



(Incorporated in the Republic of Singapore)

ANNOUNCEMENT

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

1 UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2001:-

	THE GROUP			THE COMPANY			THE GROUP Financial year 2000-2001 S\$M
	Apr-Sep 2001 S\$M	Apr-Sep 2000 S\$M	Change %	Apr-Sep 2001 S\$M	Apr-Sep 2000 S\$M	Change %	
Revenue	464.5	437.2	+ 6.2	33.5	27.1	+ 23.6	887.2
Expenditure	(326.9)	(332.8)	- 1.8	(27.4)	(21.0)	+ 30.5	(692.6)
OPERATING PROFIT	137.6	104.4	+ 31.8	6.1	6.1	-	194.6
Finance charges	(3.0)	(2.5)	+ 20.0	(5.0)	(4.5)	+ 11.1	(4.7)
Interest income	2.5	1.2	+ 108.3	2.5	1.0	+ 150.0	2.9
Dividend from subsidiaries and associated companies	-	-	-	83.9	76.6	+ 9.5	-
Share of profits of associated companies	11.6	9.8	+ 18.4	-	-	-	17.7
Dividend income from long-term investment	-	-	-	-	-	-	0.4
PROFIT BEFORE TAXATION	148.7	112.9	+ 31.7	87.5	79.2	+ 10.5	210.9
Taxation	(35.9)	(20.1)	+ 78.6	(21.7)	(14.9)	+ 45.6	(35.9)
PROFIT AFTER TAXATION	112.8	92.8	+ 21.6	65.8	64.3	+ 2.3	175.0

Notes:

(a) Operating profit is arrived at after charging/(crediting):-

Depreciation of fixed assets	26.9	18.7	+ 43.9	12.7	9.2	+ 38.0	40.0
Foreign exchange loss/(gain)	0.3	(0.1)	-	0.3	(0.1)	-	(1.0)

	THE GROUP			Financial year 2000-2001
	Apr-Sep 2001	Apr-Sep 2000	Change %	
(b) Earnings per share (cents)	11.3	9.3	+ 21.5	17.5
(c) Net tangible assets per share (cents)	85.6	68.9	+ 24.2	74.4

2 SEGMENT INFORMATION

(a) Analysis by business activity (Group)

	Revenue		Profit before interest on borrowings and tax	
	Apr-Sep 2001	Apr-Sep 2000	Apr-Sep 2001	Apr-Sep 2000
	S\$M	S\$M	S\$M	S\$M
Inflight catering	213.9	204.2	66.0	51.8
Ground handling	221.3	204.9	71.0	52.8
Other services *	29.3	28.1	14.7	10.8
	<u>464.5</u>	<u>437.2</u>	<u>151.7</u>	<u>115.4</u>

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

(b) Analysis by geographical location (Group)

	Revenue		Profit before interest on borrowings and tax	
	Apr-Sep 2001	Apr-Sep 2000	Apr-Sep 2001	Apr-Sep 2000
	S\$M	S\$M	S\$M	S\$M
Singapore	464.5	437.2	139.6	105.6
Overseas	-	-	12.1	9.8
	<u>464.5</u>	<u>437.2</u>	<u>151.7</u>	<u>115.4</u>

3 UNAUDITED SUMMARISED BALANCE SHEETS AT 30 SEPTEMBER 2001

	THE GROUP		THE COMPANY	
	30.9.2001 S\$M	30.9.2000 S\$M	30.9.2001 S\$M	30.9.2000 S\$M
Share capital	100.0	100.0	100.0	100.0
Distributable reserves	755.8	588.4	384.1	282.9
Non-distributable reserves	0.5	0.5	-	-
Shareholders' funds	<u>856.3</u>	<u>688.9</u>	<u>484.1</u>	<u>382.9</u>
Deferred taxation	97.7	89.6	52.5	49.9
Long-term liabilities	<u>250.7</u>	<u>49.6</u>	<u>248.7</u>	<u>46.7</u>
	<u>1,204.7</u>	<u>828.1</u>	<u>785.3</u>	<u>479.5</u>
Represented by:-				
Fixed assets	871.1	817.2	630.3	614.5
Subsidiaries	-	-	36.0	42.0
Associated companies	97.7	74.1	59.6	44.3
Long-term investments	7.9	10.6	7.9	10.6
Loan to third parties	48.7	46.7	48.7	46.7
Current assets	400.4	275.7	258.2	121.9
Less: Current liabilities	<u>(221.1)</u>	<u>(396.2)</u>	<u>(255.4)</u>	<u>(400.5)</u>
	<u>1,204.7</u>	<u>828.1</u>	<u>785.3</u>	<u>479.5</u>

4 CASH FLOW SUMMARY

	THE GROUP	
	Apr-Sep 2001	Apr-Sep 2000
	S\$M	S\$M
Net cash provided by operating activities	82.0	78.4
Net cash used in investing activities	(46.5)	(43.5)
Net cash provided by/(used in) financing activities	(29.4)	1.1
Net increase in cash and cash equivalents	6.1	36.0
Cash and cash equivalents at end of period	176.3	80.8

5 GROUP BORROWINGS

	Loans – unsecured	
	30.9.2001	31.3.2001
	S\$M	S\$M
Repayable within one year	1.0	1.0
Repayable after one year	250.7	249.6
	251.7	250.6

6 COMMENTS ON RESULTS

6.1 The Group's profit after tax increased \$20 million (+21.6%) to \$ 112.8 million. Revenue was \$27.3 million (+6.2%) higher at \$464.5 million. Ground handling revenue increased \$16.4 million (+8.0%), inflight catering revenue rose \$9.7 million (+4.8%), while revenue from other services grew \$1.2 million (+4.3%). Revenue increases for both ground handling and inflight catering was mainly because of more flights handled. Expenditure decreased \$5.9 million (-1.8%) to \$326.9 million. This was mainly due to lower staff costs (-\$24.0 million or -12.3%). The staff costs were lower because no profit sharing bonus provision has been made for the current period. In the same period last year, we provided 4.1 months basic salary costing \$34.6 million. The computation of profit sharing bonuses is based on profits of the SIA Group.

6.2 Operating expenditure excluding staff costs increased \$18.1 million (+13.1%). This was because of increases in raw material costs (+\$1 million or +2.9%), licensing fees (+\$1.7 million or +5.3%) and higher costs associated with the commissioning of the sixth airfreight terminal (+\$8 million).

6.3 The Group's shareholders' funds rose \$167.4 million (+24.3%) to \$856.3 million. Earnings per share rose 2 cents to 11.3 cents. Net tangible assets per share increased 16.7 cents to 85.6 cents on 30 September 2001.

6.4 Long-term liabilities increased \$201.1 million mainly on account of \$200 million Fixed Rate Notes borrowed, through the debt capital market, to refinance short-term borrowings and for payments of overseas investments and capital expenditure.

6.5 During the period under review, 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 events mentioned in paragraph 8, no transaction or event of a material or unusual nature has arisen between 30 September 2001 and the date of this report that would substantially affect the results of the Company or the Group.

7 SHARE OPTIONS

7.1 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.

7.2 As at 30 September 2001, options to subscribe for a total of 47,631,100 Shares are outstanding under the Plan (options to subscribe for a total of 559,300 Shares lapsed pursuant to Rule 8 of the Plan). None of the options granted on 28 March 2000, 3 July 2000 or 2 July 2001 have been exercised to date.

8 SUBSEQUENT EVENT

8.1 The Company paid an amount of US\$17.7million on 1 October 2001 for a 49% equity interest in a newly incorporated joint venture company, to be known as M/s Taj SATS Air Catering, in India. The other shareholder of the joint venture company is The Indian Hotels Company Limited, a subsidiary of the TATA Group of companies. The joint venture company will provide airline catering services in India.

8.2 The Company signed an agreement with M/s YCH Group Pte Ltd on 5 October 2001 to form a new subsidiary company, M/s Aerolog Express Pte Ltd, that will provide air cargo delivery services. M/s Aerolog Express Pte Ltd was duly incorporated in Singapore on 9 October 2001. The Company will hold 70% equity interest in the joint venture company, with M/s YCH Group Pte Ltd holding the remaining 30%. The joint venture company will have authorised and issued and paid up capital of S\$1.8 million.

8.3 The above investments are expected to have no material impact on the earnings of the Group for the financial year ending 31 March 2002.

9 OUTLOOK FOR SECOND HALF OF THE FINANCIAL YEAR

9.1 The global economic slowdown and the aftermath of the 11 September events in the United States have resulted in a major slowdown of the airline and tourism industry. A few airlines stopped operation, while others reduced flight frequencies to Singapore. Passenger and cargo loads are adversely affected, causing a decline in the Group's revenue from ground handling and catering. We will focus on reducing our cost and improving productivity to lessen the impact.

9.2 Barring a sharper downturn, and if staff costs are maintained at the level of the first half, we expect profits for the current year to be comparable with that of last year.

10 INTERIM DIVIDEND

10.1 An interim dividend of 2 cents per ordinary share, less 24.5% tax, has been declared. The net dividend will amount to \$15.1 million. (2 cents per ordinary share, less 25.5% tax, amounting to \$14.9 million was paid for the same period last year).

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 from 15 November 2001 to 16 November 2001 (both dates inclusive) for the preparation of dividend warrants. The interim dividend will be paid on 29 November 2001 to members on the Register as at 13 November 2001.

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 pm on 13 November 2001 will be registered to determine shareholders' entitlements to the interim dividends.

BY ORDER OF THE BOARD

Annabelle Yip Wai Ping
Company Secretary

26 October 2001
Singapore

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