbers are stated in the Auditors' report dated 5 May 2006 included in the SATS Annual Report for the financial year ended 31 March 2006.

Consolidated Profit And Loss Account

For The Year Ended 31 March 2006 (In \$ Thousands)

	GROUP	
	2005-06	Restated 2004-05
REVENUE	932,027	975,733
EXPENDITURE		
Staff costs	(408,054)	(432,936)
Cost of raw materials	(79,554)	(89,464)
Licensing fees	(59,065)	(64,154)
Depreciation and amortisation charges	(65,279)	(63,198)
Company accommodation and utilities	(58,891)	(58,341)
Other costs	(77,144)	(73,450)
	(747,987)	(781,543)
OPERATING PROFIT	184,040	194,190
Interest on borrowings	(6,286)	(3,852)
Interest income	9,240	3,278
Dividend from long-term investment, gross	628	579
Share of profits of associated companies	57,308	50,489
(Loss)/gain on disposal of fixed assets	(309)	152
Amortisation of goodwill	-	(78)
Amortisation of deferred income	1,408	1,381
PROFIT BEFORE EXCEPTIONAL ITEMS	246,029	246,139
Exceptional items	-	(28,824)
PROFIT BEFORE TAXATION	246,029	217,315
Taxation	(56,810)	(49,184)
PROFIT AFTER TAXATION	189,219	168,131
PROFIT ATTRIBUTABLE TO: EQUITY HOLDERS OF THE COMPANY	188,624	167,795
Minority interests	595	336
PROFIT AFTER TAXATION	189,219	168,131
DIVIDENDS PAID		
Final dividend of 6 cents (2005: 5 cents) per ordinary share less 20% (2005: 20%) tax in respect of previous financial year	49,742	40,786
Special dividend of 37 cents per ordinary share less 20% tax in respect of previous financial year	-	301,808
Interim dividend of 4 cents (2005: 3 cents) per ordinary share less 20% (2005: 20%) tax in respect of current financial year	33,381	24,624
	83,123	367,218
Basic earnings per share (cents)	18.2	16.5
Diluted earnings per share (cents)	18.1	16.3

Balance Sheets

At 31 March 2006 (In \$ Thousands)

	GROUP		COMPANY	
	31.3.2006	Restated 31.3.2005	31.3.2006	Restated 31.3.2005
SHARE CAPITAL AND RESERVES				
SHARE CAPITAL	179,812	147,079	179,812	147,079
RESERVES				
Revenue reserve	1,018,136	911,613	760,555	589,622
Foreign currency translation reserve	(9,572)	(7,954)	-	-
Share-based compensation reserve	10,025	7,523	10,025	7,523
Fair value reserve	(76)	-	(76)	-
Statutory reserve	4,117	2,726	-	-
	1,022,630	913,908	770,504	597,145
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	1,202,442	1,060,987	950,316	744,224
MINORITY INTERESTS	3,327	2,845	-	-
TOTAL EQUITY	1,205,769	1,063,832	950,316	744,224
DEFERRED TAXATION	69,001	76,443	36,880	40,408
NOTES PAYABLE	200,000	200,000	200,000	200,000
LOAN FROM IMMEDIATE HOLDING COMPANY	-	43,024	-	43,024
TERM LOANS	3,940	4,270	-	-
DEFERRED INCOME	26,254	28,086	26,209	27,996
	1,504,964	1,415,655	1,213,405	1,055,652
Represented by:				
FIXED ASSETS				
Leasehold land and buildings	522,938	548,383	506,580	531,968
Progress payments	3,304	12,310	360	259
Others	142,954	157,517	1,120	1,445
	669,196	718,210	508,060	533,672
SUBSIDIARY COMPANIES	-	-	43,275	43,275
LONG-TERM INVESTMENT	7,886	7,886	7,886	7,886
ASSOCIATED COMPANIES	346,213	324,555	273,885	272,424
INTANGIBLE ASSETS	14,485	18,392	190	514
LOAN TO THIRD PARTY	-	43,024	-	43,024
CURRENT ASSETS				
Trade debtors	46,352	53,780	1,321	1,139
Other debtors	9,022	16,512	5,342	12,725
Related companies	352,619	204,522	283,866	159,920
Associated companies	371	1,072	371	1,072
Stocks	13,240	10,938	226	261
Loan to third party	42,355	-	42,355	-
Short-term non-equity investments	48,932	37,750	48,932	37,750
Bank fixed deposits	151,490	139,341	150,240	138,841
Cash and bank balances	19,110	17,218	9,721	9,089
	683,491	481,133	542,374	360,797
Less:				
CURRENT LIABILITIES				
Loan from immediate holding company	42,355	-	42,355	-
Term loans	778	893	-	-
Trade creditors	107,044	110,605	17,939	16,140
Other creditors	5,954	8,945	1,681	4,509
Related companies	-	-	86,168	170,577
Provision for taxation	59,782	56,261	14,122	14,714
Bank overdraft - secured	394	841	-	-
	216,307	177,545	162,265	205,940
NET CURRENT ASSETS	467,184	303,588	380,109	154,857
	1,504,964	1,415,655	1,213,405	1,055,652

Statements Of Changes In Equity

For The Year Ended 31 March 2006 (In \$ Thousands)

	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
GROUP										
Balance at 31 March 2005, as previously reported	102,784	44,295	919,418	-	-	2,726	(1,107)	1,068,116	2,845	1,070,961
Effects of adopting										
- FRS 102	-	-	(7,523)	7,523	-	-	-	-	-	-
- FRS 103	-	-	(282)	-	-	-	-	(282)	-	(282)
- FRS 21 (revised)	-	-	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Balance at 31 March 2005, as restated	102,784	44,295	911,613	7,523	-	2,726	(7,954)	1,060,987	2,845	1,063,832
Effects of adopting										
- FRS 21 (revised)	-	-	-	-	-	-	2,057	2,057	-	2,057
- FRS 39	-	-	2,413	-	-	-	-	2,413	7	2,420
	102,784	44,295	914,026	7,523	-	2,726	(5,897)	1,065,457	2,852	1,068,309
Transfer to share capital	44,295	(44,295)	-	-	-	-	-	-	-	-
	147,079	-	914,026	7,523	-	2,726	(5,897)	1,065,457	2,852	1,068,309
Share-based payment	-	-	-	6,909	-	-	-	6,909	-	6,909
Share options exercised	32,733	-	-	(4,340)	-	-	-	28,393	-	28,393
Share options lapsed	-	-	-	(67)	-	-	-	(67)	-	(67)
Transfer to statutory reserve	-	-	(1,391)	-	-	1,391	-	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	-	(3,675)	(3,675)	-	(3,675)
Net fair value changes on available-for-sale assets	-	-	-	-	(76)	-	-	(76)	-	(76)
Net gain/(loss) not recognised in the profit and loss account	-	-	(1,391)	-	(76)	1,391	(3,675)	(3,751)	-	(3,751)
Profit for the year	-	-	188,624	-	-	-	-	188,624	595	189,219
Dividends, net	-	-	(83,123)	-	-	-	-	(83,123)	(120)	(83,243)
Balance at 31 March 2006	179,812	-	1,018,136	10,025	(76)	4,117	(9,572)	1,202,442	3,327	1,205,769

* 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

For The Year Ended 31 March 2006 (In \$ Thousands)

	Attributable to Equity Holders of the Company							Total	Minority Interests	Total Equity
	Share Capital	Share Premium	Revenue Reserve	Share-Based Compensation Reserve	Fair Value Reserve	Statutory Reserve*	Foreign Currency Translation Reserve			
GROUP										
Balance at 31 March 2004, as previously reported	100,601	8,726	1,113,068	-	-	2,528	3,171	1,228,094	2,509	1,230,603
Effects of adopting										
- FRS 102	-	-	(1,552)	1,552	-	-	-	-	-	-
Balance at 31 March 2004, as restated	100,601	8,726	1,111,516	1,552	-	2,528	3,171	1,228,094	2,509	1,230,603
Effects of adopting										
- FRS 103	-	-	(282)	-	-	-	-	(282)	-	(282)
- FRS 21 (revised)	-	-	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Share-based payment	-	-	-	5,971	-	-	-	5,971	-	5,971
Share options exercised	2,183	35,569	-	-	-	-	-	37,752	-	37,752
Transfer to statutory reserve	-	-	(198)	-	-	198	-	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	-	(4,278)	(4,278)	-	(4,278)
Net gain/(loss) not recognised in the profit and loss account	-	-	(198)	-	-	198	(4,278)	(4,278)	-	(4,278)
Profit for the year	-	-	167,795	-	-	-	-	167,795	336	168,131
Dividends, net	-	-	(367,218)	-	-	-	-	(367,218)	-	(367,218)
Balance at 31 March 2005	102,784	44,295	911,613	7,523	-	2,726	(7,954)	1,060,987	2,845	1,063,832

* 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

For The Year Ended 31 March 2006 (In \$ Thousands)

	Share Capital	Share Premium	Revenue Reserve	Share-Based Compensation Reserve	Fair Value Reserve	Total Equity
COMPANY						
Balance at 31 March 2005, as previously reported	102,784	44,295	590,125	-	-	737,204
Effects of adopting						
- FRS 102	-	-	(503)	7,523	-	7,020
Balance at 31 March 2005, as restated	102,784	44,295	589,622	7,523	-	744,224
Effects of adopting						
- FRS 39	-	-	30	-	-	30
	102,784	44,295	589,652	7,523	-	744,254
Transfer to share capital	44,295	(44,295)	-	-	-	-
	147,079	-	589,652	7,523	-	744,254
Net fair value changes on available-for-sale assets	-	-	-	-	(76)	(76)
Share-based payment	-	-	-	6,909	-	6,909
Share options exercised	32,733	-	-	(4,340)	-	28,393
Share options lapsed	-	-	-	(67)	-	(67)
Profit for the year	-	-	254,026	-	-	254,026
Dividends, net	-	-	(83,123)	-	-	(83,123)
Balance at 31 March 2006	179,812	-	760,555	10,025	(76)	950,316
Balance at 31 March 2004, as previously reported	100,601	8,726	689,723	-	-	799,050
Effects of adopting						
- FRS 102	-	-	(90)	1,552	-	1,462
Balance at 31 March 2004, as restated	100,601	8,726	689,633	1,552	-	800,512
Share-based payment	-	-	-	5,971	-	5,971
Share options exercised	2,183	35,569	-	-	-	37,752
Profit for the year	-	-	267,207	-	-	267,207
Dividends, net	-	-	(367,218)	-	-	(367,218)
Balance at 31 March 2005	102,784	44,295	589,622	7,523	-	744,224

Consolidated Cash Flow Statement

For The Year Ended 31 March 2006 (In \$ Thousands)

	GROUP	
	2005-06	Restated 2004-05
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	246,029	217,315
Adjustments for:		
Interest income	(9,240)	(3,278)
Interest on borrowings	6,286	3,852
Dividend from long-term investment	(628)	(579)
Depreciation and amortisation charges	65,279	63,198
Effects of exchange rate changes	76	493
Loss/(gain) on disposal of fixed assets	309	(152)
Share of profits of associated companies	(57,308)	(50,489)
Amortisation of goodwill	-	78
Share-based payment expense	6,909	5,971
Amortisation of deferred income	(1,408)	(1,381)
Operating profit before working capital changes	256,304	235,028
Decrease/(increase) in debtors	17,845	(1,557)
Increase in stocks	(2,302)	(1,984)
(Increase)/decrease in amounts owing by related companies	(3,776)	9,097
(Decrease)/increase in creditors	(7,488)	8,094
(Increase)/decrease in amounts due from associated companies	(701)	685
Cash generated from operations	259,882	249,363
Interest paid to third parties	(6,286)	(3,376)
Tax paid	(46,688)	(41,246)
Net cash provided by operating activities	206,908	204,741
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(12,036)	(11,962)
Loan to associated companies	(3,236)	-
Return of capital from associated companies	3,325	-
Investment in associated companies	(1,550)	(175,104)
Repayment of loan from associated companies	-	254
Dividends from associated companies	20,831	20,235
Dividend from long-term investment	628	579
Proceeds from disposal of fixed assets	303	376
Interest received from deposits	8,869	3,552
(Purchase)/sale of short-term non-equity investments	(11,258)	57,080
Net cash provided by/(used in) investing activities	5,876	(104,990)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank charges on sale and lease back arrangement	(424)	(493)
Repayment of term loan	(445)	-
Proceeds from borrowings	-	201,401
Proceeds from exercise of share options	28,326	37,752
Dividends paid	(83,123)	(367,218)
Deferred income	-	144
Net cash used in financing activities	(55,666)	(128,414)
Net increase/(decrease) in cash and cash equivalents	157,118	(28,663)
Effect of exchange rate changes	(76)	(493)
Cash and cash equivalents at beginning of financial year	274,419	303,575
Cash and cash equivalents at end of financial year	431,461	274,419

Notes To Financial Statements

31 March 2006

1. GENERAL

Singapore Airport Terminal Services Limited (the "Company") is a limited liability company incorporated in the Republic of Singapore. The Company is a subsidiary of Singapore Airlines Limited and its ultimate holding company is Temasek Holdings (Private) Limited, both incorporated in the Republic of Singapore. Related companies in these financial statements refer to members of the group of companies owned or controlled by Singapore Airlines Limited.

The registered office of the Company is at 20 Airport Boulevard, Singapore 819659.

The Company is principally an investment holding company. Its other activities include rental of premises.

The principal activities of the Group are to provide the following services at Singapore Changi Airport to its airline customers:

- Ground handling services including airfreight handling services, passenger services, baggage handling services and apron services;
- Inflight catering services including aircraft interior cleaning and cabin handling services;
- Aviation security services;
- Airline laundry services; and
- Airport cargo delivery management services.

The Group is also engaged in the activity of manufacturing of chilled and frozen meat, seafood products, soups, sauces, convenient meals, processed fruits and vegetables. There have been no significant changes in the nature of the activities during the financial year.

The consolidated financial statements for the financial year ended 31 March 2006 were authorised for issue in accordance with a resolution of the Directors on 5 May 2006.

2. SIGNIFICANT RELATED PARTY TRANSACTIONS (IN \$ THOUSANDS)

The following transactions are entered into by the Group with related parties at market rates:

	GROUP		COMPANY	
	2005-06	2004-05	2005-06	2004-05
Services rendered by:				
Immediate holding company	21,490	15,602	2,187	1,891
Subsidiary companies	-	-	156	127
Related companies	80	38	-	-
	21,570	15,640	2,343	2,018
Sales to:				
Immediate holding company	402,499	422,762	878	986
Subsidiary companies	-	-	67,435	67,824
Related companies	157,923	155,752	2,036	2,079
Associated companies	1,565	1,505	1,565	1,505
	561,987	580,019	71,914	72,394

Notes To Financial Statements

31 March 2006

2. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D) (IN \$ THOUSANDS)

Directors' and key executives' remuneration of the Company:

	COMPANY	
	2005-06	2004-05
Key executives (excluding executive directors)		
Salary, bonuses and other costs	1,982	1,819
CPF and other defined contributions	36	42
Share-based compensation expense	300	219
	2,318	2,080
Directors		
Directors' fees	512*	533

* Proposed

Share options granted to and exercised by key executives of the Company are as follows:

Name Of Participant	Options Granted During Financial Year	Exercise Price For Options Granted During Financial Year	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
Ng Chin Hwee	400,000	\$2.27	726,000	-	726,000
Karmjit Singh	94,000	\$2.27	1,228,000	(571,500)	656,500
Leong Kok Hong	70,000	\$2.27	571,500	(144,750)	426,750
Tan Chuan Lye	81,500	\$2.27	594,500	(136,000)	458,500
Andrew Lim Cheng Yueh	31,000	\$2.27	230,700	(28,550)	202,150

Additional Information

Required By The Singapore Exchange Securities Trading Limited ("SGX-ST")

1. INTERESTED PERSON TRANSACTIONS (IN \$ THOUSANDS)

The interested person transactions entered into during the financial year ended 31 March 2006 and the immediately preceding financial year FY2004-05 are listed below:

	Aggregate Value Of All Interested Person Transactions Entered Into During The Financial Years Below (Excluding Transactions Of Value Less Than S\$100,000 And Transactions Conducted Under The Shareholders' Mandate Pursuant To Rule 920 Of The SGX-ST Listing Manual)		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)	
	2005-06	2004-05	2005-06	2004-05
Name of Interested Person				
Singapore Airlines Limited	-	-	27,821	98,100
Singapore Airlines Cargo Pte Ltd	-	-	-	40,000
SembCorp Environmental Management Pte Ltd	-	-	1,463	5,009
SES Systems Pte Ltd	-	-	-	891
Republic Advertising Consultants (a division of SNP Corporation Limited)	-	-	-	675
Changi International Airport Services Pte Ltd	-	76,500	-	-
Asia Airfreight Terminal Co Ltd	-	-	1,980	-
SembCorp Power Pte Ltd	-	-	4,596	-
SIA Engineering Company Limited	-	-	1,228	-
SilkAir Pte Ltd	-	-	5,483	-
Singapore Food Industries Ltd	-	-	170	-
Total	-	76,500	42,741	144,675

Note: All the above interested person transactions were done on normal commercial terms.

2. MATERIAL CONTRACTS

There are no material contracts between SATS and its subsidiaries involving the interests of President & Chief Executive Officer SATS, each SATS Director or controlling shareholder (as defined in the SGX-ST Listing Manual), either still subsisting at the end of the financial year 2005-06, or if not then subsisting, entered into since the end of the previous financial year 2004-05, other than:

- the 2 corporate services agreements both dated 24 March 2000 between SATS and Singapore Airlines Limited ("SIA");
- the 2 corporate services agreements both dated 17 February 2000 between SATS and SIA Engineering Company Limited ("SIAEC");
- the apportionment of services agreement dated 24 March 2000 between SATS, SIA and SIAEC;
- the ground handling and catering agreements between SATS and SIA and SATS and SilkAir Pte Ltd (a subsidiary of SIA) respectively;
- the ground handling agreement between SATS and Singapore Airlines Cargo Pte Ltd (a subsidiary of SIA);
- the agreement for the laundering of airline linen dated 1 October 1999 between Aero Laundry and Linen Services Pte Ltd (a subsidiary of SATS) and SIA; and
- where applicable, as disclosed in note 25 (Loan to Third Party) and note 33 (Related Party Transactions) of the Notes to Financial Statements in the Annual Report, and Interested Person Transactions listed above, or disclosed in the equivalent sections in previous SATS Annual Reports.

Information On Shareholdings

As At 15 May 2006

Number of shares in issue : 1,046,979,975
 Class of shares : Ordinary
 Voting rights : 1 vote for 1 share

ANALYSIS OF SHAREHOLDINGS

Range Of Shareholdings	No. Of Shareholders	%	Amount Of Shareholdings	%
1 – 999	201	1.08	84,073	0.01
1,000 – 10,000	17,857	95.69	32,503,610	3.10
10,001 – 1,000,000	591	3.17	21,996,471	2.10
1,000,001 and above	11	0.06	992,395,821	94.79
Total	18,660	100.00	1,046,979,975	100.00

MAJOR SHAREHOLDERS

No.	Name	No. Of Shares Held	%
1	SINGAPORE AIRLINES LIMITED	870,000,000	83.10
2	DBS NOMINEES PTE LTD	37,216,761	3.55
3	CITIBANK NOMINEES SINGAPORE PTE LTD	34,189,820	3.27
4	HSBC (SINGAPORE) NOMINEES PTE LTD	14,078,840	1.34
5	UNITED OVERSEAS BANK NOMINEES PTE LTD	11,217,700	1.07
6	DBSN SERVICES PTE LTD	10,322,000	0.99
7	RAFFLES NOMINEES PTE LTD	8,533,500	0.81
8	DB NOMINEES (S) PTE LTD	3,410,000	0.33
9	OCBC NOMINEES SINGAPORE PTE LTD	1,183,200	0.11
10	MORGAN STANLEY ASIA (S'PORE)	1,159,000	0.11
11	MERRILL LYNCH (S'PORE) PTE LTD	1,085,000	0.10
12	SUMMERLIGHT PTE LTD	1,000,000	0.09
13	REALTY & INVESTMENT HOLDINGS PTE LTD	600,000	0.06
14	PHILLIP SECURITIES PTE LTD	558,869	0.05
15	HL BANK NOMINEES (S) PTE LTD	510,000	0.05
16	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	509,000	0.05
17	UOB KAY HIAN PTE LTD	494,000	0.05
18	WONG KET SEONG @ WONG KET YIN	400,000	0.04
19	LIM THIAM YEW	384,000	0.04
20	ING NOMINEES (S'PORE) PTE LTD	333,000	0.03
		997,184,690	95.24

Information On Shareholdings

As At 15 May 2006

SUBSTANTIAL SHAREHOLDERS

As at 15 May 2006, the substantial shareholders of the Company and their direct and deemed interests, as shown in the Company's Register of Substantial Shareholders, were as follows:

Name Of Substantial Shareholder	No. Of Shares In Which The Substantial Shareholder Has A Direct Interest (Representing Percentage Of Total Shareholding**)	No. Of Shares In Which The Substantial Shareholder Has A Deemed Interest (Representing Percentage Of Total Shareholding**)	Total No. Of Shares In Which The Substantial Shareholder Is Interested (Representing Percentage Of Total Shareholding**)
Temasek Holdings (Private) Limited	-	*870,050,000 (approximately **83.10%)	870,050,000 (approximately **83.10%)
Singapore Airlines Limited	870,000,000 (approximately **83.10%)	-	870,000,000 (approximately **83.10%)

* Derived mainly through the direct interest of Singapore Airlines Limited.

** The shareholding percentages have been calculated based on a total issued share capital of 1,046,979,975 shares as at 15 May 2006.

SHAREHOLDING HELD BY THE PUBLIC

Based on information available to the Company as at 15 May 2006, approximately 16.90% of the issued shares of the Company is held by the public (as defined in the SGX-ST Listing Manual). The Company hence confirms that Rule 723 of the SGX-ST Listing Manual has been complied with.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 33rd Annual General Meeting of the Company will be held at Mandarin Court, 4th Floor, Grand Tower, Meritus Mandarin Singapore, 333 Orchard Road, Singapore 238867, on Tuesday 25 July 2006 at 2.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts for the year ended 31 March 2006 and the Auditors' Report thereon.
2. To declare a final dividend of 6 cents per share less income tax of 20% for the year ended 31 March 2006.
3. To re-elect Mr Cheng Wai Wing Edmund, who will retire by rotation in accordance with Article 83 of the Company's Articles of Association and who, being eligible, will offer himself for re-election as Director.
4. To re-elect Mr Chew Choon Seng, who will retire by rotation in accordance with Article 83 of the Company's Articles of Association and who, being eligible, will offer himself for re-election as Director.
5. To re-elect Mr Yeo Chee Tong, who will retire in accordance with Article 90 of the Company's Articles of Association and who, being eligible, will offer himself for re-election as Director.
6. To re-appoint Messrs Ernst & Young as Auditors of the Company to hold office until the next Annual General Meeting and to authorise the Directors to fix their remuneration.
7. To approve payment of Directors' fees of \$511,521.00 for the year ended 31 March 2006. (FY2004-05: \$532,879.46)

SPECIAL BUSINESS

ORDINARY RESOLUTIONS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:

8. "That authority be and is hereby given to the Directors of the Company to:
 - (a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) 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 per cent. of the issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) 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 10 per cent. of the issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

Notice Of Annual General Meeting

- (2) (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 (1) above, the percentage of issued shares shall be based on the number of issued shares in the capital of the Company at the time this Resolution is passed, after adjusting for:
 - (i) 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
 - (ii) any subsequent consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (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.”

9. “That the Directors be and are hereby authorised to:

- (a) offer and grant options in accordance with the provisions of the SATS Employee Share Option Plan (“**Share Option Plan**”) and/or to grant awards in accordance with the provisions of the SATS Performance Share Plan (“**Performance Share Plan**”) and/or the SATS Restricted Share Plan (“**Restricted Share Plan**”) (the Share Option Plan, the Performance Share Plan and the Restricted Share Plan, together the “**Share Plans**”); and
- (b) allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the Share Option Plan and/or such number of fully paid shares as may be required to be issued pursuant to the vesting of awards under the Performance Share Plan and/or the Restricted Share Plan,

provided always that the aggregate number of ordinary shares to be issued pursuant to the Share Plans shall not exceed 15 per cent. of the total number of issued ordinary shares in the capital of the Company from time to time.”

10. To transact any other business which may arise and can be transacted at an annual general meeting.

CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN that, subject to approval of shareholders to the final dividend being obtained at the 33rd Annual General Meeting of the Company to be held on 25 July 2006, the Transfer Books and Register of Members of the Company will be closed on 1 August 2006 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 p.m. on 31 July 2006 will be registered to determine shareholders’ entitlements to the proposed final dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 31 July 2006 will be entitled to the proposed final dividend.

The final dividend, if approved by shareholders, will be paid on 10 August 2006.

BY ORDER OF THE BOARD

SHIREENA JOHAN WOON
Company Secretary

Dated this 13th day of June 2006
Singapore

Notice Of Annual General Meeting

EXPLANATORY NOTES

- i. In relation to Ordinary Resolution Nos. 3 and 4, Messrs Cheng Wai Wing Edmund and Chew Choon Seng will be retiring from office at the Annual General Meeting pursuant to Article 83 of the Company's Articles of Association, and will be standing for re-election at the Annual General Meeting. Please refer to the sections on "Board of Directors" and "Corporate Governance" in the SATS Annual Report for FY2005-06 for more information relating to Mr Cheng and Mr Chew.
- ii. In relation to Ordinary Resolution No. 5, Mr Yeo Chee Tong will be retiring from office at the Annual General Meeting pursuant to Article 90 of the Company's Articles of Association, and will be standing for re-election at the Annual General Meeting. Please refer to the sections on "Board of Directors" and "Corporate Governance" in the SATS Annual Report for FY2005-06 for more information relating to Mr Yeo.
- iii. Ordinary Resolution No. 7 is to approve the payment of Directors' fees of \$511,521.00 (FY2004-05: \$532,879.46) for the year ended 31 March 2006, for services rendered by Directors on the Board as well as various Board Committees. The formula for computation of the said Directors' fees is set out in the section on "Corporate Governance" in the SATS Annual Report for FY2005-06.
- iv. Ordinary Resolution No. 8, if passed, will empower Directors to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, from the date of the above meeting until the date of the next Annual General Meeting. The number of shares which the Directors may issue under this Resolution will not exceed 50 per cent. of the issued shares in the capital of the Company with a sub-limit of 10 per cent. for issues other than on a *pro rata* basis. The 10 per cent. sub-limit for non-*pro rata* issues is lower than the 20 per cent. sub-limit allowed under the Listing Manual of the SGX-ST and the Articles of Association of the Company. For the purpose of determining the aggregate number of shares which may be issued, the percentage of shares shall be based on the number of issued shares in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible instruments or share options or vesting of share awards which are outstanding at the time this Ordinary Resolution is passed and (b) any subsequent consolidation or subdivision of shares.
- v. Ordinary Resolution No. 9 if passed, will empower the Directors to offer and grant options and/or awards and to allot and issue ordinary shares in the capital of the Company pursuant to the SATS Employee Share Option Plan, the SATS Performance Share Plan and the SATS Restricted Share Plan. The modified SATS Employee Share Option Plan was adopted at the Extraordinary General Meeting of the Company held on 7 July 2001 and modified, as announced on 4 June 2003, and at the Extraordinary General Meetings of the Company held on 19 July 2003 and 20 July 2004 respectively. The SATS Performance Share Plan and the SATS Restricted Share Plan were adopted at the Extraordinary General Meeting of the Company held on 19 July 2005.

NOTES

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy must be deposited at Robinson Road Post Office, P O Box 2114, Singapore 904114 not less than 48 hours before the time appointed for the Annual General Meeting.

IMPORTANT

1. For investors who have used their CPF monies to buy the Company's shares, this Circular is forwarded to them at the request of their CPF approved nominees and is sent solely FOR THEIR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

Proxy Form

*I/We _____ (NRIC/Passport No.: _____) of _____

being a *member/members of Singapore Airport Terminal Services Limited (the "**Company**") hereby appoint

Name	Address	NRIC/Passport Number	Proportion Of Shareholdings (No. Of Shares)

and/or (delete as appropriate)

--	--	--	--

or failing *him/her, the Chairman of the Annual General Meeting ("AGM") of the Company as *my/our *proxy/proxies to attend and to vote for *me/us and on *my/our behalf and, if necessary, to demand a poll, at the AGM of the Company, to be held on 25 July 2006 and at any adjournment thereof.

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

No.	Resolution	**For	**Against
Ordinary Business			
1	Adoption of the Directors' Report, Audited Accounts and the Auditors' Report		
2	Declaration of final dividend		
3	Re-election of Mr Cheng Wai Wing Edmund as Director		
4	Re-election of Mr Chew Choon Seng as Director		
5	Re-election of Mr Yeo Chee Tong as Director		
6	Re-appointment and remuneration of Auditors		
7	Approval of Directors' fees		
Special Business			
8	Authority for Directors to issue additional shares and convertible instruments pursuant to Section 161 of the Companies Act, Cap 50		
9	Authority for Directors to offer and grant options and issue shares in accordance with the provisions of the SATS Employee Share Option Plan, SATS Performance Share Plan and SATS Restricted Share Plan		

* Delete accordingly

** Indicate your vote "For" or "Against" with a "v" within the box provided

Dated this _____ day of _____ 2006.

Total number of Shares held	
-----------------------------	--

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

Important: Please read notes on the reverse side

Notes:

1. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member appoints two proxies, he must specify the proportion of his shareholding to be represented by each proxy, failing which the appointments will be deemed to have been made in the alternative.
3. The instrument appointing a proxy or representative must be signed by the appointor or his duly authorised attorney or if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.
4. A corporation which is a member may also appoint by resolution of its directors or other governing body an authorised representative or representatives in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore, to attend and vote on its behalf.
5. The instrument appointing a proxy or proxies (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) must be deposited at Robinson Road Post Office, P.O. Box 2114, Singapore 904114 at least 48 hours before the time appointed for the AGM.
6. On a show of hands, the Chairman of the AGM, who may be appointed as proxy by one or more members and who may also be a member in his own name, may vote as he deems fit, subject to applicable law.
7. A member should insert the total number of Shares held. If the member has Shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of Shares. If the member has Shares registered in his name in the Register of Members, he should insert that number of Shares. If the member has Shares entered against his name in the Depository Register as well as Shares registered in his name in the Register of Members, he should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by the member.
8. The Company shall be entitled to reject this instrument of proxy if it is incomplete, or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of a member whose Shares are entered in the Depository Register, the Company shall be entitled to reject this instrument of proxy which has been lodged if such member is not shown to have Shares entered against his name in the Depository Register at least 48 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

FOLD ALONG THIS LINE (1)



Please
Affix
Postage
Stamp

The Company Secretary
Singapore Airport Terminal Services Limited
Robinson Road Post Office
P O Box 2114
Singapore 904114

FOLD ALONG THIS LINE (2)

Request Form

13 June 2006

Dear Shareholder

This is a copy of the Summary Financial Report ("SFR") of Singapore Airport Terminal Services Limited ("SATS") for financial year 2005-06. The SFR contains a review of the SATS Group for the year ended 31 March 2006. It also contains a summary of the audited financial statements of SATS and the SATS Group for that financial year. We will continue to send you a copy of the SFR for subsequent financial years, for as long as you are a SATS shareholder, unless you indicate or had previously indicated otherwise.

The Directors' Report and the full financial statements of SATS and the SATS Group for financial year 2005-06 are set out in a separate report called the Annual Report. This report is available to all registered SATS shareholders at no cost upon request.

If you wish to receive a copy of the Annual Report for the financial year 2005-06 and for subsequent financial years for as long as you are a shareholder, please complete the request form below by ticking the appropriate box, and return it to us at the address specified overleaf, by no later than 20 June 2006. **If we do not receive your request form by such date, it will indicate that you do not wish to receive the Annual Report for the financial year 2005-06 and for future financial years.**

Nonetheless, please note that you may change your wishes in respect of our SFR and Annual Report for future financial years. If you had previously indicated your wishes to us in connection with your receipt of the SFR and/or Annual Report for this and future financial years, you may change your wishes by ticking the appropriate box in the request form below and returning it to us at the address specified overleaf, by no later than 20 June 2006. If we do not receive your request form, we will take it that there have been no changes to your wishes. Your later request will supersede the earlier requests received by us.

Please note that you will also be able to access the Annual Report on the SATS website www.sats.com.sg from 27 June 2006.

Yours faithfully,

FOR SINGAPORE AIRPORT TERMINAL SERVICES LIMITED

SHIREENA JOHAN WOON

Company Secretary

TO: SINGAPORE AIRPORT TERMINAL SERVICES LIMITED

Robinson Road Post Office

PO Box 2114

Singapore 904114

NB. Please tick only one box. Incomplete or incorrectly completed forms will not be processed.

- * Please send to me the Annual Report for financial year 2005-06 only.
- Please do not send to me/us the Summary Financial Report and Annual Report for as long as I am/we are shareholder(s) of Singapore Airport Terminal Services Limited.
- Please send to me/us the Annual Report in addition to the Summary Financial Report for financial year 2005-06 and for as long as I am/we are shareholder(s) of Singapore Airport Terminal Services Limited.

Name (s) of shareholder(s): _____

NRIC/Passport Number(s): _____

The shares are held by me under or through (please tick):

CDP Securities Account Number:

1	6	8	1	-					-				
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CPF Investment Scheme ("CPFIS") Account

*** If you hold the shares under or through CPFIS, you can only select this first option.**

Address: _____

Signature(s): _____ Date: _____

FOLD ALONG THIS LINE (1)

sats
one with you

BUSINESS REPLY SERVICE
PERMIT NO. 06426



**THE COMPANY SECRETARY
SINGAPORE AIRPORT TERMINAL SERVICES LIMITED**

Robinson Road Post Office
P O Box 2114
Singapore 904114

POSTAGE WILL BE PAID
BY LICENSEE.
FOR POSTING IN
SINGAPORE ONLY.



FOLD ALONG THIS LINE (2)

REGISTERED OFFICE

Singapore Airport Terminal Services Limited (SATS)
20 Airport Boulevard
Singapore 819659



COMPANY REGISTRATION NO.

197201770G

CORPORATE WEBSITE

www.sats.com.sg

INVESTOR RELATIONS CONTACT

T (65) 6541 8203

F (65) 6541 8204