SINGAPORE AIRLINES

ANNUAL REPORT

FY 2013/14

SINGAPORE AIRLINES

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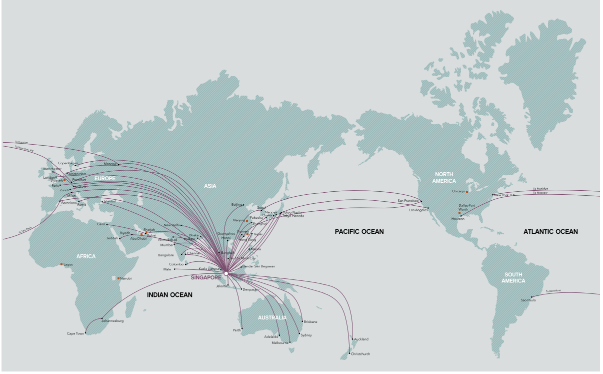

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STATISTICAL HIGHLIGHTS

Financial Statistics [R1]

	2013/14	2012/13	% Change
The Group			
Financial Results ($ million)			
Total revenue	15,243.9	15,098.2	+ 1.0
Total expenditure	14,984.6	14,869.0	+ 0.8
Operating profit	259.3	229.2	+ 13.1
Profit before taxation	367.9	469.6	- 21.7
Profit attributable to owners of the Parent	359.5	378.9	- 5.1
Financial Position ($ million)			
Share capital	1,856.1	1,856.1	-
Treasury shares	(262.2)	(269.8)	+ 2.8
Capital reserve	123.7	110.3	+ 12.1
Foreign currency translation reserve	(101.5)	(191.8)	+ 47.1
Share-based compensation reserve	134.5	151.7	- 11.3
Fair value reserve	(40.4)	(27.1)	- 49.1
General reserve	11,527.0	11,460.1	+ 0.6
Equity attributable to owners of the Parent	13,237.2	13,089.5	+ 1.1
Return on equity holders' funds (%) [R2]	2.7	2.9	- 0.2 point
Total assets	22,642.5	22,428.1	+ 1.0
Total debt	965.0	1,014.1	- 4.8
Total debt equity ratio (times) [R3]	0.07	0.08	- 0.01 times
Value added	4,370.1	4,499.6	- 2.9
Per Share Data			
Earnings - basic (cents) [R4]	30.6	32.2	- 5.0
Earnings - diluted (cents) [R5]	30.3	31.9	- 5.0
Net asset value ($) [R6]	11.26	11.14	+ 1.1
Dividends			
Interim dividend (cents per share)	10.0	6.0	+ 4.0 cents
Final dividend (cents per share)	11.0	17.0	- 6.0 cents
Special dividend (cents per share)	25.0	-	+ 25.0 cents
Dividend cover (times) [R7]	0.7	1.4	- 0.7 times
The Company			
Financial Results ($ million)			
Total revenue	12,479.7	12,387.0	+ 0.7
Total expenditure	12,224.1	12,199.8	+ 0.2
Operating profit	255.6	187.2	+ 36.5
Profit/(Loss) before taxation	536.4	(682.4)	n.m.
Profit/(Loss) after taxation	538.5	(694.1)	n.m.
Value added	3,448.7	2,259.3	+ 52.6

R1 *Singapore Airlines' financial year is from 1 April to 31 March. Throughout this report, all figures are in Singapore Dollars, unless stated otherwise.*

R2 *Return on equity holders' funds is profit attributable to owners of the Parent expressed as a percentage of the average equity holders' funds.*

R3 *Total debt equity ratio is total debt divided by equity attributable to owners of the Parent as at 31 March.*

R4 *Earnings per share (basic) is computed by dividing profit attributable to owners of the Parent by the weighted average number of ordinary shares in issue excluding treasury shares.*

R5 *Earnings per share (diluted) is computed by dividing profit attributable to owners of the Parent by the weighted average number of ordinary shares in issue excluding treasury shares, adjusted for the dilutive effect on the exercise of all outstanding share options.*

R6 *Net asset value per share is computed by dividing equity attributable to owners of the Parent by the number of ordinary shares in issue excluding treasury shares at 31 March.*

R7 *Dividend cover is profit attributable to owners of the Parent divided by total dividends.*

Operating Statistics

	2013/14	2012/13	% Change
Singapore Airlines			
Passengers carried (thousand)	18,628	18,210	+ 2.3
Revenue passenger-km (million)	95,064.3	93,765.6	+ 1.4
Available seat-km (million)	120,502.8	118,264.4	+ 1.9
Passenger load factor (%)	78.9	79.3	- 0.4 point
Passenger yield (cents/pkm)	11.1	11.4	- 2.6
Passenger unit cost (cents/ask)	9.1	9.2	- 1.1
Passenger breakeven load factor (%)	82.0	80.7	+ 1.3 points
SilkAir			
Passengers carried (thousand)	3,411	3,295	+ 3.5
Revenue passenger-km (million)	5,516.1	5,223.1	+ 5.6
Available seat-km (million)	7,926.9	7,096.3	+ 11.7
Passenger load factor (%)	69.6	73.6	- 4.0 points
Passenger yield (cents/pkm)	13.7	14.1	- 2.8
Passenger unit cost (cents/ask)	9.8	9.9	- 1.0
Passenger breakeven load factor (%)	71.5	70.2	+ 1.3 points
SIA Cargo			
Cargo and mail carried (million kg)	1,117.8	1,144.6	- 2.3
Cargo load (million tonne-km)	6,419.3	6,763.6	- 5.1
Gross capacity (million tonne-km)	10,273.6	10,661.0	- 3.6
Cargo load factor (%)	62.5	63.4	- 0.9 point
Cargo yield (cents/ltk)	32.7	33.4	- 2.1
Cargo unit cost (cents/ctk)	21.9	23.2	- 5.6
Cargo breakeven load factor (%)	67.0	69.5	- 2.5 points
Singapore Airlines, SilkAir and SIA Cargo			
Overall load (million tonne-km)	15,778.1	16,047.3	- 1.7
Overall capacity (million tonne-km)	22,889.7	23,188.4	- 1.3
Overall load factor (%)	68.9	69.2	- 0.3 point
Overall yield (cents/ltk)	84.9	85.3	- 0.5
Overall unit cost (cents/ctk)	60.8	60.4	+ 0.7
Overall breakeven load factor (%)	71.6	70.8	+ 0.8 point
Employee Productivity (Average) - The Company			
Average number of employees	14,240	14,156	+ 0.6
Seat capacity per employee (seat-km)	8,462,275	8,354,366	+ 1.3
Passenger load per employee (tonne-km) [R1]	625,995	619,969	+ 1.0
Revenue per employee ($)	876,383	875,035	+ 0.2
Value added per employee ($)	242,184	159,593	+ 51.8
Employee Productivity (Average) - The Group			
Average number of employees	23,716	23,189	+ 2.3
Revenue per employee ($)	642,769	651,093	- 1.3
Value added per employee ($)	184,268	194,040	- 5.0

[R1] *Passenger load includes excess baggage carried.*

GLOSSARY

Singapore Airlines

Revenue passenger-km	=	*Number of passengers carried x distance flown (in km)*
Available seat-km	=	*Number of available seats x distance flown (in km)*
Passenger load factor	=	*Revenue passenger-km expressed as a percentage of available seat-km*
Passenger yield	=	*Passenger revenue from scheduled services divided by revenue passenger-km*
Passenger unit cost	=	*Operating expenditure (less bellyhold revenue from SIA Cargo) divided by available seat-km*
Passenger breakeven load factor	=	*Passenger unit cost expressed as a percentage of passenger yield. This is the theoretical load factor at which passenger revenue equates to the operating expenditure (less bellyhold revenue from SIA Cargo)*

SilkAir

Revenue passenger-km	=	*Number of passengers carried x distance flown (in km)*
Available seat-km	=	*Number of available seats x distance flown (in km)*
Passenger load factor	=	*Revenue passenger-km expressed as a percentage of available seat-km*
Passenger yield	=	*Passenger revenue from scheduled services divided by revenue passenger-km*
Passenger unit cost	=	*Operating expenditure (less cargo and mail revenue) divided by available seat-km*
Passenger breakeven load factor	=	*Passenger unit cost expressed as a percentage of passenger yield. This is the theoretical load factor at which passenger revenue equates to the operating expenditure (less cargo and mail revenue)*

SIA Cargo

Cargo load	=	*Cargo and mail load carried (in tonnes) x distance flown (in km)*
Gross capacity	=	*Cargo capacity production (in tonnes) x distance flown (in km)*
Cargo load factor	=	*Cargo and mail load (in tonne-km) expressed as a percentage of gross capacity (in tonne-km)*
Cargo yield	=	*Cargo and mail revenue from scheduled services divided by cargo load (in tonne-km)*
Cargo unit cost	=	*Operating expenditure (including bellyhold expenditure to Singapore Airlines) divided by gross capacity (in tonne-km)*
Cargo breakeven load factor	=	*Cargo unit cost expressed as a percentage of cargo yield. This is the theoretical load factor at which cargo revenue equates to the operating expenditure (including bellyhold expenditure to Singapore Airlines)*

Singapore Airlines, SilkAir and SIA Cargo

Overall load	=	*Total load carried (in tonnes) x distance flown (in km)*
Overall capacity	=	*Total capacity production (in tonnes) x distance flown (in km)*
Overall load factor	=	*Overall load (in tonne-km) expressed as a percentage of overall capacity (in tonne-km)*


We search for familiar flavours, to make you feel at home.
A warm welcome. It's that special feeling of sipping your favourite tea, served just the way you like it. It comes from the thought that goes into everything you taste and touch. Because we understand that there's nothing as comforting as enjoying the things you love, without having to ask. It's just one of the lengths we go to, to make you feel at home.


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SINGAPORE
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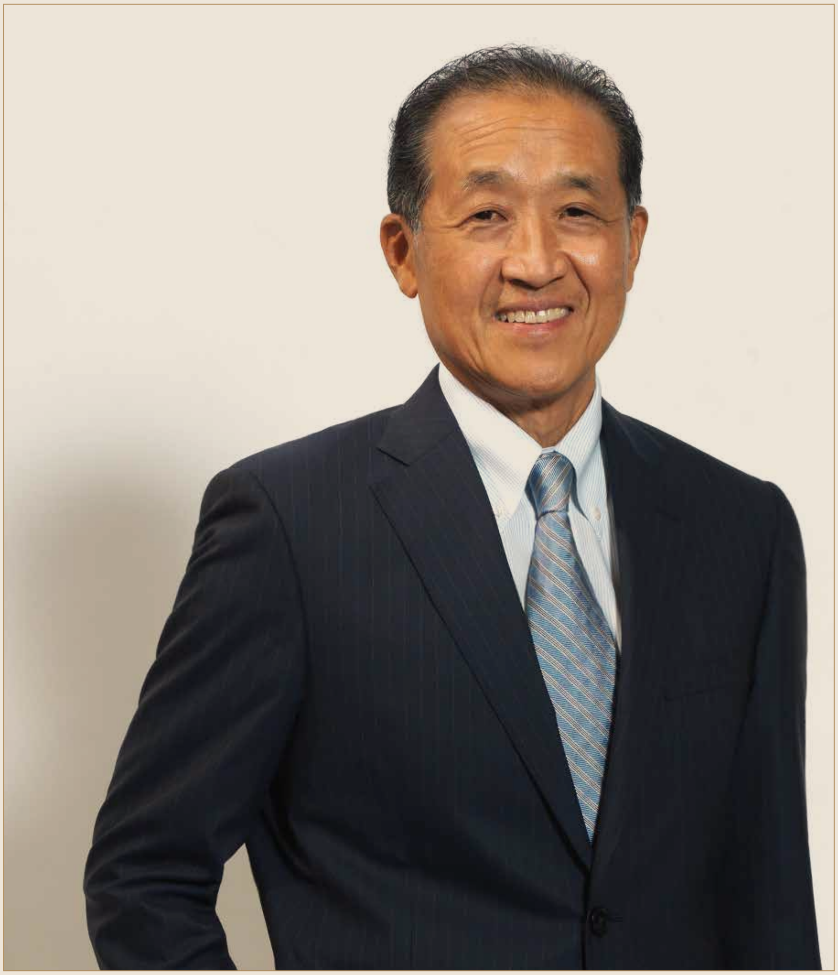
A STAR ALLIANCE MEMBER

BOARD OF DIRECTORS



STEPHEN LEE CHING YEN
Chairman

Appointed Director on 26 April 2004 and Chairman on 1 January 2006. Mr Lee is Chairman of SIA Engineering Company Limited and the NTUC Income Insurance Co-operative Limited. He is also the Managing Director of Shanghai Commercial and Savings Bank Ltd (Taiwan) and Great Malaysia Textile Investments Pte Ltd. Among several other appointments, Mr Lee is the President of the Singapore National Employers Federation, a member of the Advisory Panel of Temasek Holdings (Private) Limited and an alternate member of the Council of Presidential Advisers. He was Chairman of the Singapore Business Federation from 2002 to 2008 and International Enterprise Singapore from 1995 to 2002. Mr Lee was a Nominated Member of Parliament from 1994 to 1997. In 2006, Mr Lee was awarded the Distinguished Service Order for his contributions to both the public and private sectors.

GOH CHOON PHONG
Director and Chief Executive Officer

Appointed Director on 1 October 2010 and Chief Executive Officer on 1 January 2011. Mr Goh joined the Company in 1990 and has held senior management positions in various divisions in Singapore and overseas, ranging from Marketing to Information Technology to Finance and Cargo. Prior to his appointment as Chief Executive Officer, Mr Goh was Executive Vice President for Marketing and the Regions and also served as President of Singapore Airlines Cargo Pte Ltd (2006 to 2010), Senior Vice President Finance (2004 to 2006) and Senior Vice President Information Technology (2003 to 2004). Mr Goh's other directorships and appointments include Director of SIA Engineering Company Limited, Mount Alvernia Hospital, Member of Steering Committee of National Council of Social Service and a Member of the Board of Governors of the International Air Transport Association, of which he is a Member of the Strategy and Policy Committee.

GAUTAM BANERJEE
Director

Appointed Director on 1 January 2013. Mr Banerjee is a Senior Managing Director of Blackstone, co-Chairman of the firm's Asia Operating Committee and Chairman of Blackstone Singapore. He was with professional services firm PricewaterhouseCoopers (PwC) Singapore for over 30 years, including as its Executive Chairman and Chief Operating Officer for the Asia Pacific region. Mr Banerjee retired from PwC Singapore on 31 December 2012. Apart from his executive role in Blackstone, he serves as Vice Chairman of the Singapore Business Federation, Advisor to Singapore Institute of International Affairs, and is a Board Member of public listed companies, The Straits Trading Company Limited, Singapore and Piramal Enterprises Limited, India. He served on the Corporate Governance Council of the Monetary Authority of Singapore, Companies Act Reform Steering Committee and the Economic Strategies Committee chaired by the Finance Minister of Singapore from 2009 to 2010. Mr Banerjee was a Nominated Member of Parliament in Singapore between 2007 and 2009.

WILLIAM FUNG KWOK LUN
Director

Appointed Director on 1 December 2009. Dr Fung is Group Chairman of Li & Fung Limited, a multinational group of companies headquartered in Hong Kong. Dr Fung has held key positions in major trade and business associations. He was Chairman of the Hong Kong General Chamber of Commerce (1994 to 1996), Hong Kong Exporters' Association (1989 to 1991) and Hong Kong Committee for the Pacific Economic Cooperation Council (1993 to 2002). Dr Fung has received numerous awards and accolades for his business contributions including the Silver Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2008. He was also conferred the Honorary Degrees of Doctor of Business Administration by the Hong Kong University of Science & Technology and by the Hong Kong Polytechnic University.

HSIEH TSUN-YAN

Director

Appointed Director on 1 September 2012. Mr Hsieh is Chairman and Lead Counselor of LinHart Group, a leadership counselling firm founded by Mr Hsieh in 2008. Mr Hsieh has extensive experience in international business, leadership development and corporate transformation. He was with management consulting firm McKinsey & Company for 28 years and held posts in Singapore, Toronto and Copenhagen.

He is a member of the Advisory Board at the School of Business and holds Provost Chair Professorship there and at the Lee Kuan Yew School of Public Policy, both at the National University of Singapore. He contributes to community with board roles current and past including the Singapore International Foundation, the Institute of Policy Studies, the Singapore Symphony Orchestra, Covenant House Canada and the University Health Network Foundation in Toronto.

CHRISTINA ONG

Director

Appointed Director on 1 September 2007. Mrs Ong is a well-known hotelier and fashion retailer who owns the Como Hotels & Resorts Group of hotels and spas. She is also the owner of various high-end international fashion stores under the Club 21 umbrella. Mrs Ong was a recipient of The Italian Fashion Hall of Fame Award in 1995 and The Italian Award of Cavaliere De Lavo.

HELMUT GUNTER WILHELM PANKE
Director

Appointed Director on 1 September 2009. Dr Panke, a trained nuclear engineer, was with BMW AG from 1982 to 2006. During this time, he served in a number of senior positions, including Executive Chairman of the Board of Management from May 2002 through August 2006. Among other positions held, from 1993 through 1996, he served as Chairman and CEO of BMW (US) Holding Corp, responsible for the carmaker's North American activities. Dr Panke played a key role in the building of the first BMW plant in the USA in Spartanburg, South Carolina.

LUCIEN WONG YUEN KUAI
Director

Appointed Director on 1 September 2007. Mr Wong is Chairman and Senior Partner of Allen & Gledhill LLP and has over 30 years of experience in the practice of law, specialising in banking, corporate and financial services work. He is also Chairman of the Maritime and Port Authority of Singapore and the Chairman of the Board of Directors of the Singapore International Arbitration Centre. Mr Wong is a member of the Board of Trustees for the Singapore Business Federation and sits on the Board of Directors of Temasek Holdings (Private) Limited, Hap Seng Plantations Holdings Berhad and Singapore Press Holdings Limited. He was a Board member of the Monetary Authority of Singapore from January 2006 to February 2013.

JACKSON PETER TAI
Director

Appointed Director on 1 September 2011. Mr Tai is on the Boards of Bank of China, Eli Lilly and Company, MasterCard Incorporated and Royal Philips Electronics NV. Mr Tai was a senior executive with DBS Group and DBS Bank Ltd in Singapore between July 1999 and December 2007. Mr Tai joined DBS as Chief Financial Officer and in January 2001 became President and Chief Operating Officer. He became Vice Chairman and CEO in June 2002. Mr Tai joined DBS after 25 years with JP Morgan & Co, during which he held senior management positions in New York, San Francisco and Tokyo.

CHAIRMAN'S LETTER TO SHAREHOLDERS

Anything that happens around the world can affect airlines. Economic troubles, natural disasters, man-made disasters – all can impact us in some way or another. The last financial year was no different, in that we faced challenges on many fronts once again. Rather than dwell on short-term issues, however, I would like to provide in this year's Letter to Shareholders a holistic overview of the strategic challenges that we have been facing, and outline what we are doing to address them.

The SIA Board and Management constantly review the industry landscape to determine where and how we must adapt, as we fully appreciate that those who are not willing to change will soon find themselves at a disadvantage. This is especially true at a time when we have new competitors with deep pockets seeking to take us on in areas where we have traditionally been an industry leader.

We are clear about the challenges that we face: competition from other full-service airlines; competition from low-cost carriers; and finding ways to expand our reach around the world. We are not standing still in any of these areas.

Competition is not new, but the competitive environment in the full-service market has never been more intense, with other airlines adopting a similar business model as us. We are addressing this challenge by continuing to invest heavily in the three main pillars of our brand promise to ensure we remain a market leader, through service excellence, product leadership and network connectivity.

During the last financial year we introduced all-new cabin products on new Boeing 777-300ERs entering the fleet. Feedback from customers has been excellent, prompting us to retrofit 19 existing 777-300ERs with the same products. We will also be introducing a Premium Economy Class next year, while continuing to induct new aircraft to maintain a young and modern fleet, and investing heavily in new lounge designs.

Our world-leading customer service continues to improve, through a constant focus on staff training and development. An industry-leading Customer Experience Management system will also be rolled out this year to help us meet ever-growing customer expectations.

At the same time we continue to expand our network reach, by adding new destinations and increasing frequency on existing routes. In addition, we have been partnering with more airlines around the world to give our customers a wider choice of travel options as well as to encourage more travel through the Singapore hub.

As low-cost travel has continued to grow in popularity, we continue to invest in this area too. We own 40 per cent of Tiger Airways and see a positive future for it over the long term. We also have the medium-haul low-cost segment covered through Scoot, which has been growing rapidly. This is what we call our portfolio approach to airline operations, ensuring that we are covered at all ends of the market spectrum; the premium market is well covered by Singapore Airlines and SilkAir, while the low-cost market is well covered by Scoot and Tiger.

We are also working to expand our reach globally, as not all passenger and cargo traffic can flow through a single hub. One such example is in India, where we are establishing a joint venture airline based in New Delhi, 49 per cent-owned by SIA and 51 per cent-owned by Tata Sons. Scoot is meanwhile establishing a new base in Bangkok through a joint venture airline with local carrier Nok Air.

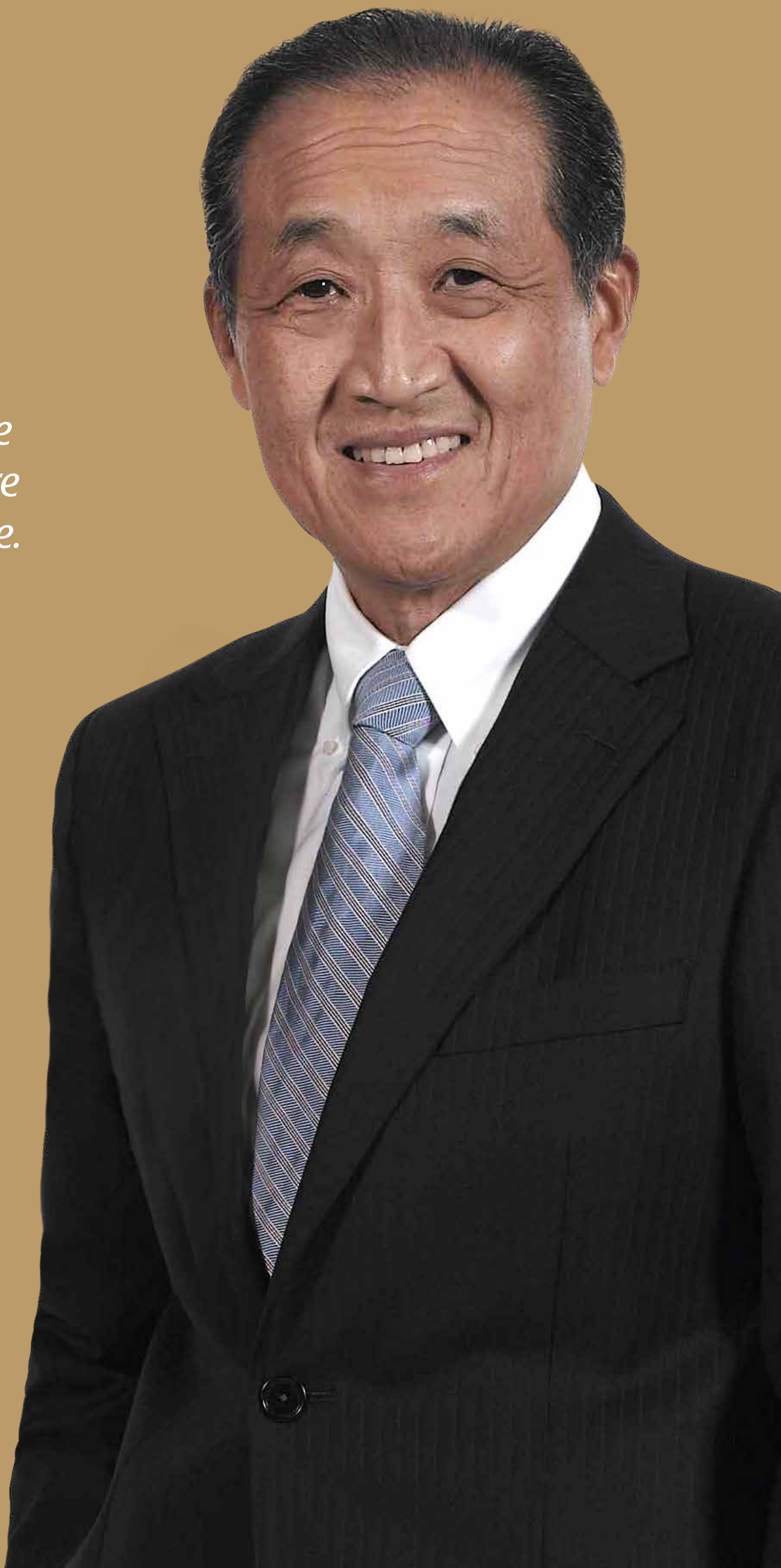
The above are just some examples of how we are investing in support of our long-term business objectives. Operating conditions have been difficult for some time, but we have not been standing still and are certainly not complacent. We have identified the key challenges and are investing for the future. We are confident that we are moving in the right direction.

I would like to close by expressing thanks to our people for helping to keep the SIA Group so strong throughout these difficult times. To my fellow Directors, thank you as well for your contributions over the past year, with a special thanks to Euleen Goh who stepped down from the Board during the last financial year after serving as a Director since 1 September 2006.

We have identified the key challenges and are investing for the future. We are confident that we are moving in the right direction.

We are fortunate in that we have a strong balance sheet to enable us to invest with confidence, and the Board considers the financial position of the Company to be sound. Accordingly, the Board has recommended a special dividend of 25 cents per share, in addition to a final dividend of 11 cents per share and the interim dividend of 10 cents per share. I wish to thank our shareholders for your continued support of the many initiatives that are strengthening the SIA Group and positioning it well for the future.

Stephen Lee
Chairman



CORPORATE DATA

BOARD OF DIRECTORS

Chairman
Stephen Lee Ching Yen

Members
Gautam Banerjee

William Fung Kwok Lun

Goh Choon Phong

Hsieh Tsun-yan

Christina Ong

Helmut Gunter Wilhelm Panke

Jackson Peter Tai

Lucien Wong Yuen Kuai

Euleen Goh Yiu Kiang
(until 26 July 2013)

BOARD COMMITTEES

Board Executive Committee

Chairman
Stephen Lee Ching Yen

Members
Goh Choon Phong

Lucien Wong Yuen Kuai

Euleen Goh Yiu Kiang
(until 26 July 2013)

Gautam Banejee
(from 27 July 2013)

Board Audit Committee

Chairperson
Euleen Goh Yiu Kiang
(until 26 July 2013)

Gautam Banerjee
(from 27 July 2013)

Members
William Fung Kwok Lun

Hsieh Tsun-yan

Jackson Peter Tai

Gautam Banerjee
(until 26 July 2013)

Board Compensation and Industrial Relations Committee

Chairman
Stephen Lee Ching Yen

Members
Gautam Banerjee

Hsieh Tsun-yan

Helmut Gunter Wilhelm Panke

Jackson Peter Tai

Board Nominating Committee

Chairman
Stephen Lee Ching Yen

Members
Christina Ong

Lucien Wong Yuen Kuai

Board Safety and Risk Committee

Chairman
Helmut Gunter Wilhelm Panke

Members
Christina Ong

Lucien Wong Yuen Kuai

COMPANY SECRETARY

Ethel Tan

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

AUDITOR

Ernst & Young LLP
Public Accountants and
Chartered Accountants
One Raffles Quay
North Tower #18-01
Singapore 048583

AUDIT PARTNER

Mak Keat Meng
(appointed since FY2010/11)

REGISTERED OFFICE

Airline House
25 Airline Road
Singapore 819829

EXECUTIVE MANAGEMENT

Head Office

Goh Choon Phong
Chief Executive Officer

Mak Swee Wah
Executive Vice President Commercial

Ng Chin Hwee
Executive Vice President
Human Resources and Operations

Marvin Tan Meng Hung
Senior Vice President Cabin Crew

Lee Lik Hsin
Senior Vice President Corporate Planning
(until 31 July 2013)

Tan Kai Ping
Senior Vice President Corporate Planning
(from 1 August 2013)

Mervyn Sirisena
Senior Vice President Engineering

Chan Hon Chew
Senior Vice President Finance
(until 31 January 2014)

Stephen Barnes
Senior Vice President Finance (Designate)
(from 20 January 2014 to 31 January 2014)

Stephen Barnes
Senior Vice President Finance
(from 1 February 2014)

Gerard Yeap Beng Hock
Senior Vice President Flight Operations

Christopher Cheng Kian Hai
Senior Vice President Human Resources

Tan Chik Quee
Senior Vice President Information Technology

Lee Wen Fen
Senior Vice President Marketing Planning
(from 1 April 2014)

Tan Pee Teck
Senior Vice President Product & Services

Chin Yau Seng
Senior Vice President Sales & Marketing
(until 11 May 2014)

Overseas Regions

Foo Chai Woo
Regional Vice President Americas
(until 11 May 2014)

Lee Sek Eng
Regional Vice President Americas
(from 12 May 2014)

Paul Tan Wah Liang
Regional Vice President Europe
(until 6 March 2014)

Subhas Menon
Regional Vice President Europe
(from 7 March 2014)

Lim Wee Kok
Regional Vice President North Asia

Philip Goh Ser Miang
Regional Vice President South East Asia

Subhas Menon
Regional Vice President South West Pacific
(until 16 February 2014)

Tan Tiow Kor
Regional Vice President South West Pacific
(from 17 February 2014)

Casey Ow Yong Fook Wing
Regional Vice President West Asia & Africa
(until 1 June 2014)

Joey Seow Eng Wan
Regional Vice President West Asia & Africa
(from 2 June 2014)

SENIOR MANAGEMENT, MAJOR SUBSIDIARIES

William Tan Seng Koon
President & Chief Executive Officer
SIA Engineering Company Limited

Leslie Thng Kan Chung
Chief Executive
SilkAir (Singapore) Private Limited

Tan Kai Ping
President
Singapore Airlines Cargo Pte Ltd
(until 31 July 2013)

Lee Lik Hsin
President
Singapore Airlines Cargo Pte Ltd
(from 1 August 2013 to 11 May 2014)

Chin Yau Seng
President
Singapore Airlines Cargo Pte Ltd
(from 12 May 2014)

Campbell David McGregor Wilson
Chief Executive Officer
Scoot Pte Ltd

2014 FINANCIAL CALENDAR

31 MARCH
Financial Year-End

08 MAY
Announcement of 2013/14 Annual Results

01 JULY
Despatch of Annual Report and Circular to Shareholders

30 JULY
Annual General Meeting and Extraordinary General Meeting

30 JULY
Announcement of 2014/15 First Quarter Results

14 AUGUST
Payment of Final and Special Dividends for the Financial Year 2013/14 (subject to shareholders' approval at AGM)

06 NOVEMBER
Announcement of 2014/15 Second Quarter and Half-Year Results


We select the softest leather, to make you feel at home.
Travelling in true comfort. It starts with the finest material, handcrafted with care.
It comes from experiencing an exclusive space, designed with your needs in mind.
Because we understand that thoughtful innovation always needs a human touch.
It's just one of the lengths we go to, to make you feel at home.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SINGAPORE
AIRLINES
A great way to fly
A STAR ALLIANCE MEMBER

SIGNIFICANT EVENTS

2013

APRIL

Singapore Airlines announces plans to increase its equity holding in Virgin Australia to 19.9 per cent with the purchase of 255.5 million shares for a total consideration of AUD122.6 million.

SIA and American Express announce latest cobrand card "American Express Singapore Airlines KrisFlyer Ascend" credit card.

MAY

Singapore Airlines announces launch of daily services to the Indonesian city of Surabaya and increases flights to Denpasar and Jakarta.

Singapore Airlines awards contract for new Customer Experience Management System to Accenture.

The Airline orders 30 Boeing 787-10 and 30 Airbus A350-900 aircraft worth USD17 billion.

SIA, SilkAir and Shenzhen Airlines sign codeshare agreement on daily flights between Singapore and Shenzhen.

JUNE

The Airline selects the Trent 1000 engine to power the 30 Boeing 787-10s on order and signs a Letter of Intent for the "Total Care" engine maintenance package with Rolls Royce.

The Airline completes the sale of its 49 per cent stake in Virgin Atlantic to Delta Air Lines for USD360 million.

JULY

Singapore Airlines showcases its next generation of cabin products and world's most advanced in-flight entertainment system at an international media briefing held in Singapore.

AUGUST

Singapore Airlines and Scandinavian Airlines announce expansion of their codeshare arrangements to cover more cities in Europe, South East Asia, Australia and New Zealand.

SEPTEMBER

Launch of new "The Lengths We Go To" brand campaign to reinforce the Airline's unwavering commitment to put the customer at the heart of its activities.

The Airline announces the start of five times weekly Airbus A380 services between Singapore and Shanghai.

The next generation cabin products debut on a Boeing 777-300ER on the Singapore-London route.

Singapore Airlines and Tata Sons announce plan to set up a joint venture airline based in New Delhi with SIA holding 49 per cent equity and Tata Sons 51 per cent.

NOVEMBER

Increase in free checked-in baggage allowance by 10kg for all cabin classes introduced.

The Airline announces a codeshare agreement with Ethiopian Airlines on flights between Singapore and Addis Ababa via Bangkok.

SIA to add third daily flight to Tokyo's Haneda Airport from March 2014, increasing total number of flights to the Japanese capital, including Narita Airport, to five.

DECEMBER

The Airline integrates its website bookings with Google Now to enable customers to have easy access to travel information such as flight status, traffic and weather conditions at destination.

2014

JANUARY

Singapore Airlines and Air New Zealand announce a proposed alliance that would enable SIA to fly the A380 to Auckland for the first time and Air New Zealand to return to the Auckland-Singapore route.

FEBRUARY

The Airline and Airbus sign a Memorandum of Understanding to establish a flight training joint venture in Singapore called Airbus Asia Training Centre. SIA to hold a 45 per cent equity stake and Airbus 55 per cent.

MARCH

Singapore Airlines and Turkish Airlines expand codeshare agreement to include destinations beyond Istanbul to Europe, Africa, Middle East and North America and beyond Singapore to destinations in South East Asia and South West Pacific.

THE YEAR IN REVIEW

The Singapore Airlines Group achieved a net profit attributable to equity shareholders of $359 million for the financial year ended 31 March 2014. This was 5.1 per cent lower than the previous year, mainly due to exceptional items and weaker share of results from associated companies.

Group revenue increased $146 million to $15,244 million. Passenger revenue improved over last year on the back of growth in passenger carriage, albeit at lower yields, due to promotional activities amid intense competition and the weakening of major revenue generating currencies. Group expenditure rose largely in line with revenue, by $116 million. Higher non-fuel variable costs were partially mitigated by lower net fuel cost, as average jet fuel prices decreased 5.2 per cent year-on-year. As a result, the Group's operating profit rose 13.1 per cent to $259 million in the financial year 2013/14.

During the year in review, the Parent Airline Company carried 18.6 million passengers, an increase of 2.3 per cent over the previous year. Passenger carriage (in revenue passenger kilometres) rose 1.4 per cent on the back of 1.9 per cent growth in capacity (in available seat-kilometres). Consequently, passenger load factor decreased by 0.4 percentage points to 78.9 per cent. SilkAir recorded a 4.0 percentage-point drop in passenger load factor

a

b

a New Business Class seat

b Next generation KrisWorld in-flight entertainment system

c New First Class seat

b

Group revenue increased $146 million to $15,244 million.

to 69.6 per cent, with its 5.6 per cent growth in traffic lagging behind capacity injection of 11.7 per cent. SIA Cargo's load factor of 62.5 per cent was 0.9 percentage points lower, as a 5.1 per cent reduction in freight carriage (in load tonne-kilometres) outpaced a 3.6 per cent reduction in cargo capacity (in capacity tonne-kilometres).

Looking ahead, the operating environment for the Group continues to be challenging with intense competition in many areas, and economic uncertainty in key markets. Yields are expected to remain under pressure due to promotional activities undertaken to support loads, and other airlines offering aggressive fares while increasing capacity. Cargo yield is expected to remain weak as the air cargo industry continues to face challenges from overcapacity. Fuel prices are expected to remain at elevated levels, which presents a continuing challenge to the Group's earnings. Against this backdrop, the Group will maintain discipline in cost management and proactively make adjustments to capacity deployment to match market demand. The Group is well positioned with its strong balance sheet to meet the challenges, and will continue to pursue various strategic initiatives, as announced.

The Board of Directors has recommended a final dividend of 11 cents per share for FY2013/14, as well as a special dividend of 25 cents per share, both to be paid on 14 August 2014. Including the interim dividend of 10 cents per share paid on 3 December 2013, the total dividend for the 2013/14 financial year will be 46 cents per share.

NETWORK

The year in review saw further changes to the network as Singapore Airlines continued to match capacity to demand, while pursuing growth opportunities.

Frequencies to Jakarta and Bali were increased to 63 and 28 weekly services respectively, bolstered by increased demand to and from the Indonesian market. The Group also increased capacity to Surabaya by introducing a widebody Singapore Airlines service in place of an existing SilkAir flight.

SIA also introduced the A380 to Shanghai, operating five times weekly from 27 October 2013, increasing capacity on the route by 12 per cent, as well as enhancing the onboard products and services with the A380. In addition, the current five times weekly A380 flight to Shanghai became a daily service from 31 May 2014.

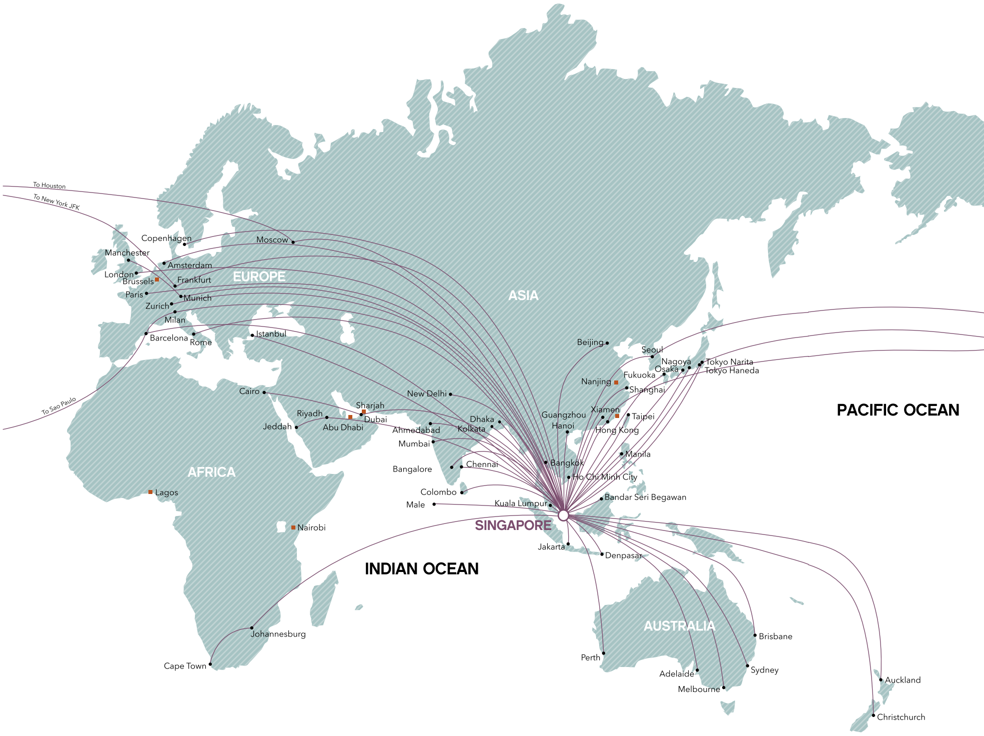
In Japan, increasing demand for services resulted in capacity increases to both Osaka and Fukuoka, which are now served twice-daily and daily respectively, up from 11 and five times weekly.

Singapore Airlines also increased capacity via a third frequency to New Delhi, bolstered by demand increases and the availability of traffic rights. However, from 30 May 2014, with a revision of the India-Singapore Air Services Agreement, Singapore Airlines began operating the A380 to both New Delhi and Mumbai. Both New Delhi and Mumbai are thus served twice daily.

In July 2013, a fourth daily service was also added to Melbourne. The new service was targeted to improve connectivity and reduce transit times for passengers connecting in Singapore, in particular from the European and Indian Sub-Continent markets. With this service, Singapore Airlines now serves three Australian cities – Sydney, Melbourne and Perth – four times a day.

The year also saw the cessation of non-stop services to Los Angeles and Newark, in October and November 2013 respectively. Los Angeles and New York continue to be served with daily A380 services via Tokyo-Narita and Frankfurt.

The dynamic competitive landscape will continue to necessitate judicious capacity management in the new financial year. Demand patterns will continue to be closely monitored and changes made to the Airline's network when necessary.



DELIVERY OF AN ADDITIONAL:

6 AIRBUS A330-300 AIRCRAFT

3 BOEING 777-300ER AIRCRAFT

FLEET MANAGEMENT

FY2013/14 saw the delivery of an additional six Airbus A330-300 aircraft and three Boeing 777-300ER aircraft.

Five Airbus A340-500 and four Boeing 777-200 aircraft left the operating fleet, and two Boeing 777-200ER aircraft were returned from lease.

In our continuous pursuit to offer a young and modern fleet to our customers, Singapore Airlines announced the purchase of 30 additional Airbus A350-900 aircraft, plus options for 20 more, and 30 Boeing 787-10 aircraft. Our total firm aircraft orders stood at 118 as at 31 March 2014.

SIA's total firm aircraft orders stood at 118 as at 31 March 2014.

The Singapore Airlines passenger aircraft fleet, as at 31 March 2014, comprised 103 aircraft, with an average age of six years and nine months.

SIA Cargo's fleet as at 31 March 2014 comprised nine Boeing 747-400 freighters, with an average age of 12 years and three months.

The fleet of SilkAir as at 31 March 2014 comprised 16 Airbus A320s, six Airbus A319s and two Boeing 737-800 NGs, with an average age of five years and 11 months. SilkAir had in August 2012 announced new aircraft orders for 54 aircraft – 23 Boeing 737-800 NGs and 31 Boeing 737 MAX 8s. Deliveries are due to continue to 2021, by which time the airline's fleet will have more than doubled in size.

OPERATING REVIEW

PRODUCTS AND SERVICES

KRISFLYER

We continued to enhance the KrisFlyer programme in FY2013/14, focusing on improving the benefits available for members. The network of airline and non-airline partners with which members can earn KrisFlyer miles was expanded with the addition of EVA Air and 10 non-airline partnerships, bringing the full suite of partners to 31 airline partners and over 170 global non-airline partners, spanning industries such as banking, hospitality, retail and telecommunications.

To provide more options and opportunities to utilise KrisFlyer miles, members can now mix KrisFlyer miles and cash to pay for Singapore Airlines and SilkAir tickets through the Singapore Airlines website. This new payment option gives members more flexibility to use their miles.

Throughout the year, KrisFlyer members also enjoyed more benefits through multiple campaigns for fare promotions, local offers and partner privileges. Since October 2013, PPS Club and KrisFlyer members can enjoy Boarding Pass Privileges anytime when they show their membership cards to participating retailers.

Keeping our most valued customers in mind, PPS Club benefits, such as the Reserve Value feature, were enhanced during the year to better recognise our PPS Club members' tier status and loyalty.

a Customised batik screen in the welcome foyer

b Signature SIA armchairs in First Class Lounge

c Productivity pods in Business Class Lounge

GROUND SERVICES

SilverKris Lounge

Singapore Airlines introduced a new-concept SilverKris Lounge during the year in review. Its design follows a strong residential concept that provides an exceptional level of comfort and familiarity to our guests, allowing them to feel at home in our lounges. The various sections of the lounge, from the Gallery, to the Living Room and the Dining Area, provide guests with a differentiated experience within the lounge.

The new 'Home Away From Home' design concept was first introduced in Sydney, where the lounge was officially opened on 4 March 2014. Following Sydney, plans are underway to upgrade the Airline's SilverKris lounges at London, Hong Kong and Manila in 2014, and Singapore (Terminal 3) in 2015. Over the next five years, all SilverKris lounges worldwide will be upgraded with the new design, so as to create a consistent lounge experience for guests throughout the network.

INFLIGHT SERVICES

1 Launch of Next Generation Cabin Products and KrisWorld In-Flight Entertainment System

In September 2013, a new First, Business, and Economy Class cabin experience was launched on our Boeing 777-300ER aircraft.

Designed by DesignworksUSA (the creative consultancy of the BMW Group), the new First Class seat and beddings feature exquisite details, luxurious materials and provide a more exclusive experience. A new sleeper suit by Givenchy was also launched, featuring a finer, softer, lighter weight 100 per cent combed cotton material. Customers were also introduced to a new gender specific First Class amenity kit specially designed by Salvatore Ferragamo and exclusive to Singapore Airlines. Each kit bag provides a 30ml Eau de Toilette, a cleansing towel, lip balm and hand cream. Singapore Airlines is the first airline to feature Signorina and Acqua Essenziale, two elegant fragrances by Salvatore Ferragamo, on board as inflight amenities. In March 2014, Singapore Airlines won the 2013 TravelPlus Award for Best First Class Female amenity kit.

The new Business Class seat and soft furnishings, designed by James Park Associates, sport a modern sophisticated look with improved seating comfort and a more luxurious sleeping experience.

A next generation Economy Class seat and KrisWorld in-flight entertainment system were also introduced - featuring larger, more immersive seat back display screens and video touch-screen handsets. The new system supports convenient multi-tasking (such as watching a movie on the main display while using the handset to track the aircraft's flight path) and introduces a Notification Centre which allows passengers to enjoy movies without interruption by reducing the number of onboard announcements. Customers also experience greater personalisation on the new KrisWorld, which provides content recommendations based on passengers' preferences.

Our 777-300ERs featuring these new cabin products have been operated on flights to London, Tokyo Narita and Mumbai, and will be extended to more destinations in the coming year.

2 Introduction of new Gourmet Coffee - Illy

From June 2013, Singapore Airlines has introduced world-renowned illycaffè coffee in our Suites, First Class and Business Class throughout the SIA network. Based in Trieste, Italy, illycaffè produces and markets a unique blend of espresso coffee.

Singapore Airlines is the first airline worldwide to serve this Italian brand's single-origin Monoarabica beans in its premium cabins, offering the original illy blend of premium coffee, containing nine kinds of pure Arabica beans. The new line-up of products includes the Monoarabica Ethiopia, Monoarabica Brazil, Monoarabica Guatemala and Espresso Caffe.

3 New First and Business Class Chinese tea - Zhang Yi Yuan

From end 2013, Singapore Airlines has featured a selection of tea leaves from the Zhang Yi Yuan teahouse in China, in our premium classes. Zhang Yi Yuan has been recognised for its quality and integrity with more than 100 years of experience in the tea industry. This respected teahouse has been conferred numerous awards and honours, among them the coveted title of "China's Time-honored Brand and Traditional Chinese Business" by the National Trade Department and "Top ten economically influential enterprises".

In particular, its jasmine tea is sought after for its clean and fragrant taste, entirely handmade by tying green tea leaves and jasmine flowers together. On our First Class menu, SIA presents a selection from five of its tea leaves while our Business Class features three choices.

PEOPLE DEVELOPMENT

The Airline concluded a Collective Agreement with AESU (Air-Transport Executive Staff Union) in August 2013.

Efforts under the workforce productivity initiative "Towards Optimal Productivity (TOP)" for SIA General Staff, which was launched in December 2012, saw the implementation of various programmes in FY2013/14:

a. A new *Performance Appraisal System* was put in place with effect from FY2013/14 and top performers will be rewarded with lump sum merit awards each year in July.

b. WINS *(Workplace Improvement and Innovation Scheme)* saw many contributions to improve the workplace through process redesign and reduction of wastage. Staff were recognised for their contributions with cash vouchers and certificates, and ideas were featured in our in-house magazine "Outlook".

c. *QIS (Qualification Incentive Sponsorship) Scheme* provided our staff with opportunities to level up their qualifications and skill sets.

In preparation for the Customer Experience Management (CEM) System that will be launched later in 2014, the Airline has commenced soft skills training for ground staff. Ground staff continue to be given opportunities to upgrade their skills and pursue improvement in productivity, so as to service our customers more effectively and efficiently. This was done through new and improved training programmes on customer servicing, as well as in the various functional areas of sales and marketing, reservations and ticketing, and airport operations.

For SIA cabin crew, a new partnership between Singapore Airlines and the Singapore Workforce Development Agency (WDA) is expected to benefit about 800 new crew members each year. As part of this collaboration, new cabin crew members who, from September 2013, graduate from the 15-week Cabin Crew Readiness Programme (CCRP) will achieve a nationally recognised certification under the Service Excellence Workforce Skills Qualifications (SV WSQ) framework.

The recognition of the CCRP under the SV WSQ framework is a testament to SIA's commitment to service training. The partnership ensures that the CCRP is benchmarked against national standards and reinforces the importance of empowering employees with nationally-recognised certifications for training and development.

The SIA Wellness and Health Programme, introduced in 2011, continues to offer yearly health screening sessions and sports try-out sessions for staff. Apart from activities that were centred on physical wellness, lunch-time talks covering topics related to health, mental and financial wellness, healthy-cooking sessions, such as sushi and healthy dessert making, were also included in the SIA Wellness and Health calendar.

Engagement activities were also carried out under the SIA Sports and Social Activities Calendar 2013/14. The SIA 'Games Fest' took place over the months of August and September 2013. Staff across the SIA Group, organised into teams, competed in nine sporting and social events ranging from badminton and football to indoor games and a tele-match. Staff also showcased their other talents, like music and dance, at the inaugural SIA Star Quest, held in conjunction with the SIA Games Fest.

Staff Interest Groups (badminton, basketball, floorball and archery) were established in 2013, and these interest groups have been holding fortnightly games sessions. The SIA Sports Club was refurbished with a new artificial turf football field and two futsal courts.

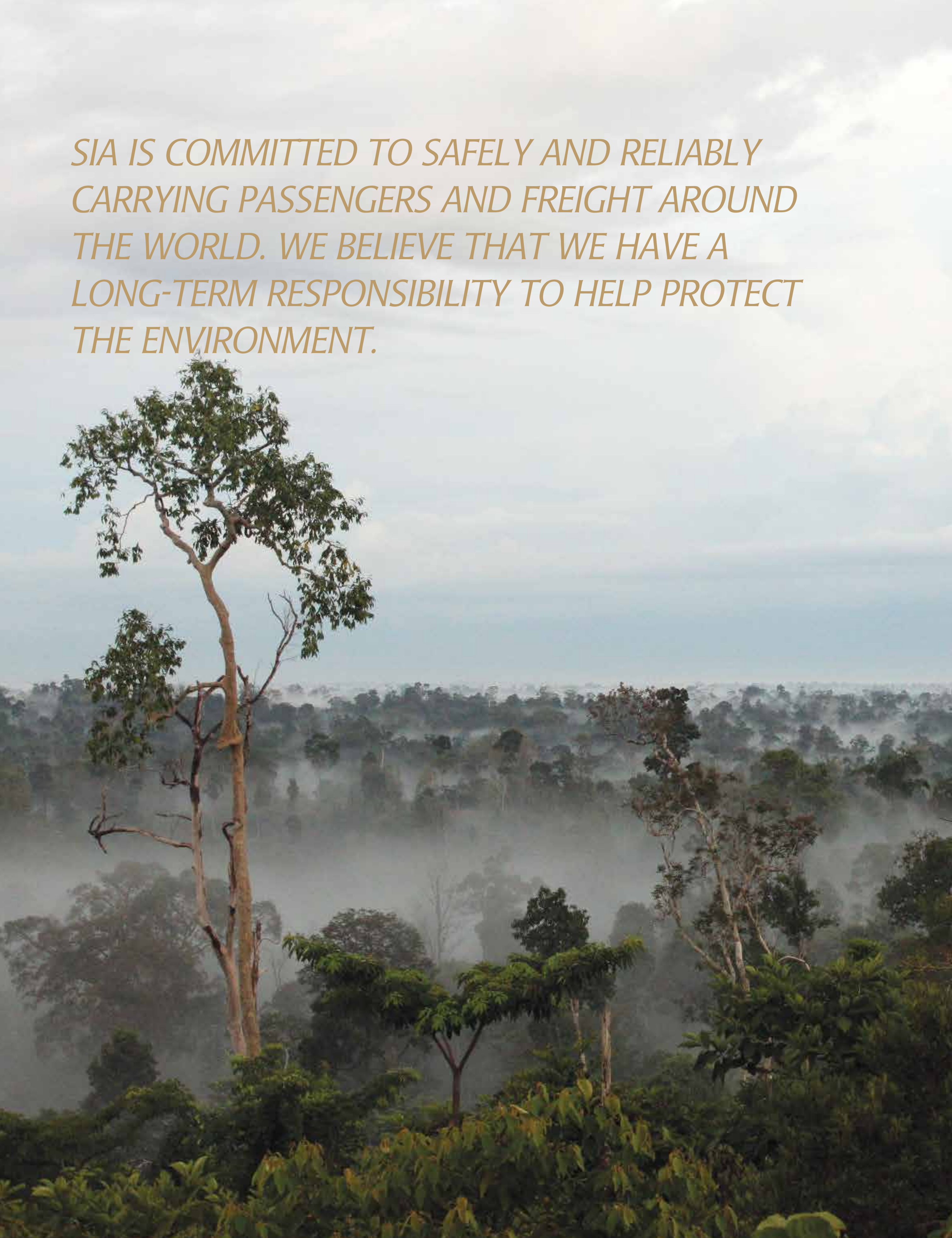
This year, SIA was ranked 18th in Fortune Magazine's annual list of the Top 50 most-admired companies in the world.

To herald the official opening of these new facilities, a futsal tournament was held which saw healthy competition amongst the participating teams.

In 2014, the Airline was named the "Most Attractive Employer in Singapore" by Randstad Singapore for the third consecutive year, an achievement which will see SIA inducted into the Randstad Award Hall of Fame. The Randstad Award is an independent award conferred by Randstad Singapore, following a survey of some 6,500 participants and which recognises the organisations Singaporeans most want to work for. This year, SIA was also ranked 18th in Fortune Magazine's annual list of the Top 50 most-admired companies in the world. It is the only Singapore-based company and one of three airlines globally to be listed in this prestigious ranking.

As at 31 March 2014, the staff strength of SIA Group was 23,817, an increase of 5.6 per cent over the previous year. Of this, 14,181 (59.5 per cent) were employed by the parent Airline, with 7,733 cabin crew and 2,156 pilots.

SIA IS COMMITTED TO SAFELY AND RELIABLY CARRYING PASSENGERS AND FREIGHT AROUND THE WORLD. WE BELIEVE THAT WE HAVE A LONG-TERM RESPONSIBILITY TO HELP PROTECT THE ENVIRONMENT.



ENVIRONMENT

We believe the use of lower-carbon renewable fuels derived from environmentally and socially sustainable sources have the potential to meet the industry's carbon neutral growth goals and lower the dependence on fossil fuels.

SIA is committed to safely and reliably carrying passengers and freight around the world. We believe that we have a long-term responsibility to help protect the environment. As part of the Group's commitment to environmental conservation, SIA not only ensures that we comply with environmental codes of practice set by regulatory authorities, we are also transparent about our environmental policies and action plans.

As part of our efforts to reduce the climate change caused by increased greenhouse gases in the atmosphere, SIA constantly works towards improving fuel consumption of our fleet operations. The Group has in place a comprehensive fuel efficiency programme to mitigate the rising CO_2 emission levels. SIA's passenger fleet, SIA Cargo freighters and SilkAir aircraft already meet the stringent 2004 ICAO CAEP/6 Emission Standards for NOx, which are 12 per cent lower than the previous standard and will provide a 40 per cent reduction in NOx emissions compared to the first standard.

SIA also participates in the Asia and Pacific Initiative to Reduce Emissions (ASPIRE) programme, a partnership of air navigation service providers focused on environmental stewardship in the region. To date, selected daily flights operating between Singapore and Melbourne, Sydney, Auckland and Christchurch have been included in the programme.

We believe the use of lower-carbon renewable fuels derived from environmentally and socially sustainable sources have the potential to meet the industry's carbon neutral growth goals and lower the dependence on fossil fuels. As a member of the Sustainable Aviation Fuel Users Group (SAFUG) which advocates the use of sustainable biofuels for the aviation sector, SIA has pledged to adopt aviation biofuels produced sustainably, and is committed to partner government agencies, biofuel producers and suppliers, and other stakeholders to do so.

SIA supports the International Air Transport Association (IATA)'s Four-Pillar Strategy to promote and drive efforts towards carbon neutral growth from 2020 onwards - specifically in the areas of technology, operations, infrastructure and economic measures.

More of the Airline's environmental activities and programmes are available in the Singapore Airlines Sustainability Report FY2013/14.

COMMUNITY ENGAGEMENT

We remain committed to contributing and investing in the communities in which we operate. During the year in review, we continued to support initiatives that promote various educational, arts, sports and heritage institutions in the form of ticket sponsorships, cash contributions, donations in-kind as well as staff involvement.

As a longstanding supporter of the Community Chest of Singapore, SIA continued to participate actively in the annual "Give A Hand!" campaign, which raises funds to help children with special needs. Additionally, limited-edition panda toys clad in SIA's signature batik motif were produced for fundraising in September 2012, generating proceeds of over $420,000. For our creativity in fundraising, SIA received the prestigious Chandra Das Great Idea Award from the Community Chest of Singapore in 2013.

The Airline also maintained our partnership with the Salvation Army Singapore, donating items left behind by customers and uncollected for more than four months to be re-sold at Family Thrift Stores. Funds raised go towards the charity's social and community programmes.

In line with our longstanding commitment to grow the local arts scene, SIA contributed to the Singapore Symphony Orchestra, Singapore Dance Theatre, Singapore Lyric Opera and Singapore Chinese Orchestra, as well as partnered the National Arts Council on various community arts projects.

We also continued our support for Médecins Sans Frontières (MSF), or Doctors Without Borders, a leading international humanitarian organisation that delivers emergency aid to people in more than 70 countries affected by armed conflict, epidemics, natural disasters and exclusion from healthcare.

In the educational sector, SIA supported numerous initiatives including the JY Pillay Global-Asia Programme, which raises local levels of research and fieldwork, as well as the Lee Kuan Yew Fund for Bilingualism, which aims to nurture a love for bilingual learning in children from young.

Since August 2010, Singapore Airlines has been the exclusive airline partner for the Harapan Rainforest Initiative, a large-scale green project aimed at restoring ecosystems threatened by deforestation, as well as conserving and protecting one of the most bio-diverse rainforests in the world. Our contribution stems from our strong belief that environmental efforts must focus on making a real and direct difference to the well-being of our planet, and sustain our shared environment for future generations.

As a global carrier operating to more than 60 destinations in over 30 countries, SIA is also actively involved with various projects and causes in the local communities that we serve.

More details of our community initiatives are available in our FY2013/14 Sustainability Report.

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SUBSIDIARIES

SIA ENGINEERING COMPANY

SIA Engineering Company (SIAEC) has the unique advantage of having early access to the latest in aviation technology. SIAEC was the first in the world to service the Airbus A380, including the first A380 'C' check. Since then, the company has performed more than 25 'C' checks for SIA's A380 fleet. In November 2013, SIAEC completed the world's first heavy maintenance check (equivalent to a 'D' check) for the A380, a three-month maintenance programme that involved the inspection, replacement and overhaul of more than 500 components, as well as extensive design improvement modifications.

In February 2014, SIAEC provided Entry-Into-Service support for SilkAir's brand new fleet of Boeing 737-800 NG aircraft. The company signed an agreement with SilkAir on a broad spectrum of maintenance, repair and overhaul (MRO) and fleet management services for the airline's 737-800 NGs.

SIAEC's first-mover advantage in aircraft technology and its collaborations with leading original equipment manufacturers have enabled the company to establish a world-class one-stop engineering centre in Singapore.

SIAEC continues to be a major player at Changi Airport in Singapore with its line maintenance business. It strengthened its market leadership at Changi by handling 18.2 per cent more flights in the 12 months ending 31 March 2014 compared to the preceding year. Globally, the company's line maintenance network covers 34 airports in seven countries, handling 650 flights daily round-the-clock for more than 80 airlines worldwide.

SIAEC's first-mover advantage in aircraft technology and its collaborations with leading original equipment manufacturers (OEM) have enabled the company to establish a world-class one-stop engineering centre in Singapore, offering full maintenance solutions with OEM support and proprietary IP.

SIAEC is committed to the training and development of its workforce. As a training organisation approved by multiple regulatory authorities, SIAEC works closely with leading OEMs to ensure its workforce keeps abreast of the latest in aircraft technology. The company continually strives to improve the quality of its training programmes, and actively partners key agencies like the Singapore Workforce Development Agency to align its courses to the national Workforce Skills Qualifications (WSQ), and to develop WSQ courses for the industry. For the development of leadership and soft skills within its workforce, SIAEC has an ongoing collaboration with the National University of Singapore on a series of training programmes for its managers.

In FY2013/14, SIAEC continued to improve lives by taking action against hunger and homelessness. Under the theme "Enabling People, Improving Lives", SIAEC's various corporate social responsibility initiatives in Singapore and overseas aim to help the underprivileged gain access to better health, education and living conditions. For the company's flagship charity event "Run for Food 2013", 1,800 staff signed up for the charity run and raised a total of $80,760. SIAEC also donated $50,000 to the Philippine Red Cross for the victims of Typhoon Haiyan.

SIA CARGO

The focus remained on the carriage of niche and specialised types of cargo:

1. EXPRESS TRAFFIC
2. TIME-SENSITIVE PHARMACEUTICALS
3. JET ENGINES
4. CHARTERS

Air cargo traffic was generally weak from many of the major exporting countries during the year in review. The International Air Transport Association reported that airfreight capacity continued to outpace demand in 2013.

The focus remained on the carriage of niche and specialised types of cargo, such as express traffic, time-sensitive pharmaceuticals, jet engines and charters, which continue to be growth areas. The focus on these segments of the business is in line with our strategy to pursue new and high growth business areas within the airfreight industry.

Charters are now a year-round business to meet a variety of time critical and often specialised needs such as the transportation of racing cars, horses and equipment for the events management industries.

Newly manufactured large aircraft engines to supply the assembly lines of the newest widebody aircraft are regularly transported on our freighters, in addition to the transport of engines to maintenance facilities across the world.

Network management is a key component of the company's operations. The network spans six continents, and we supplement our own capacity using partnership arrangements to extend our global reach.

Service quality is of paramount importance and continues to be a pillar

Asian Freight and Supply Chain Awards were conferred on the airline for "Best Air Cargo Carrier (Asia)" and "Best Green Service Provider". Air Cargo World had conferred the "Award for Excellence (Air Carrier)".

in our overall strategy. Our on-time delivery commitments, as measured through the industry-based Cargo 2000 methodology, continue to be best in class amongst our peers.

To provide better convenience to our customers in scheduling and tracking their shipments, mobile applications were introduced.

SIA Cargo has received recognition for its services through various industry forums. Asian Freight and Supply Chain Awards were conferred on the airline for "Best Air Cargo Carrier (Asia)" and "Best Green Service Provider". Air Cargo World had conferred the "Award for Excellence (Air Carrier)".

As at 31 March 2014, SIA Cargo's fleet consisted of nine Boeing 747-400 freighter aircraft. One aircraft was scheduled for return to lessor in April 2014, upon expiry of the lease.

Looking ahead, SIA Cargo will continue to proactively manage its network capacity and actively seek out new business opportunities in various segments of the industry.

SILKAIR

During the financial year in review, SilkAir enhanced its reach in the Indonesian market, with the addition of three new points – Semarang, Makassar and Yogyakarta – expanding the airline's network to 45 destinations in 12 countries.

SilkAir officially launched thrice-weekly flights to Semarang, the provincial capital of Central Java, on 29 July 2013, while flights to Makassar, the provincial capital of South Sulawesi, were launched on 1 August 2013. Thrice-weekly services to Yogyakarta in Java commenced thereafter on 25 November 2013, increasing SilkAir's Indonesian network to 12 destinations.

In January 2014, SilkAir was awarded 'Regional Airline of the Year' by Airlineratings.com, an Australia-based airline safety and product rating review website.

SilkAir also celebrated two major milestones during the year – its 25th anniversary and the receipt of its first of 54 Boeing 737-800 aircraft in February 2014. Various publicity, marketing and sales initiatives were launched to mark these significant events, including a 25-hour flight simulator event – 'Bringing Boeing Home with SilkAir' - that gave consumers the opportunity to virtually fly the Boeing simulator from Seattle to Singapore; the first Boeing 737-800 static display at the Singapore Airshow; as well as attractive promotional fares in conjunction with SilkAir's 25th Birthday on 21 February 2014.

A new brand campaign called 'A Joy to Fly' was also unveiled in the same period with the aim to rekindle the joy of flying and assert SilkAir's positioning as a full-service regional carrier that caters to the needs of the well-travelled global customer. The regional campaign highlights the key functional benefits of travelling with SilkAir, such as baggage allowance, inflight meals, reliable flight schedule and the KrisFlyer frequent flyer programme.

In line with efforts to improve inflight service offerings, the airline launched a wireless inflight entertainment trial in December 2013 in one of its aircraft, enabling customers to stream multimedia content such as movies, television programmes and music directly onto their personal devices.

On the corporate social responsibility front, SilkAir continues to maintain its support of the Giant Panda collaborative programme between Wildlife Reserves Singapore and the China Wildlife Conversation Association, as well as Médecins Sans Frontières (MSF), also known as Doctors Without Borders, a leading international humanitarian aid organisation that provides emergency medical assistance to people in distress and danger.

SilkAir's dedication to product and service quality continues to be recognised through various accolades. In January 2014, SilkAir was awarded 'Regional Airline of the Year' by Airlineratings.com, an Australia-based airline safety and product rating review website. SilkAir was also ranked third in the Top 10 Airlines by Passenger Carriage in the Changi Airline Awards 2013, presented by Changi Airport Group. The airline continues to be honoured in the TTG Asia Travel Hall of Fame, which it was inducted into in 2010 following its 10th win at the TTG Asia Travel Awards in 2009. SilkAir was once again voted one of the Top 10 Airlines Worldwide for Cabin Service in Best in Travel Poll 2013 by Hong Kong-based online travel magazine, Smart Travel Asia.


flyscoot.com

SCOOT

Scoot ended FY2013/14 carrying more than two million guests in its first full year of operations with an average load factor of about 80 per cent. It currently operates a fleet of six Boeing 777-200 aircraft, two of which were inducted in the past financial year.

In the same period Scoot expanded its network by adding four new routes in 2013: Nanjing on 3 June, Seoul on 12 June, Hong Kong on 15 November and Perth on 12 December. This brings the Scoot network to 13 destinations.

Scoot made further progress in its alliance with Tigerair by signing an agreement on 16 December 2013 to enhance cooperation. It culminated in the submission of an application to the Competition Commission of Singapore (CCS) for anti-trust immunity (ATI) which is pending approval. Once approved Scoot and Tigerair can build on the existing interline arrangement, which currently allows passengers outside Singapore to benefit by purchasing tickets involving services from both carriers. The proposed enhancements will mean Singapore residents can do likewise.

Scoot made further progress in its alliance with Tigerair by signing an agreement on 16 December 2013 to enhance cooperation.

ATI would allow Scoot and Tigerair to have joint operations, sales and marketing of parallel routes. The approval could see the alignment of policies, conditions, pricing and scheduling, paving the way for seamless integration of both airlines' systems and improved connectivity for passengers.

Other developments include a joint venture with Thai partner Nok Air to establish a new medium-haul airline called NokScoot. Nok Air will have a 51 per cent majority share in the new entity while Scoot will hold 49 per cent. The new airline is pending Thai regulatory approval and is expected to inaugurate its first flight to a North Asian destination out of Bangkok's Don Muang International Airport in 2014.

Looking ahead, Scoot's focus will be the formation of NokScoot and the induction of the Boeing 787 Dreamliner fleet.

Twenty aircraft are on order with the first 787 scheduled for delivery in November 2014. A second Dreamliner is expected to be delivered in February 2015. With the introduction of the new 787 aircraft, Scoot will begin the process of retiring its Boeing 777 fleet. At least one 777 is planned for retirement in FY2014/15 pending the 787 induction.

The Boeing 787 Dreamliner has an estimated 20 per cent improved fuel burn. Savings from fuel costs could potentially be passed on to travellers or in the very least allow Scoot to continue offering good value airfares. Converting to the Dreamliners will give Scoot the option and flexibility to expand further with the possibility of increasing flight frequencies or launching new destinations.

2014

AWARDS

MAR 2014

Fortune Magazine (USA)
Top 50 World's Most Admired Companies (Ranked 18th)

FEB 2014

DestinAsian Readers' Choice Awards
(9th time running)

Best Airline – Overall

Best Airline for Premium Class Travel (First & Business Class)

Best Airline for Economy Class

Best In-flight Entertainment

Best Frequent Flyer Programme - KrisFlyer

JAN 2014

Forbes Korea Best Brand Awards 2014
Best International Airline

Hurun Report 2014 (China)
"Best of the Best" ranking

Best International First & Business Class Award (3rd consecutive year)

Roy Morgan Research 2013 (Australia)
International Airline of the Year (2nd consecutive year)

DEC 2013

Robb Report (Vietnam)
Airline of the Year

Global Traveler (USA)
Best Airline in the World 2013
(10th consecutive year)

{SIA inducted into Global Traveler's "Hall of Fame"}

Best Airline in Southeast Asia

Business Traveler USA 2013
Best Overall Inflight Experience in the World

Best Trans-Pacific Business Class

Best Business Class to Asia

Airline with Best First Class service in the World

Airline with Best Economy Class service in the World

Best Overall Airline in the World

NOV 2013

Telegraph Travel Awards (UK)
(Daily Telegraph & Sunday Telegraph Newspapers)

Best Long Haul Airline
(2nd consecutive year)

Saveur Culinary Travel Awards (USA)
Readers' Choice Best Inflight Dining (First & Business Class)

Readers' Choice Best Inflight Dining (Economy Class)

Business Traveller (China)
Best Airline in the World

Best Asian Airline serving China

Best Airline First Class

Guardian/Observer Readers' Travel Awards 2013 (UK)
Best Business Class Airline

OCT 2013

Condé Nast Traveler (USA)
2013 Readers' Choice Awards
Best Foreign Airline (25 out of 26 years)

U Magazine (Hong Kong)
(Published by Hong Kong Economic Times)

Most Favourite Economy Class Seat Design

Most Favourite Cabin Crew Uniform

Business Traveller (UK) 2013
Best Asian Airline

Best Cabin Staff

Best Economy Class

Best Long Haul Airline

Korea Economic Daily & Korean Consumer's Forum
Brand of the Year 2013, Airline Sector

Viagem e Turismo (Brazil)
Best in Travel and Tourism Awards

Best International Airline

SEP 2013

Business Traveller (Asia Pacific) 2013
Best Airline (22nd consecutive year)

Best Asia-Pacific Airline

Best First Class

Best Business Class

Best Economy Class

AUG 2013

Condé Nast Traveler (USA)
2013 Business Travel Awards
Best Airline for Business Travelers in Asia

SmartTravelAsia.Com (Hong Kong)
Favourite Airline Poll Results, 2013
Best Airline Worldwide

Best Business Class

Best Cabin Service

JUL 2013

Travel & Leisure Magazine (USA)
Top International Airline

JUN 2013

Finance Asia Magazine (Hong Kong)
Best Companies survey for 2013

Best Corporate Social Responsibility (ranked 1st)

Best Corporate Governance (ranked 4th)

BILANZ survey (Switzerland)
Leading bi-monthly Economy & Finance Magazine
SIA Ranked No 1

MAY 2013

Telegraph 'Ultras' Travel Awards (UK)
Best Cabin Crew

Changi Airline Awards
Top 5 Airlines by Passenger Carriage

Top Airline by Growth in Passenger Carriage (Singapore)

Business Traveller Middle East Award
Best Asian Airline Serving the Middle East (12th consecutive year)

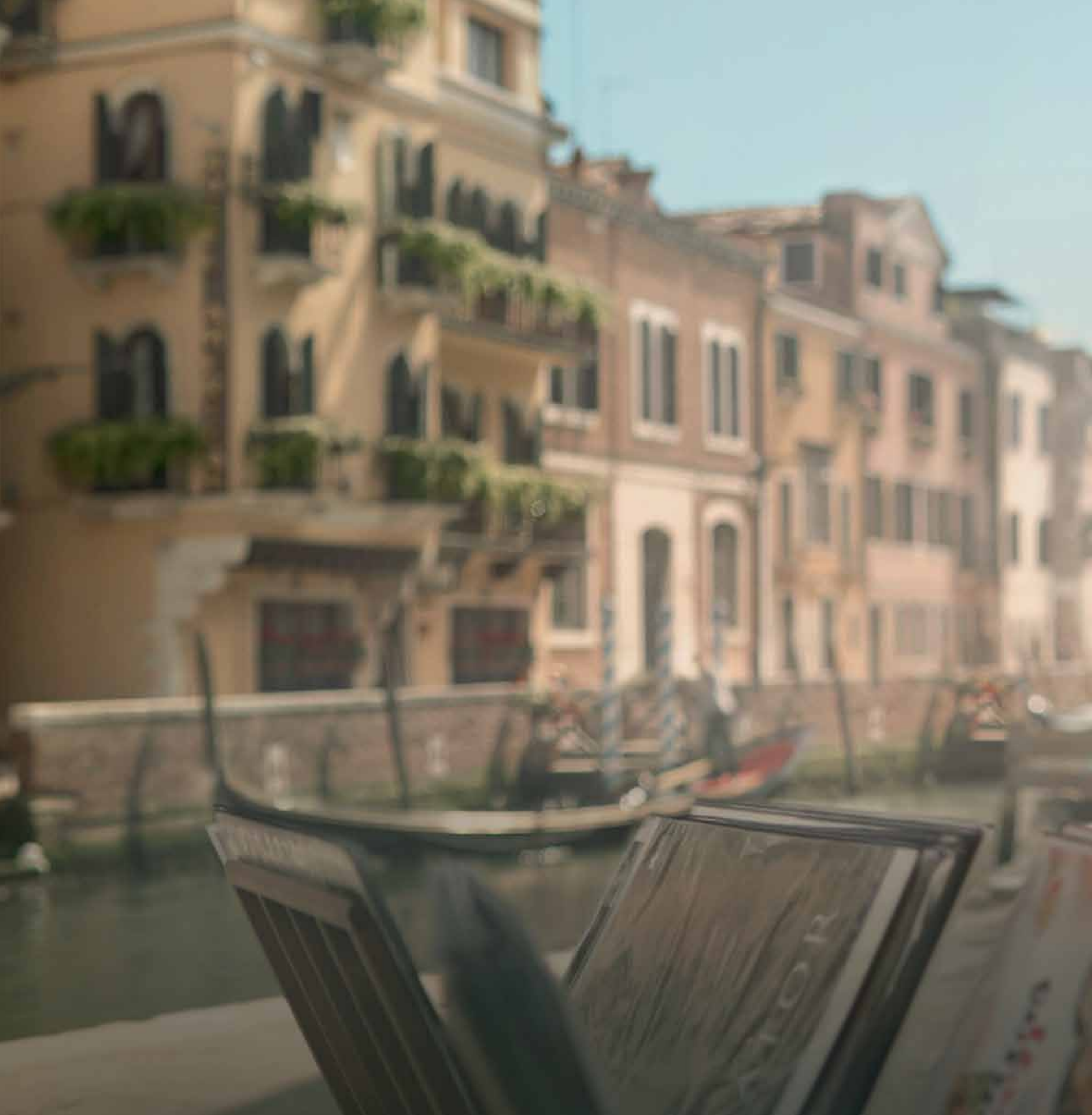
AsiaOne People's Choice Awards 2013 (Singapore)
Best Full Service Airline

APR 2013

Travel + Leisure India & South Asia Awards (India)
Best Airlines (World) 2012

Zoover.nl (Holland)
Best Airline (3rd consecutive year)

2013



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STATEMENT ON RISK MANAGEMENT

1 SIA Group Enterprise-Wide Risk Management Framework

1.1 Since 2002, a formalised Risk Management Framework has been implemented across SIA Group under which risks are identified, evaluated and controlled on a coordinated and integrated basis. Details of the key elements of this Framework can be found on SIA's website[1].

2 Highlights Of Significant Risk Management Activities

2.1 *Test/Simulation of Risk Responses.* During the year under review, Singapore experienced severe haze in June 2013, reaching hazardous levels and slightly affecting Changi Airport operations. The Group reviewed its contingency plans to address operational disruptions in the event the haze worsened. Safety and health response plans, such as distribution of masks, were also implemented to safeguard staff from the effects of the haze. As part of the Group's ongoing test/simulation programme, other business continuity plans were also tested and independently verified.

2.2 *Review of Crisis Management.* The Group reviewed and learned from events in the industry and reinforced its crisis management procedures and responses. The Group also strengthened the plans following the annual crisis simulation exercise.

2.3 *Review of Enterprise-wide Risk Management Framework.* A review of the Group's Enterprise-wide Risk Management Framework confirmed the Group's compliance with the Singapore Code of Corporate Governance (2012). Risk governance at Board/Board Committee levels was further enhanced with additional reporting arrangements.

2.4 *Review of Risks and Risk Controls.* Following the Mid-Year and Annual Risk Management Reviews, top risks of the Group were reported and reviewed at the Group Risk Management Committee and Board Committees. Company Risk Management Committee, Group Risk Management Committee and Board Safety & Risk Committee carried out reviews of key risks and the corresponding controls in place. The Group also reviewed its policies and measures to confirm its compliance with the requirements of the Personal Data Protection Act.

2.5 *Assurances of Risk Management Implementation.* All Business Unit Heads provided written assurances to the Risk Committees regarding their implementation of risk management and identification of risks within their respective Business Units. Corresponding written assurances were provided by Group CEO and by Senior Vice President Finance to the Board Safety & Risk Committee.

3 Board Of Directors' Comments On The Practice Of Risk Management In Singapore Airlines

3.1 Having reviewed the risk management practices and activities of Singapore Airlines, the Board of Directors has not found anything to suggest that risks, which the Group considers relevant and material to its operations, are not being satisfactorily managed.

[1] *http://www.singaporeair.com/pdf/media-centre/riskmanagementframework.pdf*

CORPORATE GOVERNANCE REPORT

The Board and Management are committed to continually enhancing shareholder value by maintaining high standards of corporate governance, professionalism, integrity and commitment at all levels, underpinned by strong internal controls and risk management systems.

This Report sets out the Company's corporate governance processes, with specific reference to the guidelines of the revised Code of Corporate Governance issued by the Ministry of Finance in Singapore in May 2012 ("the Code").

The Board's Conduct of Affairs, Board Composition and Guidance, Chairman and Chief Executive Officer (Principles 1 to 3)

The Board's principal functions include charting the Group's strategic direction, reviewing and approving annual budgets, financial plans and monitoring the Group's performance; approving major acquisitions and fund-raising exercises; and ensuring the Group's compliance with all laws and regulations as may be relevant to the business.

The Board currently comprises the following members:

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-election as Director	Nature of Appointment
Stephen Lee Ching Yen	Chairman	26 April 2004	29 July 2011	Non-executive/ Independent
Goh Choon Phong	Director	1 October 2010	26 July 2013	Executive/Non-Independent
Gautam Banerjee	Director	1 January 2013	26 July 2013	Non-executive/ Independent
William Fung Kwok Lun	Director	1 December 2009	26 July 2012	Non-executive/ Independent
Hsieh Tsun-yan	Director	1 September 2012	26 July 2013	Non-executive/ Independent
Christina Ong	Director	1 September 2007	26 July 2012	Non-executive/ Independent
Helmut Gunter Wilhelm Panke	Director	1 September 2009	26 July 2012	Non-executive/ Independent
Jackson Peter Tai	Director	1 September 2011	26 July 2012	Non-executive/ Independent
Lucien Wong Yuen Kuai	Director	1 September 2007	26 July 2013	Non-executive/ Non-Independent

Note: Ms Euleen Goh Yiu Kiang retired on 27 July 2013

The Board currently comprises nine Directors. The size and composition of the Board are reviewed from time to time, taking into account the scope and nature of operations of the Company, to ensure that the size of the Board is adequate to provide for a diversity of views, facilitate effective decision-making, and that the Board has an appropriate balance of executive, independent and non-independent Directors. The Directors come from diverse backgrounds with varied expertise in finance, legal, industry, business, marketing and management fields. Their profiles are found on pages 6 to 9.

There is a strong independent element in the Board, with the Nominating Committee considering seven out of nine Directors to be independent from Management and the Company's substantial shareholder, Temasek Holdings (Private) Limited ("Temasek").

CORPORATE GOVERNANCE REPORT

Mr Goh Choon Phong is the Chief Executive Officer ("CEO") of the Company while Mr Lucien Wong is a Director on the board of Temasek. All Directors have demonstrated objectivity in their deliberations in the interests of the Company.

Management briefs new Directors on the Company's business and strategic directions, as well as governance practices. The Company conducts orientation programmes and site visits for new Directors, and arranges for Directors to be updated on new laws and regulations, as well as changing commercial risks and industry developments, as deemed appropriate. Formal letters are issued to newly-appointed Directors upon their appointment, including details of their duties and obligations as Directors.

The Chairman, Mr Stephen Lee, and the CEO, Mr Goh Choon Phong, are not related to each other. There is appropriate division of responsibilities between the Chairman and the CEO, which ensures a balance of power and authority within the Company. The Chairman leads the Board and is responsible for its workings and proceedings. He plays a crucial role in fostering constructive dialogue with shareholders at the Company's Annual and Extraordinary General meetings. The CEO heads the Management Committee and oversees the execution of the Company's corporate and business strategies and policies, and the conduct of its business.

Board Membership and Performance (Principles 4 and 5)

Five Board Committees have been formed to assist the Board in the execution of its responsibilities, namely:

- the Board Executive Committee;
- the Board Audit Committee;
- the Board Compensation and Industrial Relations Committee;
- the Board Nominating Committee; and
- the Board Safety and Risk Committee

These Committees have written mandates and operating procedures, which are reviewed periodically.

The Board held four meetings in the financial year. The Board holds separate Strategy Sessions to assist Management in developing its plans and strategies for the future. The non-executive Directors also set aside time to meet without the presence of Management to review the latter's performance in meeting goals and objectives. A table setting out the Board Members, their memberships on the various Board Committees and attendance at Board and Committee meetings can be found on pages 60 to 61.

Board Executive Committee ("ExCo")

The members of the ExCo are Mr Stephen Lee (Chairman), Mr Goh Choon Phong, Ms Euleen Goh (until 26 July 2013), Mr Lucien Wong and Mr Gautam Banerjee (from 27 July 2013). The ExCo oversees the execution by Management of the overall strategy, policies, directions and guidelines set by the Board for the SIA Group. The ExCo also reviews and makes recommendations to the Board on the annual operating and capital budgets and matters relating to the Group's wholly-owned subsidiaries. The ExCo is authorised to approve transactions beyond a designated materiality threshold and to make decisions on routine financial, operational and administrative matters. The ExCo also functions as the Share Buy Back Committee of the Company.

Board Audit Committee ("AC")

The AC comprised Ms Euleen Goh (Chairperson until 26 July 2013), Mr Gautam Banerjee, Dr William Fung, Mr Hsieh Tsun-yan and Mr Jackson Tai. Mr Banerjee replaced Ms Goh as AC Chairman with effect from 27 July 2013. All the AC members are independent Directors. The role and responsibilities of the AC are described in the section on "Audit Committee" (Principle 12) as shown on pages 57 to 58.

Board Safety and Risk Committee ("BSRC")

The members of the BSRC are Dr Helmut Panke (Chairman), Mrs Christina Ong and Mr Lucien Wong. The functions of the BSRC include ensuring that systems and programmes in the Group comply with regulatory requirements and accord with the best practices of the aviation industry; reviewing regular reports on safety performances; reviewing accident investigation findings and recommendations; and advising Management and reporting to the Board on safety issues.

The BSRC also oversees the risk governance framework and risk management system, including reviewing key risks and controls put in place by Management.

Board Nominating Committee ("NC")

The members of the NC are Mr Stephen Lee (Chairman), Mrs Christina Ong and Mr Lucien Wong.

The NC's functions include considering and making recommendations to the Board concerning the appointment and re-election of Directors, and determining the independence of the Directors. The NC's recommendations are based on a review of the range of expertise, skills and attributes of current Board members and the needs of the Board, taking into account the Company's future business direction, the tenure of service, contribution and commitment of each Board member. Board rejuvenation is a guiding principle in determining the need for new appointees to the Board.

With regard to the selection of new Directors, the NC evaluates the balance of skills, knowledge and experience on the Board and, arising from such evaluation, determines the role and the desirable competencies for a particular appointment to enhance the existing Board composition. The NC meets with the short-listed Board candidates to assess their suitability and availability. The NC then makes recommendations to the Board for approval.

Newly appointed Directors serve an initial term of three years, after which they are considered for re-nomination for another term(s). Their re-nominations are subject to the recommendations of the Chairman of the Board and the NC.

The Company's Articles of Association provide that at each Annual General Meeting ("AGM") of the Company, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third are required to retire from office and are eligible for re-election. Retiring Directors are selected on the basis of those who have been longest in office since their last re-election, failing which they shall be selected by agreement or by lot. The CEO is also subject to retirement and re-election in accordance with the Articles of Association of the Company.

New Directors appointed in the year are subject to retirement and re-election by shareholders at the next AGM after their appointment. All new appointments and re-elections require the approval of the Special Member, the Minister for Finance.

For FY2013/14, the NC had engaged an independent global executive search firm not affiliated to the Company or any of its Directors, to assist them in conducting a formal evaluation of the SIA Board and its Board Committees. The process involved questionnaires which provided opportunities for feedback from the Directors. The evaluation confirmed that the SIA Board and its Board Committees were generally functioning effectively and performing well, within a highly competitive and challenging environment. The performance of individual Directors was reviewed by the Chairman and the NC, while the Chairman's performance was reviewed by the rest of the Board.

The NC has reviewed the contribution by each Director taking into account their listed company board representations and other principal commitments. The NC and the Board are of the view that, setting a maximum number of listed company board representations a Director should have is not meaningful, as the contribution of each Director would depend on their individual circumstances, including whether they have a full time vocation or other responsibilities. Notwithstanding the number of listed company board representations and other principal commitments which the Directors held, the NC was of the view that they were able to devote sufficient time and attention to the affairs of the Company.

The NC's terms of reference also include the responsibility for reviewing the training and professional development programmes for the Board. For FY2013/14 Board members attended briefings on the challenges facing the airline industry, as well as other related topics conducted by global airline industry leaders and experts.

CORPORATE GOVERNANCE REPORT

Board Compensation and Industrial Relations Committee ("BCIRC")

The BCIRC was chaired by Mr Stephen Lee, and comprised Mr Gautam Banerjee, Mr Hsieh Tsun-yan, Dr Helmut Panke and Mr Jackson Tai. All members of the Committee are non-executive directors.

With reference to the guidelines of the Code, the Board considered the fact that Mr Lee had shown that since his appointment on the Board, he had exercised independent business judgement in all matters affecting SIA, with a view to protect the interests of the Company and all shareholders. Although Mr Lee has served on the Board beyond nine years, he has continued to demonstrate strong independence in character and judgement in the discharge of his responsibilities as a Director of the Company. Accordingly, the Board continues to consider Mr Lee as an independent non-executive Director of SIA.

The BCIRC reviews and recommends for the Board's approval the general framework of remuneration for the Board and Relevant Key Management Personnel[1]. The BCIRC also recommends the specific remuneration packages for each Director and Relevant Key Management Personnel and administers the Company's EVA-based Incentive Plan, Strategic Incentive Plan, Performance Share Plan and Restricted Share Plan for senior executives. The award of shares to senior executives is based on organisational and individual performance. Professional advice is sought by the BCIRC, as it deems necessary, in the development and execution of the remuneration plan for the Company's senior executives. For FY2013/14, Carrots Consulting Pte Ltd was engaged as a remuneration consultant to provide professional advice on human resource matters. The principal consultant providing such services was Mr Johan Grundlingh. Carrots Consulting only provides remuneration consulting services to the Company, and has no other relationship with the Company.

Leadership development and succession planning in the Company remains a key focus for the BCIRC. The Company has in place an annual review of high potential executives, to ensure an adequate pipeline for succession planning in key management positions. Such high potential executives will be given exposure to key jobs in the organisation, as part of their career development.

The Company continues to put much emphasis in maintaining harmonious industrial relations and the BCIRC plays an important role in providing appropriate guidance to Management in this regard. The Company's three unions, namely, ALPA-S representing the pilots, AESU, representing the Administrative Officers, and SIASU, representing the General Staff (including Cabin Crew), hold regular meetings with Management and Chairman of BCIRC.

Access to Information (Principle 6)

The Directors are provided with Board Papers in advance before each Board Meeting, to enable them to be properly informed of matters to be discussed and/or approved. Board Papers contain both regular items such as reports on the Company and its subsidiaries and associated companies, updates on business development, monthly management accounts, and productivity and performance indicators, as well as matters for the decision or information of the Board.

Directors have separate and independent access to Senior Management and the Company Secretary at all times. Directors can seek independent professional advice if required. Such costs will be borne by the Company.

[1] *Relevant Key Management Personnel are employees holding the rank of Executive Vice President and above. For FY 2013/14, they comprised the CEO and two Executive Vice Presidents.*

Remuneration Matters (Principles 7, 8 and 9)

Remuneration Mix

SIA's remuneration mix for Senior Management comprises fixed and variable components. Variable components comprise short- and long-term incentives, which are dependent on Group, Company and individual performance. The remuneration mix aims to provide a good balance between competitiveness with the market, as well as rewards for short- and long-term objectives.

Fixed Component

The fixed component comprises base salary, the Annual Wage Supplement ("AWS") and cash allowances. The fixed components are benchmarked to comparable positions in the market, and reflect the market worth of the positions.

Variable Components

Cash Incentive Plans for CEO and Senior Management

This comprises the following three components:

a. Profit-Sharing Bonus ("PSB")

The PSB targets are designed to achieve a good balance of both Group financial objectives and the Company's operating performance. Payment of the variable bonus is based on the Group and the Company achieving the target levels set for each of the Key Performance Indicators ("KPIs") stated below and taking into account individual performance:

- SIA Group's Return on Shareholders' Funds
- SIA Company's Operating Profit Margin
- SIA Company's Passenger Load Factor

Individual performance objectives aligned to the overall strategic, financial and operational goals of the Company, are set at the beginning of each financial year and are cascaded down to a select group of key Senior Management staff using Individual Scorecards, creating alignment between the performance of the Group, Company and the individual. While these performance objectives are different for each executive, they are assessed on the same principles across the following four broad categories of targets:

- Financial & Business
- Customer & Operations
- People & Organisational Development
- Strategic Projects

The PSB Payout is capped at three times of monthly base salary based on SIA Group and Company Performance in respect of the CEO and Relevant Key Management Personnel. After the assessment of the Individual Performance Scorecards at the end of a performance year, an Individual Performance Rating is determined and is subsequently used to modify the PSB Payout within the range of 0-150%.

CORPORATE GOVERNANCE REPORT

b. Economic Value Added ("EVA")-based Incentive Plan ("EBIP")

The EBIP rewards for sustainable shareholder value creation over the medium term achieved by growing profits, deploying capital efficiently and managing the risk profile and risk time horizon of an airline business. A portion of the annual performance-related bonus of key Senior Management is tied to the EVA achieved by the Group in the year. Under the plan, one-third of the accumulated EBIP bonus, comprising the EBIP bonus declared in the financial year and the balance of such bonus brought forward from preceding years (which comprises multiple years' of incentive dollars retained in the EVA bank), is paid out in cash each year. The remaining two-thirds are carried forward in the individual executive's EBIP account. Amounts in the EBIP account are at risk because negative EVA will result in a retraction of EBIP bonus earned in preceding years. This mechanism encourages key Senior Management to work for sustainable profitability and to adopt strategies that are aligned with the long-term interests of the Group.

In determining the final EBIP payouts, the BCIRC considers overall Group performance and relevant market remuneration benchmarks.

The rules of the EBIP are subject to review by the BCIRC, which has the discretion, under authority of the Board, to amend the rules where appropriate and relevant to the business conditions.

c. Strategic Incentive Plan ("SIP")

The SIP is an incentive scheme established with the objective of rewarding, motivating, and retaining a select group of key Senior Management staff who shoulder the responsibility for the Group's strategic direction and future-oriented growth.

Under the SIP, a target bonus is set equal to two times the monthly base salary of the respective Senior Management staff for meeting strategic initiatives set under the individual performance scorecard. At the end of the financial year, the target bonus is modified by the incumbent's performance on the execution of the strategic initiatives as assessed by the BCIRC. The resultant cash payout varies between 0-150% of the SIP target bonus.

The maximum SIP bonus payable is three times the individual's monthly base salary.

Share Incentive Plans

i. The SIA Performance Share Plan ("PSP")

The PSP is a share-based incentive scheme established with the objective of rewarding, motivating, and retaining a select group of key Senior Management staff who shoulder the responsibility for the Group's performance and who are able to drive the growth of the Group through innovation, creativity and superior performance. Awards under the PSP are performance-based, with stretched targets.

Under the PSP, an initial award is made in the form of rights to shares, provided performance targets are met. Annual awards are made based on strategic contribution of Senior Management staff. The final award, which can vary between 0-200% of the initial award, depends on stretched value-aligned performance targets. They are based on absolute and relative Total Shareholder Return ("TSR"), meeting targets over the performance period of three financial years. The relative TSR is based on outperformance of a selected peer group of leading full service carriers. The absolute TSR is based on outperformance against Cost of Equity hurdle. The above performance measures are selected as key measurements of wealth creation for shareholders.

ii. The SIA Restricted Share Plan ("RSP")

The RSP is targeted at a broader base of senior executives and enhances the Company's ability to recruit and retain talented senior executives, as well as to reward for Group, Company and individual performance. To retain key executives, an extended vesting period of a further two years is imposed beyond the initial two-year performance period.

Under the RSP, an initial award is made in the form of rights to shares, provided performance conditions are met in future. Annual grants are made based on individual performance of the key executives selected to participate in the RSP. Final awards may vary between 0-150% of the initial award, depending on the extent to which targets based on Group and Company EBITDAR Margin and Group and Company Staff Productivity are met. The performance measures are selected as they are key drivers of shareholder value and are aligned to the Group and the Company's business objectives. The final award is subject to extended vesting, with 50% of the final award paid out at the end of the two-year performance period, and the rest paid out equally over the next two years.

iii. The SIA Deferred Share Award ("DSA")

The DSA is a one-off share award established with the objective of rewarding, motivating and retaining Senior Management, who are participants of EBIP and who shoulder the responsibility for the Group's strategic performance. It was funded from unallocated EBIP accrued from previous years and granted on a contingent basis under the SIA RSP during FY2013/14. The final award, which includes the Accumulated Dividend Yield (based on the sum of SIA share dividend yields declared with ex-dividend dates occurring during the vesting period), will cliff vest at the end of three calendar years from the grant date, contingent on meeting future individual strategic performance and service-based conditions.

The total number of ordinary shares which may be issued pursuant to awards granted under the RSP and PSP, when added to the number of new shares issued and issuable in respect of all awards under the RSP and PSP, and all options under the Employee Share Option Plan ("ESOP"), shall not exceed 13% of the issued ordinary share capital of the Company. In addition the maximum number of new shares that can be issued pursuant to awards granted under the RSP and PSP in the period between the current AGM to the next AGM shall not exceed 0.75% of the total number of issued ordinary shares in the capital of the Company.

Details of the PSP, RSP and ESOP can be found on pages 89 to 92 of the Report by the Board of Directors.

CORPORATE GOVERNANCE REPORT

The PSP and RSP are due to expire in July 2015. The BCIRC has recommended to the Board the adoption of a new performance share plan and restricted share plan to replace the PSP and RSP respectively, and the Board has accepted the BCIRC's recommendations. The existing PSP and RSP will be terminated following the adoption of the new plans. The new plans will have substantially the same terms as the existing plans, save that the total number of shares which may be delivered under the new plans (whether in the form of shares or cash in lieu of shares) will be subject to a reduced maximum limit of 5%. In addition, the total number of shares under awards to be granted under the new plans from the forthcoming Extraordinary General Meeting ("EGM") to the next AGM (the "Relevant Year") shall not exceed 0.5% of the total number of issued shares (excluding treasury shares) from time to time (the "Yearly Limit"). However, if the Yearly Limit is not fully utilised during the Relevant Year, any unutilised portion of the Yearly Limit can be used for grants of awards in subsequent years. The ESOP expired in 2010, and the Board will not be seeking to adopt a new share option plan to replace the ESOP. The new share plans will be proposed to shareholders for approval at the forthcoming EGM of the Company.

Compensation Risk Assessment

Under the Code, the compensation system should take into account the risk policies of the Company, be symmetric with risk outcomes and be sensitive to the time horizon of risks. The BCIRC has reviewed the various compensation risks that may arise and introduced mitigating policies to better manage risk exposures identified. The BCIRC will also undertake periodic reviews of the compensation related risks in future.

Pay-for-Performance Alignment

In performing the duties as required under its BCIRC Charter, the BCIRC ensures that remuneration paid to the CEO and Key Management Personnel is strongly linked to the achievement of business and individual performance targets. The performance targets as determined by the BCIRC are set at realistic yet stretched levels each year to motivate a high degree of business performance with emphasis on both short- and long-term quantifiable objectives.

A pay-for-performance alignment study was conducted by the appointed external remuneration consultant and reviewed by BCIRC. It was found that there was sufficient evidence indicating pay-for-performance alignment for the Group in both absolute and relative terms, against a peer group of large listed airline companies for the six-year period from FY2007/08 to FY2012/13.

Directors' Fees

The Directors' fees paid in FY2013/14 amounted to $1,531,863 [FY2012/13: $1,529,500] and were based on the following rates:

		Rates ($)
Board Retainers	Board Member	80,000
	Chairman	160,000
Committee Retainers	Chairman of Executive Committee and Audit Committee	50,000
	Chairman of other Board Committees, Member of Executive Committee and Audit Committee	35,000
	Member of other Board Committees	20,000
Attendance Fees	Home – City	5,000
	In – Region	10,000
	Out – Region	20,000
	Teleconference – normal hours	1,000
	Teleconference – odd hours	2,000

Disclosure on Remuneration

The following table shows the composition of the remuneration of Directors.

Directors	Fee $	Salary $	Bonuses[1] $	Shares[2] $	Benefits[3] $	Total $
Stephen Lee Ching Yen	265,000	-	-	-	11,042	276,042
William Fung Kwok Lun	155,000	-	-	-	-	155,000
Euleen Goh Yiu Kiang	62,890	-	-	-	-	62,890
Christina Ong	140,000	-	-	-	-	140,000
Helmut G W Panke	215,000	-	-	-	-	215,000
Jackson Peter Tai	215,000	-	-	-	-	215,000
Lucien Wong Yuen Kuai	155,000	-	-	-	3,163	158,163
Hsieh Tsun-yan	155,000	-	-	-	1,566	156,566
Gautam Banerjee	168,973	-	-	-	-	168,973
Goh Choon Phong[4]	-	1,094,000	1,014,472	1,537,898	134,165	3,780,535

[1] *Includes EVA-based incentive plan (EBIP) payment, Profit-Sharing Bonus and Strategic Incentive Plan (SIP). The amount paid in the reporting year is a percentage of the individual's EVA Bank. See above for additional information on the EBIP and SIP.*

[2] *Based on the Fair Values of RSP ($9.15), PSP ($7.82) and DSA ($8.38) granted in FY2013/14.*

[3] *Includes transport and travel benefits provided to Directors.*

[4] *As Chief Executive Officer, Mr Goh Choon Phong does not receive any Director's fees.*

CORPORATE GOVERNANCE REPORT

There were no employees who were immediate family members of a Director or the CEO, and whose remuneration exceeded $50,000, during FY2013/14.

Relevant Key Management Personnel[4]	Fee %	Salary %	Bonuses[1] %	Shares[2] %	Benefits[3] %	Total %
Between $1,750,000 to $2,000,000						
Mak Swee Wah	-	34	25	37	4	100
Ng Chin Hwee	-	34	25	37	4	100

1 *Includes EVA-based incentive plan (EBIP) payment, Profit-Sharing Bonus and Strategic Incentive Plan (SIP). The amount paid in the reporting year is a percentage of the individual's EVA Bank. See above for additional information on the EBIP and SIP.*

2 *Based on the Fair Values of RSP ($9.15), PSP ($7.82) and DSA ($8.38) granted in FY2013/14.*

3 *Includes value of transport and travel benefits provided to employees.*

4 *The above table reflects the remuneration of the employees who hold the rank of Executive Vice President and above, who are the Relevant Key Management Personnel of the Company.*

For FY2013/14 the aggregate total remuneration paid to the Relevant Key Management Personnel (who are not Directors or the CEO) amounted to $3,714,704.

For FY2013/14, there were no termination, retirement or post-employment benefits granted to Directors, the CEO and Relevant Key Management Personnel other than the standard contractual notice period termination payment in lieu of service, and the post-retirement travel benefits for the CEO and Relevant Key Management Personnel.

Accountability and Audit (Principle 10)

The Board, through its announcements of quarterly and full-year results, aims to provide shareholders with a balanced and understandable assessment of the Company's performance and prospects. Management provides the Board with monthly management accounts for the Board's review.

The Company has clear policies and guidelines for dealings in securities by Directors and employees. The Company imposes a trading embargo on its Directors and employees from trading in its securities for the period of two weeks prior to the announcement of quarterly results; and a period of one month prior to the announcement of year-end results. In addition, Directors and employees are cautioned to observe the insider trading laws at all times; and to avoid dealing in the Company's securities for short-term considerations.

Risk Management and Internal Controls (Principle 11)

A dedicated Risk Management Department looks into and manages the Group's risk management policies. The Risk Management Report can be found on page 46.

Annually, a report is submitted by the Risk Management Department to the Board, which provides a comprehensive review of the risks faced by the Group. The review includes the identification of risks overseen by the main Board and its various Board Committees, as well as the current assessment and outlook of the various risk factors.

The Board had received assurance from the CEO and Senior Vice President Finance on the adequacy and effectiveness of the Company's internal control systems, and that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.

Audit Committee (Principle 12)

The AC's activities for FY2013/14, in accordance with its responsibilities and duties under its Charter, included the following:

(a) Financial Reporting

The AC reviewed the quarterly and annual financial statements and financial announcements required by The Singapore Exchange Securities Trading Limited ("SGX-ST") for recommendation to the Board for approval. The review focused on changes in accounting policies and practices, major judgemental and risk areas, significant adjustments resulting from the audit, the going concern assumption, compliance with accounting standards, compliance with SGX-ST and other legal requirements. The AC keeps itself apprised of changes in accounting policies and guidelines through scheduled regular updates by the external auditor, of such, in meeting agendas.

(b) External Audit

The AC discussed with the external auditor the audit plan, and the report on the audit of the year-end financial statements; reviewed the external auditor's management letter and Management's responses thereto; and reviewed the external auditor's objectivity and independence from Management and the Company. In assessing independence, the AC reviewed the fees and expenses paid to the external auditor, including fees paid for non-audit services during the year. The AC is of the opinion that the auditor's independence has not been compromised.

In addition, the appointment of the external auditor and the audit fee were considered, and recommendations made to the Board on the selection of the Company's external auditor.

The Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual in relation to the engagement of its auditor.

(c) Internal Audit

The AC reviewed the scope of internal audit work and its audit programmes; reviewed the major findings during the year and Management's responses thereto; and ensured the adequacy of the independence and resource sufficiency of the internal audit function.

(d) Risk Management

The AC reviewed the adequacy and effectiveness of the Group's material controls, including financial, compliance and risk management controls, to safeguard shareholders' investments and the Group's assets.

The Risk Management processes adopted are also audited periodically by Internal Audit and their adequacy and effectiveness reported to the AC accordingly.

(e) Interested Person Transactions

The AC reviewed interested person transactions to ensure compliance with the SGX-ST Listing Manual and the Shareholders' Mandate obtained at the last Annual General Meeting.

CORPORATE GOVERNANCE REPORT

(f) Whistle-Blowing

The AC reviewed and was satisfied with the adequacy of the whistle-blowing programme instituted by the Company through which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. All whistle-blower reports are reviewed by the AC at its quarterly meetings to ensure independent investigation and adequate resolution.

(g) Others

The AC has full access to and co-operation of Management. The AC also has full discretion to invite any Director or executive officer to attend its meetings, and has been given adequate resources to discharge its functions. The AC meets with the internal and external auditors without the presence of non-audit Management every quarter.

Internal Audit (Principle 13)

SIA Internal Audit is an independent department that reports directly to the Audit Committee. The department assists the Committee and the Board by performing regular evaluations on the Group's internal controls, financial and accounting matters, compliance, business and financial risk management policies and procedures, and ensuring that internal controls are adequate to meet the Group's requirements. SIA Internal Audit is a member of the Singapore Chapter of the Institute of Internal Auditors ("IIA") and meets the Standards for the Professional Practice of Internal Auditing set by the IIA.

SIA Internal Audit also performs analyses of data and transactions periodically (continuous monitoring) on selected areas that are more susceptible to fraud risk.

In relation to audit activities conducted during the financial year, SIA Internal Audit had unfettered access to the Group's documents, records, properties and personnel, as well as the AC.

The Control Self Assessment ("CSA") Programme established since FY2003/04 provides a framework for Management to obtain assurance on the state of internal controls. The CSA Programme requires operating departments' management to review and report annually on the adequacy of their respective units' control environment to the AC. Internal Audit performed independent and random reviews during the year to validate the results of these self assessments.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management and various Board Committees, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls were adequate and effective as at 31 March 2014 to address financial, operational, information technology and compliance risks, which the Group considers relevant and material to its operations.

The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

Shareholder Rights and Responsibilities (Principles 14 and 15)

Singapore Airlines believes in timely and consistent disclosure of pertinent information to enable a transparent assessment of the Company's value. The Company values dialogue with shareholders, and holds analyst and media briefings when announcing half-yearly and year-end results. Full transcripts of the proceedings are made available on SGXNet and our Company's website at www.singaporeair.com/investor.

All financial results, as well as price-sensitive information, are released in a timely manner through various media, including press releases posted on the Company's website and disclosure via SGXNet. The Company's website is an important source of information for shareholders and the investment community. Quarterly results announcements, news releases, presentation slides, monthly operating statistics, annual reports, sustainability reports and other key facts and figures about the Company are available on the Investor Relations website.

The Investor Relations Department meets with analysts and investors on a regular basis through investor conferences and roadshows, as well as ad-hoc meetings and teleconferences. A dedicated investor relations email and hotline are maintained for the investing community to reach out to the Company for queries.

The Company's commitment to corporate transparency and investor relations was recognised in 2012, when Singapore Airlines was inducted into the Hall of Fame in the Most Transparent Company Award Category at the 13th Investors Choice Awards presented by the Securities Investors Association of Singapore ("SIAS").

Conduct of Shareholder Meetings (Principle 16)

The Board members always endeavour to attend shareholder meetings where shareholders are given the opportunity to raise questions and clarify issues they may have relating to the resolutions to be passed, with the Board. The Chairmen of the various Board Committees or members of the Board Committees standing in for them, as well as the external auditor, would be present and available to address questions at these meetings. Minutes of shareholders' meetings are available on request by registered shareholders.

To enhance transparency in the voting process, the Company had, since FY2008/09, implemented full poll voting for all the resolutions tabled at its shareholders' meetings.

Banking Transaction Procedures

Lenders to SIA are to note that all bank transactions undertaken by any Group Company must be properly authorised, including the opening of new bank accounts and any proposed credit facilities. Each Group Company has its own approval limits and procedures for every banking transaction, having regard to the nature of the transaction concerned. These approval limits and procedures are updated from time to time and are available on request. The bankers of each Group Company should always verify, in accordance with the verification process set out in the applicable procedures, that the transaction is properly authorised.

MEMBERSHIP AND ATTENDANCE OF SINGAPORE AIRLINES LIMITED BOARD OF DIRECTORS AND BOARD COMMITTEE MEMBERS

For the Period 1 April 2013 to 31 March 2014

	Board		Board Executive Committee	
Name of Directors	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Stephen Lee Ching Yen	4	4	6	6
Goh Choon Phong	4	4	6	6
Gautam Banerjee	4	4	4*	4
William Fung Kwok Lun	4	4	-	-
Euleen Goh Yiu Kiang (Note 1)	2*	2	2*	2
Hsieh Tsun-yan	4	4	-	-
Christina Ong	4	4	-	-
Helmut Gunter Wilhelm Panke	4	4	-	-
Jackson Peter Tai	4	4	-	-
Lucien Wong Yuen Kuai	4	4	6	6

** Number of meetings held during Director's tenure on Board / Committee*

Notes:
(1) Retired from the Board on 27 July 2013

Board Audit Committee		Board Compensation and Industrial Relations Committee		Board Safety and Risk Committee		Nominating Committee	
No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
-	-	4	4	-	-	4	4
-	-	-	-	-	-	-	-
4	4	4	4	-	-	-	-
4	4	-	-	-	-	-	-
2*	2	-	-	-	-	-	-
4	4	4	4	-	-	-	-
-	-	-	-	4	4	4	4
-	-	4	4	4	4	-	-
4	4	4	4	-	-	-	-
-	-	-	-	4	4	4	4

FURTHER INFORMATION ON BOARD OF DIRECTORS

STEPHEN LEE CHING YEN, 67

Non-executive and independent Director

Academic and Professional Qualifications:
Master of Business Administration, Northwestern University, Illinois

Date of first appointment as a director:	26 April 2004
Date of last re-election as a director:	29 July 2011
Board committee(s) served on:	
Board Executive Committee	Chairman
Board Compensation and Industrial Relations Committee	Chairman
Board Nominating Committee	Chairman

Current Directorships in Other Listed Companies

	Organisation/Company	*Title*
1.	SIA Engineering Company Limited	Chairman
2.	CapitaLand Limited	Director

Other Major Appointments

	Organisation/Company	*Title*
1.	Shanghai Commercial & Savings Bank Ltd, TWN	Managing Director
2.	Great Malaysia Textile Investments Pte Ltd	Managing Director
3.	Singapore National Employers Federation	President

Others

	Organisation/Company	*Title*
1.	NTUC Income Insurance Co-operative Limited	Chairman
2.	Singapore Labour Foundation	Director
3.	Shanghai Commercial Bank Ltd, Hong Kong	Director
4.	COFCO Corporation, China	Director
5.	NTUC Enterprise Co-operative Limited	Director
6.	SLF Strategic Advisers Private Limited	Director
7.	National Wages Council	Member

Directorships/Appointments in the past 3 years

	Organisation/Company	*Title*
1.	Baosteel Group Corporation, China	Director
2.	Chinese Development Assistance Council	Board Member

GOH CHOON PHONG, 50
Executive and non-independent Director

Academic and Professional Qualifications:
Master of Science in Electrical Engineering and Computer Science
Bachelor of Science in Computer Science & Engineering
Bachelor of Science in Management Science
Bachelor of Science in Cognitive Science
Massachusetts Institute of Technology

Date of first appointment as a director	1 October 2010
Date of last re-election as a director	26 July 2013
Board committee(s) served on:	
Board Executive Committee	Member

Current Directorships in Other Listed Companies

	Organisation/Company	*Title*
1.	SIA Engineering Company Limited	Director

Others

	Organisation/Company	*Title*
1.	Mount Alvernia Hospital	Director
2.	International Air Transport Association	Member, Board of Governors
3.	National Council of Social Service	Member, Steering Committee

GAUTAM BANERJEE, 59
Non-executive and independent Director

Academic and Professional Qualifications:
Bachelor of Science in Accounting and Financial Analysis, University of Warwick
Fellow of the Institute of Chartered Accountants, England and Wales
Fellow of the Institute of Chartered Accountants, Singapore

Date of first appointment as a director:	1 January 2013
Date of last re-election as a director:	26 July 2013
Board committee(s) served on:	
Board Audit Committee	Chairman
Board Executive Committee	Member
Board Compensation and Industrial Relations Committee	Member

FURTHER INFORMATION ON BOARD OF DIRECTORS

GAUTAM BANERJEE, 59 (CONTINUED)

Non-executive and independent Director

Current Directorships in Other Listed Companies

	Organisation/Company	*Title*
1.	The Straits Trading Company Limited	Director
2.	Piramal Enterprises Limited, India	Director

Other Major Appointments

	Organisation/Company	*Title*
1.	Blackstone Singapore Pte Ltd	Chairman and Senior Managing Director
2.	Singapore Business Federation	Vice Chairman
3.	Government of Singapore Investment Corporation Pte Ltd	Director

Others

	Organisation/Company	*Title*
1.	Singapore International Arbitration Centre	Director
2.	Economic Development Board	Director
3.	EDB Investments Pte Ltd	Director
4.	Singapore Legal Service Commission	Director
5.	Nanyang Business School	Member, Advisory Board
6.	Yale-NUS College	Member, Governing Board
7.	Indian Heritage Centre	Member, Steering Committee
8.	Singapore Business Advisors & Consultants Council	Member, Governing Council
9.	Singapore Indian Development Association	Term Trustee
10.	The Friends of The University of Warwick, Singapore	Trustee
11.	The Stephen A. Schwarzman Scholars Trust	Trustee

Directorships/Appointments in the past 3 years

	Organisation/Company	*Title*
1.	PricewaterhouseCoopers (PwC) Singapore	Chairman
2.	Shared Services for Charities Limited	Director
3.	Singapore Arts School Ltd	Director
4.	National Heritage Board	Member
5.	Singapore International Foundation	Member, Board of Governors

WILLIAM FUNG KWOK LUN, 65

Non-executive and independent Director

Academic and Professional Qualifications:
Master of Business Administration, Harvard Graduate School of Business, Boston
Bachelor of Science in Engineering, Princeton University, New Jersey

Date of first appointment as a director:	1 December 2009
Date of last re-election as a director:	26 July 2012
Board committee(s) served on:	
Board Audit Committee	Member

Current Directorships in Other Listed Companies

	Organisation/Company	*Title*
1.	Li & Fung Limited	Group Chairman
2.	Trinity Limited	Deputy Chairman
3.	Convenience Retail Asia Limited	Director
4.	Shui On Land Limited	Director
5.	Sun Hung Kai Properties Limited	Director
6.	VTech Holdings Limited	Director
7.	The Hongkong and Shanghai Hotels, Limited	Director

Directorships/Appointments in the past 3 years

	Organisation/Company	*Title*
1.	The Hongkong and Shanghai Banking Corporation Limited	Deputy Chairman

HSIEH TSUN-YAN, 61

Non-executive and independent Director

Academic and Professional Qualifications:
Master of Business Administration, Harvard University
Bachelor of Science in Mechanical Engineering, University of Alberta

Date of first appointment as a director:	1 September 2012
Date of last re-election as a director:	26 July 2013
Board committee(s) served on:	
Board Audit Committee	Member
Board Compensation and Industrial Relations Committee	Member

FURTHER INFORMATION ON BOARD OF DIRECTORS

HSIEH TSUN-YAN, 61 (CONTINUED)

Non-executive and independent Director

Current Directorships in Other Listed Companies

	Organisation/Company	*Title*
1.	Bharti Airtel Limited, India	Director
2.	Manulife Financial Corporation, Canada	Director

Other Major Appointments

	Organisation/Company	*Title*
1.	LinHart Group, Singapore	Chairman

Others

	Organisation/Company	*Title*
1.	Lee Kuan Yew School of Public Policy, Singapore	Provost Chair Professor
2.	Institute of Policy Studies Academic Panel, Singapore	Member
3.	Singapore International Foundation	Member, Board of Governors
4.	National University of Singapore Business School	Provost Chair Professor (practice track) of Management and Management Advisory Board Member

Directorships/Appointments in the past 3 years

	Organisation/Company	*Title*
1.	Sony Corporation, Japan	Director
2.	World Bank Knowledge Advisory Commission, United States	Member

CHRISTINA ONG, 66

Non-executive and independent Director

Academic and Professional Qualifications:
Bachelor of Arts in Economics, University of Westminster, London

Date of first appointment as a director:	1 September 2007
Date of last re-election as a director:	26 July 2012
Board committee(s) served on:	
Board Nominating Committee	Member
Board Safety and Risk Committee	Member

Major Appointments

	Organisation/Company	*Title*
1.	AX 21 Holdings Pte Ltd	Managing Director
2.	Club 21 Pte Ltd	Managing Director

CHRISTINA ONG, 66 (CONTINUED)

Non-executive and independent Director

Others

	Organisation/Company	*Title*
1.	National Parks Board	Chairperson
2.	Club 21 Distribution (Singapore) Pte Ltd	Director
3.	Club 21 Enterprises (S) Pte Ltd	Director
4.	Club 21 Malaysia Sdn Bhd	Director
5.	Como Foundation Inc	Director
6.	Heritage Holdings Pte Ltd	Director
7.	Jomo Private Limited	Director
8.	Kids 21 Pte Ltd	Director
9.	Moco Private Limited	Director
10.	Mogems Services Pte Ltd	Director
11.	Shambhala Yoga Centre Pte Ltd	Director
12.	Viva Foundation for Children with Cancer	Director
13.	Y.S. Fu Holdings (2002) Pte Ltd	Director

Directorships/Appointments in the past 3 years

	Organisation/Company	*Title*
1.	Singapore Health Services Pte Ltd	Director

HELMUT GUNTER WILHELM PANKE, 67

Non-executive and independent Director

Academic and Professional Qualifications:
Doctor in Physics, University of Munich

Date of first appointment as a director:	1 September 2009
Date of last re-election as a director:	26 July 2012
Board committee(s) served on:	
Board Safety and Risk Committee	Chairman
Board Compensation and Industrial Relations Committee	Member

Current Directorships in Other Listed Companies

	Organisation/Company	*Title*
1.	Bayer AG	Director
2.	Microsoft Corporation	Director
3.	UBS AG	Director

FURTHER INFORMATION ON BOARD OF DIRECTORS

JACKSON PETER TAI, 63

Non-executive and independent Director

Academic and Professional Qualifications:
Master of Business Administration, Harvard University
Bachelor of Science, Rensselaer Polytechnic Institute

Date of first appointment as a director:	1 September 2011
Date of last re-election as a director:	26 July 2012
Board committee(s) served on:	
Board Audit Committee	Member
Board Compensation and Industrial Relations Committee	Member

Current Directorships in Other Listed Companies

	Organisation/Company	*Title*
1.	Bank of China	Director
2.	Eli Lilly and Company	Director
3.	MasterCard Incorporated	Director
4.	Royal Philips Electronics NV	Director

Others

	Organisation/Company	*Title*
1.	Russell Reynolds Associates	Director
2.	Rensselaer Polytechnic Institute	Trustee
3.	Metropolitan Opera	Director
4.	Committee of 100 Board	Director
5.	Harvard Business School Asia-Pacific Advisory Board	Member
6.	Harvard China Fund Advisory Board	Member
7.	Vaporstream	Director

Directorships/Appointments in the past 3 years

	Organisation/Company	*Title*
1.	NYSE Euronext	Director
2.	Brookstone Inc	Director
3.	Cassis International	Director
4.	Merlin USA	Director

LUCIEN WONG YUEN KUAI, 60

Non-executive and non-independent Director

Academic and Professional Qualifications:
Bachelor of Laws (Honours), University of Singapore

Date of first appointment as a director:	1 September 2007
Date of last re-election as a director:	26 July 2013
Board committee(s) served on:	
Board Executive Committee	Member
Board Nominating Committee	Member
Board Safety and Risk Committee	Member

Current Directorships in Other Listed Companies

	Organisation/Company	*Title*
1.	Hap Seng Plantations Holdings Berhad	Director
2.	Singapore Press Holdings Limited	Director

Other Major Appointments

	Organisation/Company	*Title*
1.	Allen & Gledhill LLP	Chairman
2.	Maritime and Port Authority of Singapore	Chairman
3.	Singapore International Arbitration Centre	Chairman
4.	Temasek Holdings (Private) Limited	Director

Others

	Organisation/Company	*Title*
1.	Eastern Development Holdings Pte Ltd	Director
2.	Eastern Development Private Limited	Director
3.	Epimetheus Ltd	Director
4.	Singapore Health Services Pte Ltd	Director
5.	Singapore Business Federation	Member, Board of Trustees

Directorships/Appointments in the past 3 years

	Organisation/Company	*Title*
1.	Cerebos Pacific Limited	Director
2.	Linklaters Allen & Gledhill Pte Ltd	Director
3.	National University of Singapore	Member, Board of Trustees
4.	Monetary Authority of Singapore	Board Member

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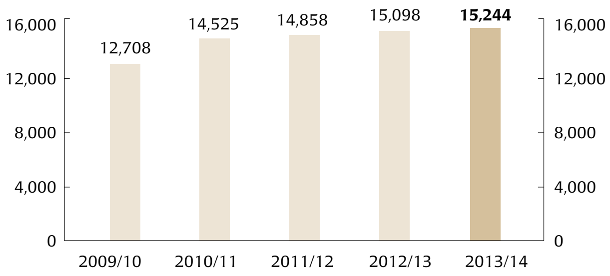
FINANCIAL REVIEW

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

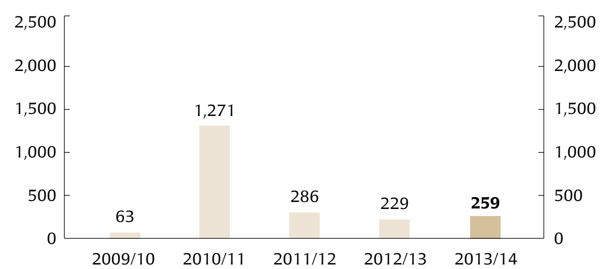
- **Total revenue $15,244 million (+$146 million, +1.0%)**

Revenue ($ million)



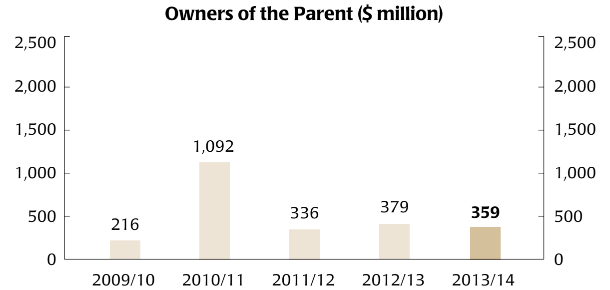
- **Operating profit $259 million (+$30 million, +13.1%)**

Operating Profit ($ million)



- **Profit attributable to owners of the Parent $359 million (-$20 million, -5.1%)**

Profit Attributable to Owners of the Parent ($ million)



FINANCIAL REVIEW

Performance of the Group

Key Financial Highlights

	2013/14	2012/13	%	Change	
Earnings For The Year ($ million)					
Revenue	15,243.9	15,098.2	+	1.0	
Expenditure	14,984.6	14,869.0	+	0.8	
Operating profit	259.3	229.2	+	13.1	
Profit attributable to owners of the Parent	359.5	378.9	-	5.1	
Per Share Data (cents)					
Earnings per share – basic	30.6	32.2	-	5.0	
Ordinary dividend per share	21.0	23.0	-	8.7	
Special dividend per share	25.0	-		n.m.	
Ratios (%)					
Return on equity holders' funds	2.7	2.9	-	0.2	point
Return on total assets	1.9	2.0	-	0.1	point

n.m. not meaningful

Group Earnings

During the financial year, operating conditions in the air transportation industry in Asia Pacific continued to be tough with intense competition and overcapacity, thereby placing downward pressure on yields, as tactical promotions were carried out to bolster loads. The depreciation of key revenue generating currencies, in particular AUD, JPY and INR against the SGD, compressed yields further. Moreover, fuel prices remained elevated and range bound, limiting improvement on the Group's bottom line as fuel cost constituted the largest component, about 38 per cent, of the Group's operating expenditure.

Group revenue grew $146 million (+1.0 per cent) to $15,244 million, mainly from airline operations, as a result of higher incidental revenue and stronger passenger carriage, albeit at lower yields. This was partially offset by lower cargo revenue from reduction in capacity, and weaker air freight demand and yields. The Group's revenue by business segment is shown below:

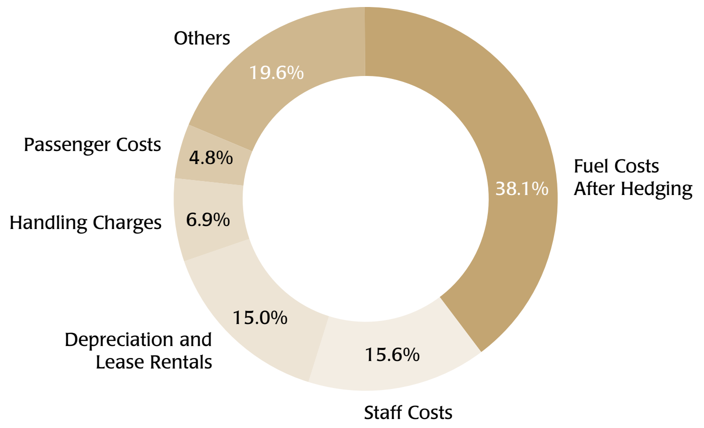
	2013/14 $ million	2012/13 $ million
Airline operations	12,444.7	12,169.3
Cargo operations	2,248.3	2,415.3
Engineering services	508.5	470.9
Others	42.4	42.7
Total revenue	15,243.9	15,098.2

Performance of the Group (continued)

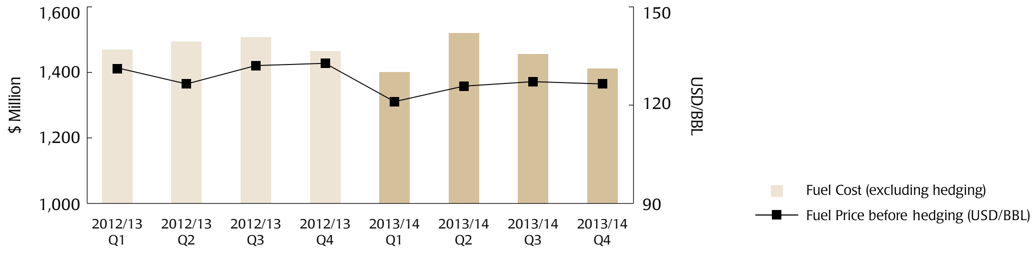
Group Earnings (continued)

Group expenditure increased by $116 million (+0.8 per cent) to $14,985 million, primarily from higher rentals on leased aircraft and ex-fuel variable costs, partly mitigated by a lower fuel bill. Rentals on leased aircraft increased as there were more aircraft on lease while the increase in ex-fuel variable costs, such as aircraft maintenance and overhaul costs, passenger costs and handling charges, was largely driven by the capacity expansion during the financial year. Fuel cost fell mainly from lower fuel prices, partially offset by stronger USD against SGD and higher fuel volume uplifted.

Group Expenditure



Quarterly Trend of Group Fuel Price and Fuel Cost (excluding hedging)



Consequently, the Group's operating profit improved $30 million to $259 million for the financial year ended 31 March 2014. Except for Singapore Airlines ("the Company") and Singapore Airlines Cargo ("SIA Cargo"), operating performance for all the major companies in the Group deteriorated from the preceding year. The Company recorded an operating profit of $256 million in the financial year, an improvement of $69 million (+36.5 per cent) from a year ago. SIA Cargo narrowed its operating loss by $67 million year-on-year, largely attributable to its capacity rationalisation effort in response to the continued weak air freight demand. Please refer to the review of the Company and subsidiary companies for further details.

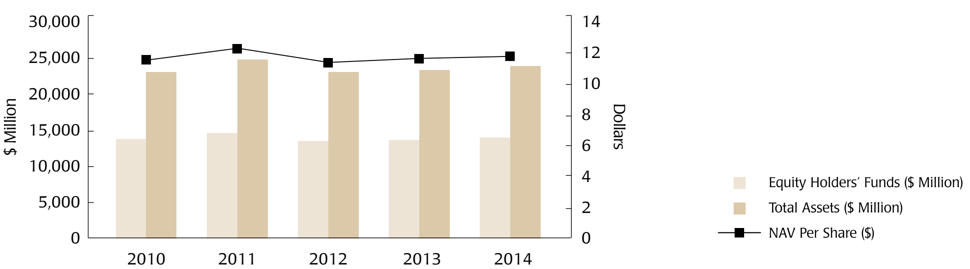
FINANCIAL REVIEW

Performance of the Group (continued)

Financial Position

As at 31 March 2014, equity attributable to owners of the Parent increased by $148 million or 1.1 per cent to $13,237 million due mainly to profit for the financial year (+$359 million) and realisation of reserves from disposal of Virgin Atlantic Limited (+$117 million), partially offset by the payment of final dividend of 2012/13 (-$200 million) and payment of 2013/14 interim dividend (-$118 million).

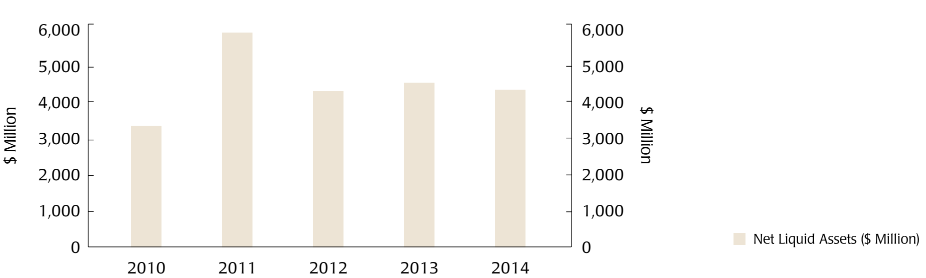
Group Equity Holders' Funds, Total Assets and Net Asset Value (NAV) per Share



Total Group assets increased by $215 million or 1.0 per cent to $22,643 million as at 31 March 2014 mainly due to higher long-term investments (+$418 million) and investment in associated companies (+$175 million), partially offset by a decrease in cash and bank balances (-$176 million) and other receivables (-$122 million). The increase in long-term investments and investment in associated companies was driven by purchase of additional shares and participation in the fund raising exercises for Virgin Australia Holdings Limited and Tiger Airways Holding Limited respectively. These were largely funded by cashflow from operations and other cash resources. Net asset value per share was up 1.1 per cent to $11.26.

The Group's net liquid assets[R1] decreased by $189 million to $4,206 million as at 31 March 2014, largely due to lower cash and bank balances (-$176 million). The lower cash and bank balances was primarily due to capital expenditure, purchase of long-term investments, dividend payments and investment in associated companies, partially offset by proceeds from disposal of fixed assets and Virgin Atlantic Limited, and operational cash flows. Total debt to equity ratio decreased by 0.01 times to 0.07 times as at 31 March 2014.

Group Net Liquid Assets



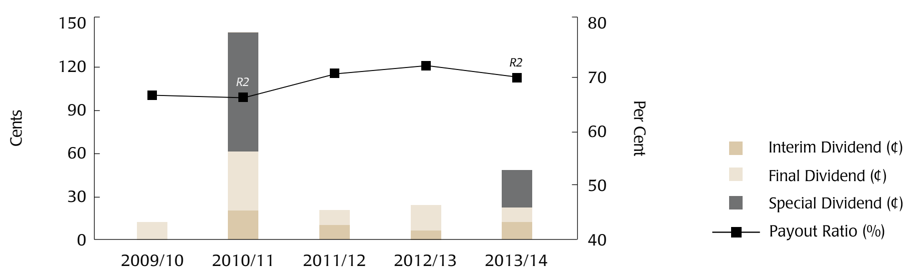
[R1] Net liquid assets is defined as the sum of cash and bank balances, investments, and net of finance lease commitments, loans and bonds issued.

Performance of the Group (continued)

Dividends

For the financial year ended 31 March 2014, the Board recommends a final dividend of 11 cents per share. After considering the liquidity position of the Company, which is adequate to grow its business organically and to pursue strategic opportunities, the Board is recommending a special dividend of 25 cents per share. Including the interim dividend of 10 cents per share paid on 3 December 2013, the total dividend for the 2013/14 financial year will be 46 cents per share. This amounts to a payout of approximately $541 million based on the number of issued shares as at 31 March 2014. Excluding the special dividend, the total ordinary dividend per share of 21 cents translates to a payout ratio of 68.7 per cent, a decrease of 2.6 percentage points compared to the 2012/13 payout ratio of 71.3 per cent.

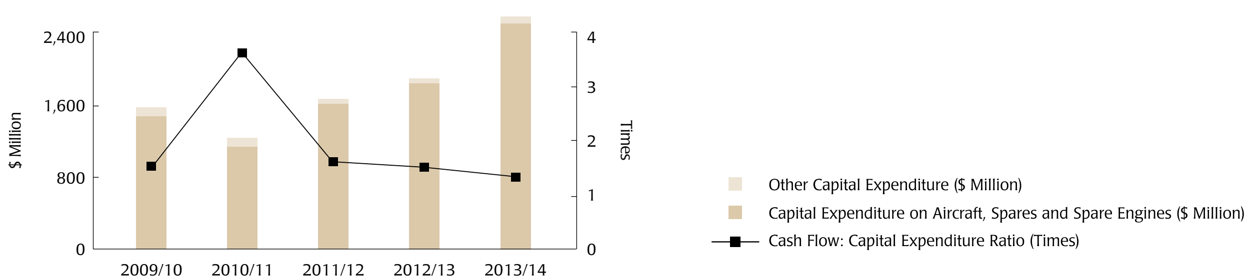
Dividend Payout



Capital Expenditure and Cash Flow of the Group

Capital expenditure was $2,575 million, 37.3 per cent higher than last year. About 97 per cent of the capital spending was on aircraft, spares and spare engines. Internally generated cash flow of $3,222 million (+12.7 per cent) was 1.25 times of capital expenditure. The increase in internally generated cash flow was primarily due to cash flow from operations and higher proceeds from disposal of aircraft, spares and spare engines.

Group Capital Expenditure



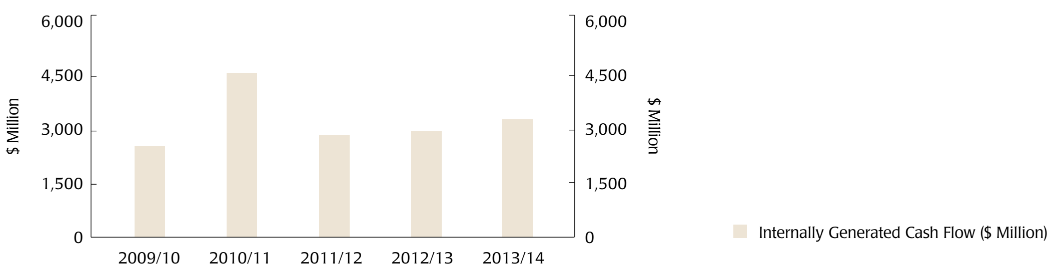
[R2] *Excludes 80.0 cents and 25.0 cents per share special dividend in 2010/11 and 2013/14 respectively.*

FINANCIAL REVIEW

Performance of the Group (continued)

Capital Expenditure and Cash Flow of the Group (continued)

Internally Generated Cash Flow



Group Staff Strength and Productivity

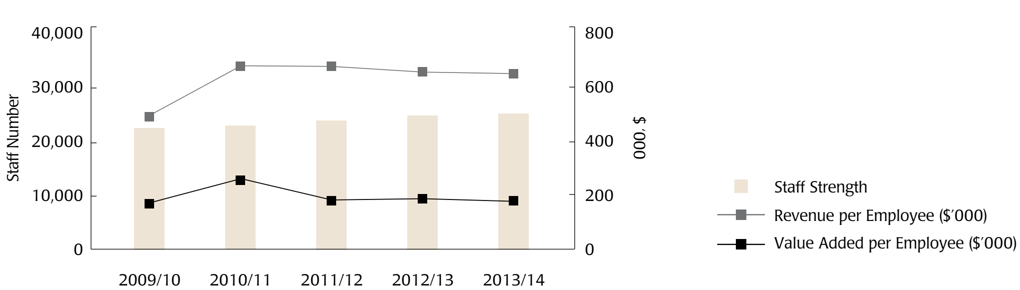
The Group's staff strength as at 31 March 2014 is as follows:

	31 March 2014	31 March 2013	% Change	
Singapore Airlines	14,160	14,319	-	1.1
SIA Engineering Group	6,432	6,377	+	0.9
SilkAir	1,462	1,360	+	7.5
SIA Cargo	914	981	-	6.8
Others	832	594	+	40.1 [R3]
	23,800	23,631	+	0.7

Average staff productivity is as follows:

	2013/14	2012/13	% Change	
Revenue per employee ($)	642,769	651,093	-	1.3
Value added per employee ($)	184,268	194,040	-	5.0

Group Staff Strength and Productivity



[R3] *Other subsidiary companies' staff strength was up 40.1 per cent, mainly due to an increase in Scoot Pte. Ltd.'s staff strength by 268 as it expanded its operations during the year.*

Performance of the Group (continued)

Statements of Value Added and its Distribution

	2013/14 $ million	2012/13 $ million
Total revenue	15,243.9	15,098.2
Less: Purchase of goods and services	(11,026.5)	(10,894.1)
	4,217.4	4,204.1
Add:		
Interest income	62.7	62.5
Surplus on disposal of aircraft, spares and spare engines	51.2	56.0
Dividends from long-term investments	19.6	27.3
Other non-operating items	1.9	11.9
Share of profits of joint venture companies	94.8	96.2
Share of (losses)/profits of associated companies	(39.2)	61.5
Exceptional items	(38.3)	(19.9)
Total value added for distribution	4,370.1	4,499.6
Applied as follows:		
To employees:		
- Salaries and other staff cost	2,336.7	2,353.3
To government:		
- Corporation taxes	(49.7)	40.4
To suppliers of capital:		
- Interim and proposed dividends	541.1	270.3
- Finance charges	37.3	42.7
- Non-controlling interests	64.9	62.7
Retained for future capital requirements:		
- Depreciation and amortisation	1,621.4	1,621.6
- Retained profit	(181.6)	108.6
Total value added	4,370.1	4,499.6
Value added per $ revenue ($)	0.29	0.30
Value added per $ employment cost ($)	1.87	1.91
Value added per $ investment in property, plant and equipment ($)	0.18	0.19

Value added is a measure of wealth created. The statement above shows the Group's value added and its distribution by way of payments to employees, government, and to those who have provided capital. It also indicates the portion retained in the business for future capital requirements.

FINANCIAL REVIEW

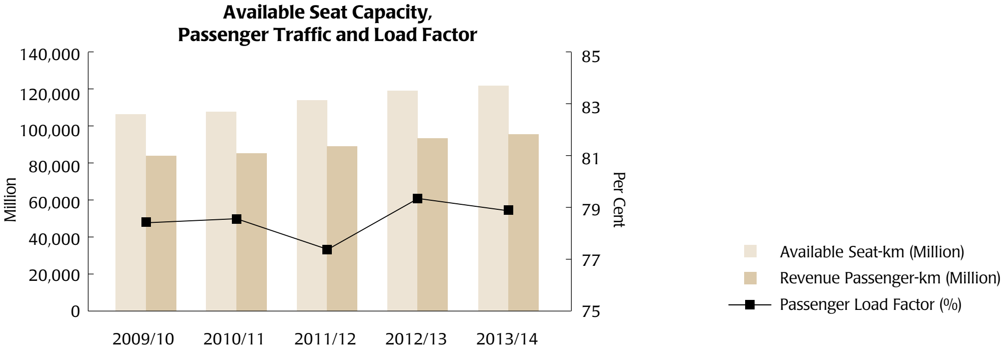
Performance of the Company

Operating Performance

	2013/14	2012/13	%	Change	
Passengers carried (thousand)	18,628	18,210	+	2.3	
Available seat-km (million)	120,502.8	118,264.4	+	1.9	
Revenue passenger-km (million)	95,064.3	93,765.6	+	1.4	
Passenger load factor (%)	78.9	79.3	-	0.4	point
Passenger yield (¢/pkm)	11.1	11.4	-	2.6	
Passenger unit cost (¢/ask)	9.1	9.2	-	1.1	
Passenger breakeven load factor (%)	82.0	80.7	+	1.3	points

The market environment for the air transportation industry in Asia Pacific remained challenging during the financial year. Passenger load factor of 78.9 per cent was 0.4 percentage point lower year-on-year, as traffic growth of 1.4 per cent trailed the capacity expansion of 1.9 per cent.

Promotions launched to boost loads amid the intense competition, and depreciation of major revenue-generating currencies against the SGD, placed downward pressure on yields, resulting in a 2.6 per cent decline from the previous year.



Performance of the Company (continued)

Operating Performance (continued)

A review of the Company's operating performance by route region is as follows:

	By Route Region [R4] (2013/14 against 2012/13)		
	Passengers Carried Change (thousand)	Revenue Passenger KM % Change	Available Seat KM % Change
East Asia	+ 341	+ 5.7	+ 5.9
Americas	- 22	- 3.0	- 4.2
Europe	+ 28	+ 0.9	+ 0.6
South West Pacific	+ 73	+ 2.3	+ 4.1
West Asia and Africa	- 2	- 1.2	+ 1.9
Systemwide	+ 418	+ 1.4	+ 1.9

Passenger load factor by route region is as follows:

	Passenger Load Factor (%)		
	2013/14	2012/13	% Change points
East Asia	76.7	76.8	- 0.1
Americas	83.6	82.6	+ 1.0
Europe	80.9	80.6	+ 0.3
South West Pacific	79.2	80.6	- 1.4
West Asia and Africa	71.5	73.8	- 2.3
Systemwide	78.9	79.3	- 0.4

[R4] *Each route region comprises routes originating from Singapore to final destinations in countries within the region concerned and vice versa. For example, Singapore-Hong Kong-San Francisco-Hong Kong-Singapore route is classified under Americas region. East Asia covers Brunei, Hong Kong SAR, Indonesia, Japan, South Korea, Malaysia, People's Republic of China, Myanmar, Philippines, Thailand, Taiwan and Vietnam. Americas comprises Brazil and USA. Europe consists of Denmark, England, France, Germany, Italy, Russia, Spain, Switzerland, The Netherlands and Turkey. South West Pacific covers Australia and New Zealand. West Asia and Africa are made up of Bangladesh, Egypt, India, Maldives, Saudi Arabia, South Africa, Sri Lanka and United Arab Emirates.*

FINANCIAL REVIEW

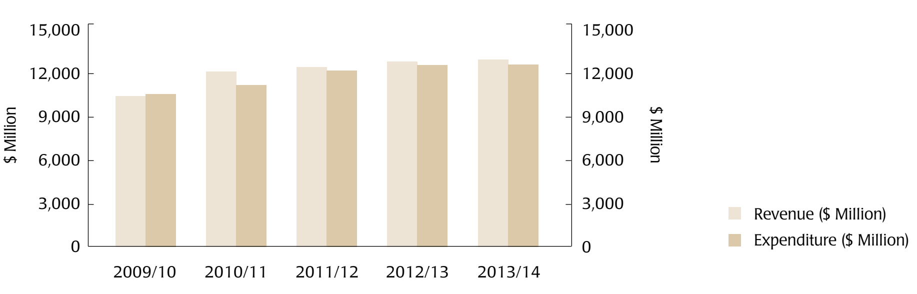
Performance of the Company (continued)

Earnings

	2013/14 $ million	2012/13 $ million	%	Change
Revenue	12,479.7	12,387.0	+	0.7
Expenditure	12,224.1	12,199.8	+	0.2
Operating profit	255.6	187.2	+	36.5
Finance charges	(33.6)	(36.1)	+	6.9
Interest income	64.3	61.8	+	4.0
Surplus on disposal of aircraft, spares and spare engines	45.6	72.5	-	37.1
Dividends from subsidiary and associated companies	211.5	199.8	+	5.9
Dividends from long-term investments	5.4	9.3	-	41.9
Other non-operating items	(52.7)	(1,176.9)	+	95.5
Profit/(Loss) before exceptional items	496.1	(682.4)		n.m.
Exceptional items [R5]	40.3	-		n.m.
Profit/(Loss) before taxation	536.4	(682.4)		n.m.
Taxation	2.1	(11.7)		n.m.
Profit/(Loss) after taxation	538.5	(694.1)		n.m.

n.m. not meaningful

Company Revenue and Expenditure



[R5] *Pertained to gain on sale of the 49 per cent equity stake in Virgin Atlantic Limited.*

Performance of the Company (continued)

Revenue

The Company's revenue increased 0.7 per cent to $12,480 million as follows:

	2013/14 $ million	2012/13 $ million	Change $ million	%
Passenger revenue	8,172.3	8,373.6	- 201.3	- 2.4
Bellyhold revenue from SIA Cargo	1,130.5	1,154.7	- 24.2	- 2.1
Others	3,176.9	2,858.7	+ 318.2	+ 11.1
Total operating revenue	12,479.7	12,387.0	+ 92.7	+ 0.7

The Company's passenger revenue decreased $201 million (-2.4 per cent) in 2013/14, as a result of:

	$ million	$ million
1.4% increase in passenger traffic:		+ 116.0
3.4% decrease in passenger yield (excluding fuel surcharge):		
Lower local currency yields	- 162.9	
Foreign exchange	- 125.9	
Change in passenger mix	- 28.5	- 317.3
Decrease in passenger revenue		- 201.3

The sensitivity of passenger revenue to one percentage point change in passenger load factor and a one percentage change in passenger yield is as follows:

	$ million
1.0% point change in passenger load factor, if yield and seat capacity remain constant	103.6
1.0% change in passenger yield, if passenger traffic remains constant	81.7

A breakdown of passenger revenue by route region and area of original sale is shown below:

	By Route Region ($ million)			By Area of Original Sale [R6] ($ million)		
	2013/14	2012/13	% Change	2013/14	2012/13	% Change
East Asia	2,577.5	2,570.0	+ 0.3	4,397.4	4,422.9	- 0.6
Americas	1,566.6	1,638.0	- 4.4	698.0	740.2	- 5.7
Europe	1,903.8	1,868.8	+ 1.9	1,383.8	1,312.8	+ 5.4
South West Pacific	1,419.0	1,524.3	- 6.9	1,336.5	1,503.4	- 11.1
West Asia and Africa	705.4	772.5	- 8.7	356.6	394.3	- 9.6
Systemwide	8,172.3	8,373.6	- 2.4	8,172.3	8,373.6	- 2.4

[R6] *Each area of original sale comprises countries within a region from which the sale is made.*

FINANCIAL REVIEW

Performance of the Company (continued)

Expenditure

The Company's expenditure increased 0.2 per cent to $12,224 million in 2013/14.

	2013/14		2012/13			
	$ million	%	$ million	%	% Change	
Fuel costs	4,772.6	39.1	4,951.4	40.6	-	3.6
Staff costs	1,567.0	12.8	1,609.7	13.2	-	2.7
Depreciation [R7]	1,311.7	10.7	1,295.9	10.6	+	1.2
Handling charges	870.6	7.1	860.9	7.1	+	1.1
Inflight meals and other passenger costs	671.8	5.5	658.0	5.4	+	2.1
Airport and overflying charges	599.4	4.9	576.6	4.7	+	4.0
Aircraft maintenance and overhaul costs	675.6	5.5	576.6	4.7	+	17.2
Rentals on leased aircraft	564.8	4.6	485.8	4.0	+	16.3
Sales costs [R8]	549.6	4.5	515.6	4.2	+	6.6
Communication and information technology costs [R9]	81.7	0.7	83.7	0.7	-	2.4
Other costs [R10]	559.3	4.6	585.6	4.8	-	4.5
Total	12,224.1	100.0	12,199.8	100.0	+	0.2

A breakdown of fuel cost is shown below:

	2013/14 $ million	2012/13 $ million	Change $ million	
Fuel cost (before hedging)	4,843.7	4,979.1	-	135.4
Fuel hedging gain	(71.1)	(27.7)	-	43.4
	4,772.6	4,951.4	-	178.8

Expenditure of fuel before hedging was $135.4 million lower because of:

	$ million	
4.4% decrease in weighted average fuel price from 130.5 USD/BBL to 124.8 USD/BBL	-	218.3
Strengthening of USD against SGD	+	60.3
0.3% increase in volume uplifted from 30.9 million BBL to 31.0 million BBL	+	22.6
	-	135.4

Staff costs decreased $43 million (-2.7 per cent), mainly from lower staff strength and cadet training expenses.

Aircraft maintenance and overhaul costs increased 17.2% or $99 million largely due to higher provision for return conditions for aircraft and T800 engines on lease, and more maintenance checks.

Rentals on leased aircraft increased $79 million (+16.3 per cent) mainly due to more aircraft on lease.

[R7] *Depreciation included impairment of property, plant and equipment and amortisation of computer software.*

[R8] *Sales costs included commission and incentives, frequent flyer programme cost, computer reservation system booking fees, advertising expenses, reservation system IT cost and other sales costs.*

[R9] *Communication and information technology costs were for data transmission and contract service fees, hire of computer equipment, maintenance/rental of software, and information technology contract and professional fees.*

[R10] *Other costs mainly comprised crew expenses, company accommodation cost, foreign exchange revaluation and hedging loss, comprehensive aviation insurance cost, airport lounge expenses, non-information technology contract and professional fees, expenses incurred to mount non-scheduled services, aircraft licence fees and recoveries.*

Performance of the Company (continued)

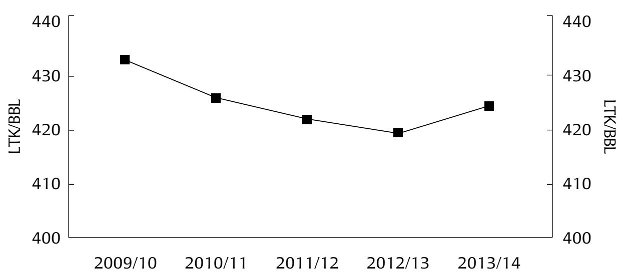
Fuel Productivity and Sensitivity Analysis

Fuel productivity as measured by load tonne-km per barrel (ltk/BBL) improved 1.2 per cent over the previous year to 424ltk/BBL. This was largely due to the cessation of the ultra long-haul direct flights to Americas.

A change in fuel productivity (passenger aircraft) of 1.0 per cent would impact the Company's annual fuel cost by about $49 million, before accounting for changes in fuel price, USD exchange rate and flying operations.

A change in the price of fuel of one USD per barrel affects the Company's annual fuel cost by about $39 million, before accounting for USD exchange movements, and changes in volume of fuel consumed.

Fuel Productivity of Passenger Fleet



Finance Charges

In 2013/14, finance charges decreased $3 million or 6.9 per cent, mainly due to lower interest expense recorded on other receivables measured at amortised cost.

Interest Income

Interest income was $3 million or 4.0 per cent higher, largely due to higher interest from short-term deposit, bonds, fixed rate notes and investment funds.

Surplus on Disposal of Aircraft, Spares and Spare Engines

The $46 million gain on disposal of aircraft, spares and spare engines arose mainly from the sale of three B777-200 and five A340-500 aircraft. Last year's $73 million gain on disposal of aircraft, spares and spare engines was mainly from the sale of 14 Trent 800 engines and two A380-800 aircraft.

Other Non-Operating Items

Other non-operating items in 2013/14 comprised largely impairment loss of $54 million recorded on the Company's investment in Tiger Airways Holdings Limited to write down its carrying value to its fair market value. Last year's other non-operating items pertained mainly to the impairment loss of $1,169 million recorded on the Company's investment in Virgin Atlantic Limited to write down its carrying value to a recoverable value of USD360 million ($447 million).

FINANCIAL REVIEW

Performance of the Company (continued)

Taxation

There was a net tax credit of $2 million, comprising current tax charge of $108 million and deferred tax credit of $110 million.

As at 31 March 2014, the Company's deferred taxation account stood at $1,516 million.

Staff Strength and Productivity

The Company's staff strength as at 31 March 2014 was 14,160, a decrease of 159 over last year. The distribution of employee strength by category and location is as follows:

	31 March 2014	31 March 2013		% Change
Category				
Senior staff (administrative and higher ranking officers)	1,335	1,331	+	0.3
Technical crew	2,148	2,297	-	6.5
Cabin crew	7,733	7,784	-	0.7
Other ground staff	2,944	2,907	+	1.3
	14,160	14,319	-	1.1
Location				
Singapore	12,147	12,344	-	1.6
East Asia	846	818	+	3.4
Europe	407	387	+	5.2
South West Pacific	323	311	+	3.9
West Asia and Africa	281	283	-	0.7
Americas	156	176	-	11.4
	14,160	14,319	-	1.1

The Company's average staff productivity ratios[R11] are shown below:

	2013/14	2012/13		% Change
Seat capacity per employee (seat-km)	8,462,275	8,354,366	+	1.3
Passenger load carried per employee (tonne-km)	625,995	619,969	+	1.0
Revenue per employee ($)	876,383	875,035	+	0.2
Value added per employee ($)	242,184	159,593	+	51.8

[R11] *The Company's staff productivity ratios were computed based on average staff strength of 14,240 in 2013/14 (2012/13: 14,156).*

Performance of the Subsidiary Companies

The major subsidiary companies are SIA Engineering Company Limited ("SIAEC"), SIA Cargo and SilkAir (Singapore) Private Limited ("SilkAir"). The following performance review includes intra-group transactions.

SIA Engineering Group

	2013/14 $ million	2012/13 $ million	% Change
Total revenue	1,178.2	1,146.7	+ 2.7
Total expenditure	1,062.6	1,018.6	+ 4.3
Operating profit	115.6	128.1	- 9.8
Net profit	265.7	270.1	- 1.6

SIAEC Group's revenue was $32 million or 2.7 per cent higher, mainly from its airframe maintenance and component overhaul services. Expenditure went up by $44 million or 4.3 per cent, in tandem with the higher revenue. Overheads came in $25 million (+8.1 per cent) higher mainly due to an increase in subcontract costs while material costs increased $9 million (+4.2 per cent) with higher usage. In addition, staff costs increased $10 million (+2.0 per cent).

As a result, operating profit was $12 million or 9.8 per cent lower at $116 million.

Share of profits from associated and joint venture companies was $13 million or 8.3 per cent higher at $163 million, representing a contribution of 61.2 per cent to the Group's net profits.

Net profit of $266 million for the financial year ended 31 March 2014, was $4 million or 1.6 per cent lower than last year.

As at 31 March 2014, SIAEC Group's equity attributable to owners of the Parent of $1,361 million was $59 million or 4.5 per cent higher than at 31 March 2013. Net asset value per share of $1.22 as at 31 March 2014 was an improvement of 4.3 cents or 3.7 per cent from a year ago.

Basic earnings per share for the Group decreased by 0.6 cent (-2.4 per cent) to 23.9 cents.

SIA Cargo

	2013/14 $ million	2012/13 $ million	% Change
Total revenue	2,253.7	2,419.6	- 6.9
Total expenditure	2,354.1	2,586.6	- 9.0
Operating loss	(100.4)	(167.0)	+ 39.9
Exceptional items	(380.4)	(19.9)	n.m
Loss after taxation	(418.3)	(172.3)	- 142.8

n.m. not meaningful

FINANCIAL REVIEW

Performance of the Subsidiary Companies (continued)

SIA Cargo (continued)

SIA Cargo's revenue declined $166 million (-6.9 per cent) largely due to weaker yields and reduction in loads. Expenditure decreased $233 million (-9.0 per cent) in tandem with the reduction in capacity. This translated to an operating loss of $100 million for 2013/14, an improvement of $67 million as compared to a year ago.

In 2013/14, cargo capacity (in capacity tonne kilometers) dropped 3.6 per cent as a result of rationalisation effort in response to the continued weak demand, while overall cargo traffic (in load tonne kilometers) dropped 5.1 per cent, resulting in a decline in cargo load factor by 0.9 percentage point to 62.5 per cent. Cargo breakeven load factor decreased by 2.5 percentage points to 67.0 per cent due to lower unit cost (-5.6 per cent), partially offset by weaker yields (-2.1 per cent).

During the financial year, the exceptional items pertained to an impairment loss of $293.4 million on surplus freighters that have been removed from the operating fleet, provisions for settlement between SIA Cargo and the plaintiffs in the United States air cargo class action for USD62.8 million ($78.3 million) and the Australian air cargo class action for AUD5.6 million ($6.4 million), as well as penalties and costs of CHF1.7 million ($2.3 million) imposed by the Swiss Competition Commission in respect of the air cargo issues.

As at 31 March 2014, SIA Cargo operated a fleet of eight B747-400 freighters. SIA Cargo's equity was $889 million (-32.1 per cent).

SilkAir

	2013/14 $ million	2012/13 $ million	% Change	
Total revenue	856.6	846.0	+	1.3
Total expenditure	822.1	749.3	+	9.7
Operating profit	34.5	96.7	-	64.3
Profit after taxation	37.1	80.7	-	54.0

SilkAir's revenue increased by $11 million (+1.3 per cent) to $857 million, from improvement in load (+5.7 per cent), partially offset by a drop in yield (-3.4 per cent). The increase in expenditure of $73 million (+9.7 per cent) was primarily due to higher aircraft standing charges and fuel costs. As a result, operating profit decreased by $62 million (-64.3 per cent) to $35 million.

Yield declined by 3.4 per cent to 144.8 cents/ltk. However, unit cost declined at a slower rate of 1.5 per cent to 88.0 cents/ctk. Consequently, the breakeven load factor deteriorated by 1.2 percentage points to 60.8 per cent.

Profit after taxation decreased by 54.0 per cent to $37 million.

SilkAir's route network spanned 45 cities in 12 countries. During the year, SilkAir launched new services to three Indonesian cities - Semarang, Makassar and Yogyakarta.

As at 31 March 2014, equity holders' funds of SilkAir stood at $812 million (+5.0 per cent).

REPORT BY THE BOARD OF DIRECTORS

The Directors are pleased to present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2014.

1 Directors of the Company

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

Stephen Lee Ching Yen – Chairman (Independent)
Goh Choon Phong – Chief Executive Officer
Gautam Banerjee (Independent)
William Fung Kwok Lun (Independent)
Hsieh Tsun-yan (Independent)
Christina Ong (Independent)
Helmut Gunter Wilhelm Panke (Independent)
Jackson Peter Tai (Independent)
Lucien Wong Yuen Kuai (Non Independent)

2 Arrangements to Enable Directors to Acquire Shares and Debentures

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 or share options in, or debentures of, the Company or any other body corporate, other than pursuant to the SIA Employee Share Option Plan, the SIA Restricted Share Plan and the SIA Performance Share Plan, as disclosed in this report.

3 Directors' Interests in Shares, Share Options and Debentures

The following Directors who held office at the end of the financial year had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, interests in the following shares, share options and debentures of the Company, and of related corporations:

		Direct interest		Deemed interest	
Name of Director		1.4.2013	31.3.2014	1.4.2013	31.3.2014
Interest in Singapore Airlines Limited					
Ordinary shares					
Stephen Lee Ching Yen		9,400	9,400	-	-
Goh Choon Phong		183,900	306,158	-	-
William Fung Kwok Lun		-	-	200,000	200,000
Christina Ong		100,000	100,000	-	-
Lucien Wong Yuen Kuai		-	-	58,000	58,000
Options to subscribe for ordinary shares					
Goh Choon Phong		246,125	189,600	-	-
Conditional award of restricted shares (Note 1)					
Goh Choon Phong	- Base Awards	84,366	102,000	-	-
	- Final Awards (Pending Release)	12,206	6,912	-	-

REPORT BY THE BOARD OF DIRECTORS

3 Directors' Interests in Shares, Share Options and Debentures (continued)

	Direct interest		Deemed interest	
Name of Director	1.4.2013	31.3.2014	1.4.2013	31.3.2014
Conditional award of performance shares (Note 2)				
Goh Choon Phong – Base Awards	140,141	206,754	-	-
Award of time-based restricted shares				
Goh Choon Phong – Base Awards	105,917	52,958	-	-
Conditional award of deferred shares (Note 3)				
Goh Choon Phong – Base Awards	-	41,020	-	-
Interest in Singapore Telecommunications Limited				
Ordinary shares				
Stephen Lee Ching Yen	190	190	190	190
Goh Choon Phong	1,610	1,610	-	-
Hsieh Tsun-yan	33,900	31,000	55,000	55,000
Christina Ong	-	-	1,000,000	-
Lucien Wong Yuen Kuai	1,680	1,680	1,540	1,540
Interest in Neptune Orient Lines Limited				
Ordinary shares				
Stephen Lee Ching Yen	30,000	30,000	-	-
$400 million 4.25% Notes due 2017				
Hsieh Tsun-yan	$250,000	$250,000	-	-
Interest in Mapletree Commercial Trust				
Units				
Lucien Wong Yuen Kuai	-	-	100,000	-
Interest in Mapletree Industrial Trust				
Units				
Lucien Wong Yuen Kuai	294,333	315,962	-	-
Interest in SP AusNet				
Ordinary shares				
Christina Ong	575,000	575,000	279,450	279,450
Interest in Singapore Technologies Engineering Limited				
Ordinary shares				
Goh Choon Phong	6,000	6,000	-	-
Lucien Wong Yuen Kuai	298,000	298,000	-	-

3 Directors' Interests in Shares, Share Options and Debentures (continued)

Notes:

1. The actual number of RSP Final Awards of fully paid ordinary shares will range from 0% to 150% of the Base Awards and is contingent on the Achievements against Targets over the two-year performance periods relating to the relevant awards.

2. The actual number of PSP Final Awards of fully paid ordinary shares will range from 0% to 200% of the Base Awards and is contingent on the Achievements against Targets over the three-year performance periods relating to the relevant awards.

3. The Deferred Share Award of fully-paid ordinary shares will vest at the end of the three years from the date of the grant of the award. At the end of the vesting period, an additional final award will be vested equal to the Base Award multiplied by the accumulated dividend yield (based on the sum of SIA share dividend yields declared with ex-dividend dates occurring during the vesting period).

Except as disclosed in this report, no other Director who held office at the end of the financial year had interests in shares, share options or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Between the end of the financial year and 21 April 2014, Mr Goh Choon Phong's direct interest in the Company increased to 332,637 shares due to the release of 26,479 shares to him on 1 April 2014, following the second vesting of 25% of 105,917 time-based restricted shares awarded in May 2010.

Except as disclosed above, there were no changes in any of the above-mentioned interests between the end of the financial year and 21 April 2014.

4 Directors' Contractual Benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

5 Equity Compensation Plans of the Company

The Company has in place, the SIA Employee Share Option Plan ("ESOP"), SIA Restricted Share Plan ("RSP") and SIA Performance Share Plan ("PSP").

At the date of this report, the Board Compensation & Industrial Relations Committee which administers the ESOP, RSP and PSP comprises the following Directors:

Stephen Lee Ching Yen – Chairman
Gautam Banerjee
Hsieh Tsun-yan
Helmut Gunter Wilhelm Panke
Jackson Peter Tai

REPORT BY THE BOARD OF DIRECTORS

5 Equity Compensation Plans of the Company (continued)

(i) Employee Share Option Plan ("ESOP")

Details of the ESOP plan are disclosed in Note 5 to the financial statements.

At the end of the financial year, options to take up 30,809,844 unissued shares in the Company were outstanding:

	Number of options to subscribe for unissued ordinary shares					
Date of grant	Balance at 1.4.2013	Cancelled	Exercised	Balance at 31.3.2014	Exercise price*	Exercisable Period
1.7.2003	1,020,451	(388,521)	(631,930)	-	$7.33	1.7.2004 - 30.6.2013
1.7.2004	2,236,649	(13,490)	(542,754)	1,680,405	$7.69	1.7.2005 - 30.6.2014
1.7.2005	4,262,933	(47,163)	(244,361)	3,971,409	$8.27	1.7.2006 - 30.6.2015
3.7.2006	6,013,464	(87,655)	(239,946)	5,685,863	$9.59	3.7.2007 - 2.7.2016
2.7.2007	10,536,030	(386,541)	-	10,149,489	$15.71	2.7.2008 - 1.7.2017
1.7.2008	9,662,443	(339,765)	-	9,322,678	$12.32	1.7.2009 - 30.6.2018
	33,731,970	(1,263,135)	(1,658,991)	30,809,844		

* Following approval by the Company's shareholders of the declaration of a special dividend of $0.50 per share on 31 July 2007, the Board Compensation & Industrial Relations Committee approved a reduction of $0.50 in the exercise prices of the share options outstanding on 2 August 2007. The said Committee approved another $1.71 reduction in the exercise prices of the share options outstanding on 28 August 2009 following approval by the Company's shareholders of the dividend *in specie* of SATS shares on 31 July 2009. The said Committee approved another reduction of $0.80 in the exercise prices of the share options outstanding on 18 August 2011 after the approval by the Company's shareholders of the declaration of a special dividend of $0.80 per share on 29 July 2011. The exercise prices reflected here are the exercise prices after such adjustments.

The details of options granted to and exercised by a Director of the Company are as follows:

Name of participant	Options granted during financial year under review	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Options lapsed	Aggregate options outstanding at end of financial year under review
Goh Choon Phong	-	444,075	254,475	-	189,600

No options have been granted to controlling shareholders or their associates, or Parent Group Directors or employees.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

No options have been granted during the financial year as the last grant of the share options under the ESOP was made in July 2008.

5 Equity Compensation Plans of the Company (continued)

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

Details of the RSP and PSP are disclosed in Note 5 to the financial statements.

The RSP and PSP were approved by the shareholders of the Company on 28 July 2005.

Under the RSP and PSP, a base number of conditional share awards ("Base Award") is granted to eligible participants annually. Depending on the achievement of pre-determined targets over a two-year performance period for the RSP and a three-year performance period for the PSP, the Board Compensation & Industrial Relations Committee will determine an achievement factor which will then be applied to the Base Award to determine the final number of RSP shares and PSP shares to be awarded at the end of the respective performance periods ("Final Award"). The achievement factor could range from 0% to 150% for the RSP and from 0% to 200% for the PSP.

Half of the RSP Final Awards of fully paid ordinary shares will be released to the participants upon vesting. The balance will be released equally over the subsequent two years with fulfilment of service requirements. All the PSP Final Awards of fully paid ordinary shares will be released to the participants at the end of the three-year performance period. For the financial year under review, all RSP and PSP Final Awards released were satisfied by way of transfer of treasury shares to the participants.

No awards have been granted to controlling shareholders or their associates, or Parent Group Directors or employees under the RSP and PSP.

No employee has received 5% or more of the total number of options or awards granted under the ESOP, RSP and PSP.

The details of the shares awarded under the RSP and PSP to a Director of the Company are as follows:

1. RSP Base Awards

Name of participant	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2014	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
Goh Choon Phong	60,000	42,366	102,000	217,256

2. RSP Final Awards (Pending Release) [R1]

Name of participant	Final Awards granted during the financial year[#]	Final Awards released during the financial year	Balance as at 31 March 2014	Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review
Goh Choon Phong	5,090	10,384	6,912	67,212

REPORT BY THE BOARD OF DIRECTORS

5 Equity Compensation Plans of the Company (continued)

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

3. PSP Base Awards [R2]

Name of participant	Base Awards granted during the financial year	Base Awards vested during the financial year*	Balance as at 31 March 2014	Aggregate Base Awards granted since commencement of PSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP to end of financial year under review
Goh Choon Phong	82,500	15,887	206,754	258,000	46,912

[R1] *The actual number of RSP Final Awards of fully paid ordinary shares will range from 0% to 150% of the Base Awards and is contingent on the Achievements against Targets over the two-year performance periods relating to the relevant awards.*

[R2] *The actual number of PSP Final Awards of fully paid ordinary shares will range from 0% to 200% of the Base Awards and is contingent on the Achievements against Targets over the three-year performance periods relating to the relevant awards.*

Final Awards granted during the financial year is determined by applying the achievement factor to the Base Awards that have vested during the financial year.

* *2,390 PSP Final Awards of SIA ordinary shares were released to Mr Goh Choon Phong pursuant to the vesting of 15,887 PSP Base Awards during the financial year.*

(iii) Time-based Restricted Share Plan ("RSP")

Details of the time-based RSP are disclosed in Note 5 to the financial statements. The time-based RSP awards were made under the authority of the Board Compensation & Industrial Relations Committee.

The details of the shares awarded under time-based RSP to a Director of the Company are as follows:

Name of participant	Awards granted during the financial year	Awards vested during the financial year	Balance as at 31 March 2014	Aggregate Awards granted since commencement of time-based RSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of time-based RSP to end of financial year under review
Goh Choon Phong	-	52,959	52,958	105,917	52,959

(iv) Deferred Restricted Share Award ("DSA")

Details of the deferred award of restricted shares are disclosed in Note 5 to the financial statements. The one-off grant of deferred RSP awards granted on 4 September 2013 were made under the authority of the Board Compensation & Industrial Relations Committee.

The details of the shares awarded under DSA to a Director of the Company are as follows:

Name of participant	Awards granted during the financial year	Awards vested during the financial year	Balance as at 31 March 2014	Aggregate Awards granted since commencement of DSA to end of financial year under review	Aggregate ordinary shares released to participant since commencement of DSA to end of financial year under review
Goh Choon Phong	41,020	-	41,020	41,020	-

6 Equity Compensation Plans of SIA Engineering Company Limited (Subsidiary Company)

(i) SIA Engineering Company Limited ("SIAEC") Employee Share Option Plan

At the end of the financial year, options to take up 24,556,312 unissued shares in SIAEC were outstanding. Details and terms of the options have been disclosed in the Directors' Report of SIAEC.

(ii) SIAEC Restricted Share Plan and SIAEC Performance Share Plan

Details and terms of the SIAEC RSP and SIAEC PSP have been disclosed in the Directors' Report of SIAEC.

7 Audit Committee

At the date of this report, the Audit Committee comprises the following four independent non-executive Directors:

Gautam Banerjee (appointed Chairman on 27 July 2013)
William Fung Kwok Lun
Hsieh Tsun-yan
Jackson Peter Tai

The Audit Committee performed its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50 which include *inter alia* the review of the following:

(i) quarterly and annual financial statements;
(ii) audit scopes, plans and reports of the external and internal auditors;
(iii) effectiveness of material controls, including financial, compliance, information technology and risk management controls;
(iv) interested person transactions;
(v) whistle-blowing programme instituted by the Company; and
(vi) any material loss of funds, significant computer security incidents and legal cases.

The Audit Committee has recommended to the Board of Directors that Ernst & Young LLP be nominated for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting.

8 Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board,

STEPHEN LEE CHING YEN
Chairman

GOH CHOON PHONG
Chief Executive Officer

Dated this 8th day of May 2014

STATEMENT BY THE DIRECTORS PURSUANT TO SECTION 201(15)

We, Stephen Lee Ching Yen and Goh Choon Phong, being two of the Directors of Singapore Airlines Limited, do hereby state that in the opinion of the Directors:

(i) the accompanying statements of financial position, consolidated profit and loss account, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flows together with notes thereto are drawn up 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 2014 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board,

STEPHEN LEE CHING YEN
Chairman

GOH CHOON PHONG
Chief Executive Officer

Dated this 8th day of May 2014

INDEPENDENT AUDITOR'S REPORT

To the members of Singapore Airlines Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Singapore Airlines Limited (the "Company") and its subsidiaries (the "Group") set out on pages 97 to 203, which comprise the statements of financial position of the Group and the Company as at 31 March 2014, the statements of changes in equity of the Group and the Company and the consolidated profit and loss account, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the 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 2014 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore

Dated this 8th day of May 2014
Singapore

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For The Financial Year Ended 31 March 2014 (in $ million)

		The Group	
	Notes	FY2013/14	FY2012/13
REVENUE		15,243.9	15,098.2
EXPENDITURE			
Staff costs	5	2,336.7	2,353.3
Fuel costs		5,702.1	5,899.4
Depreciation	21	1,575.5	1,589.1
Impairment of property, plant and equipment	21	20.2	9.8
Amortisation of intangible assets	22	25.7	22.7
Aircraft maintenance and overhaul costs		641.8	539.3
Commission and incentives		346.6	355.5
Landing, parking and overflying charges		716.6	687.8
Handling charges		1,038.7	1,006.1
Rentals on leased aircraft		649.5	553.6
Material costs		223.1	214.2
Inflight meals		549.1	543.1
Advertising and sales costs		257.6	209.3
Insurance expenses		41.5	43.3
Company accommodation and utilities		119.1	115.6
Other passenger costs		173.3	158.4
Crew expenses		144.7	148.2
Other operating expenses		422.8	420.3
		14,984.6	14,869.0
OPERATING PROFIT	6	259.3	229.2
Finance charges	7	(37.3)	(42.7)
Interest income	8	62.7	62.5
Surplus on disposal of aircraft, spares and spare engines		51.2	56.0
Dividends from long-term investments		19.6	27.3
Other non-operating items	9	1.9	11.9
Share of profits of joint venture companies	25	94.0	94.9
Share of (losses)/profits of associated companies	24	(45.2)	50.4
PROFIT BEFORE EXCEPTIONAL ITEMS		406.2	489.5
EXCEPTIONAL ITEMS	10	(38.3)	(19.9)
PROFIT BEFORE TAXATION		367.9	469.6
TAXATION	11	56.5	(28.0)
PROFIT FOR THE FINANCIAL YEAR		424.4	441.6
PROFIT ATTRIBUTABLE TO:			
OWNERS OF THE PARENT		359.5	378.9
NON-CONTROLLING INTERESTS		64.9	62.7
		424.4	441.6
BASIC EARNINGS PER SHARE (CENTS)	12	30.6	32.2
DILUTED EARNINGS PER SHARE (CENTS)	12	30.3	31.9

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 March 2014 (in $ million)

	Notes	The Group FY2013/14	FY2012/13
PROFIT FOR THE FINANCIAL YEAR		424.4	441.6
OTHER COMPREHENSIVE INCOME:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		14.0	(6.6)
Available-for-sale financial assets	16(d)	(71.9)	4.2
Cash flow hedges		20.8	17.3
Surplus on dilution of interest in an associated company due to share options exercised		0.6	0.1
Share of other comprehensive income of associated and joint venture companies		(1.3)	(0.8)
Realisation of reserves on disposal of an associated company		116.6	-
Items that will not be reclassifed subsequently to profit or loss:			
Actuarial loss on revaluation of defined benefit plans		(0.7)	(4.4)
Share of gain on property revaluation of an associated company		13.1	12.5
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR, NET OF TAX		91.2	22.3
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		515.6	463.9
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
OWNERS OF THE PARENT		449.4	402.1
NON-CONTROLLING INTERESTS		66.2	61.8
		515.6	463.9

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

STATEMENTS OF FINANCIAL POSITION

As At 31 March 2014 (in $ million)

	Notes	The Group 2014	The Group 2013	The Company 2014	The Company 2013
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital	14	1,856.1	1,856.1	1,856.1	1,856.1
Treasury shares	15	(262.2)	(269.8)	(262.2)	(269.8)
Other reserves	16	11,643.3	11,503.2	10,518.2	10,359.2
		13,237.2	13,089.5	12,112.1	11,945.5
NON-CONTROLLING INTERESTS		337.4	312.6	-	-
TOTAL EQUITY		13,574.6	13,402.1	12,112.1	11,945.5
DEFERRED ACCOUNT	17	226.4	146.7	213.1	127.8
DEFERRED TAXATION	18	1,788.9	1,948.2	1,516.2	1,618.6
LONG-TERM LIABILITIES	19	904.3	944.5	800.0	803.9
PROVISIONS	20	587.3	421.3	555.8	376.1
DEFINED BENEFIT PLANS	5	169.6	163.7	162.0	156.4
		17,251.1	17,026.5	15,359.2	15,028.3
Represented by:					
PROPERTY, PLANT AND EQUIPMENT	21				
Aircraft, spares and spare engines		10,100.8	10,875.6	8,378.1	8,746.8
Land and buildings		226.9	242.5	64.9	70.7
Others		2,699.0	1,979.9	1,815.9	1,581.8
		13,026.7	13,098.0	10,258.9	10,399.3
INTANGIBLE ASSETS	22	223.4	218.5	157.9	159.0
SUBSIDIARY COMPANIES	23	-	-	2,021.6	2,030.1
ASSOCIATED COMPANIES	24	729.4	554.4	313.5	532.5
JOINT VENTURE COMPANIES	25	126.5	120.8	-	-
LONG-TERM INVESTMENTS	26	1,125.2	706.9	1,045.1	626.8
OTHER RECEIVABLES	27	92.2	213.9	92.2	213.9
DEFERRED ACCOUNT	17	8.4	16.1	-	-
CURRENT ASSETS					
Inventories	28	243.0	274.9	169.2	192.7
Trade debtors	29	1,604.7	1,578.4	1,113.2	1,080.9
Deposits and other debtors	30	50.1	54.9	20.3	36.6
Prepayments		107.5	103.2	83.5	75.8
Amounts owing by subsidiary companies	23,29	-	-	599.9	189.9
Investments	31	287.4	349.4	233.3	289.4
Derivative assets	37(a)	134.1	79.1	133.3	77.7
Cash and bank balances	32	4,883.9	5,059.6	4,623.8	4,834.3
		7,310.7	7,499.5	6,976.5	6,777.3
Less: **CURRENT LIABILITIES**					
Sales in advance of carriage		1,446.3	1,434.3	1,376.4	1,367.7
Deferred revenue		572.9	532.5	572.9	532.5
Current tax payable		201.1	160.1	161.8	130.2
Trade and other creditors	33	2,977.9	3,055.7	2,287.4	2,369.5
Amounts owing to subsidiary companies	33	-	-	1,034.8	1,219.8
Finance lease commitments	19	52.5	67.8	-	-
Loans	19	8.2	5.7	-	-
Provisions	20	75.7	72.3	44.0	65.2
Derivative liabilities	37(a)	56.8	73.2	29.2	25.7
		5,391.4	5,401.6	5,506.5	5,710.6
NET CURRENT ASSETS		1,919.3	2,097.9	1,470.0	1,066.7
		17,251.1	17,026.5	15,359.2	15,028.3

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2014 (in $ million)

The Group

	Notes	Share capital	Treasury shares	Capital reserve
Balance at 1 April 2013		1,856.1	(269.8)	110.3
Effects of adopting revised FRS 19		-	-	-
Restated balance at 1 April 2013		1,856.1	(269.8)	110.3
Comprehensive income				
Currency translation differences	16(b)	-	-	-
Net fair value changes on available-for-sale assets	16(d)	-	-	-
Net fair value changes on cash flow hedges		-	-	-
Actuarial loss on revaluation of defined benefit plans		-	-	-
Arising from the disposal of an associated company		-	-	-
Surplus on dilution of interest in an associated company due to share options exercised		-	-	-
Share of other comprehensive income of associated and joint venture companies		-	-	13.1
Other comprehensive income for the financial year		-	-	13.1
Profit for the financial year		-	-	-
Total comprehensive income for the financial year, net of tax		-	-	13.1
Transactions with owners, recorded directly in equity				
Surplus on dilution of interest in subsidiary companies due to share options exercised		-	-	-
Share-based compensation expense	5	-	-	-
Share options and share awards lapsed		-	-	-
Purchase of treasury shares	15	-	(16.0)	-
Treasury shares reissued pursuant to equity compensation plans	15	-	23.6	0.3
Dividends	13	-	-	-
Total transactions with owners		-	7.6	0.3
Balance at 31 March 2014		1,856.1	(262.2)	123.7

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

Attributable to Owners of the Parent						
Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
(191.8)	151.7	(27.1)	11,475.3	13,104.7	312.6	13,417.3
-	-	-	(15.2)	(15.2)	-	(15.2)
(191.8)	151.7	(27.1)	11,460.1	13,089.5	312.6	13,402.1
12.7	-	-	-	12.7	1.3	14.0
-	-	(71.9)	-	(71.9)	-	(71.9)
-	-	20.8	-	20.8	-	20.8
-	-	-	(0.7)	(0.7)	-	(0.7)
77.6	-	39.0	-	116.6	-	116.6
-	-	-	0.6	0.6	-	0.6
-	(0.1)	(1.2)	-	11.8	-	11.8
90.3	(0.1)	(13.3)	(0.1)	89.9	1.3	91.2
-	-	-	359.5	359.5	64.9	424.4
90.3	(0.1)	(13.3)	359.4	449.4	66.2	515.6
-	(7.1)	-	21.3	14.2	16.0	30.2
-	4.7	-	-	4.7	-	4.7
-	(4.0)	-	4.0	-	-	-
-	-	-	-	(16.0)	-	(16.0)
-	(10.7)	-	-	13.2	-	13.2
-	-	-	(317.8)	(317.8)	(57.4)	(375.2)
-	(17.1)	-	(292.5)	(301.7)	(41.4)	(343.1)
(101.5)	134.5	(40.4)	11,527.0	13,237.2	337.4	13,574.6

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2014 (in $ million)

The Group

	Notes	Share capital	Treasury shares	Capital reserve
Balance at 1 April 2012		1,856.1	(258.4)	99.1
Effects of adopting revised FRS 19		-	-	-
Restated balance at 1 April 2012		1,856.1	(258.4)	99.1
Comprehensive income				
Currency translation differences	16(b)	-	-	-
Net fair value changes on available-for-sale assets	16(d)	-	-	-
Net fair value changes on cash flow hedges		-	-	-
Actuarial loss on revaluation of defined benefit plans		-	-	-
Surplus on dilution of interest in an associated company due to share options exercised		-	-	-
Share of other comprehensive income of associated and joint venture companies		-	-	12.5
Other comprehensive income for the financial year		-	-	12.5
Profit for the financial year		-	-	-
Total comprehensive income for the financial year, net of tax		-	-	12.5
Transactions with owners, recorded directly in equity				
Surplus on dilution of interest in subsidiary companies due to share options exercised		-	-	-
Share-based compensation expense	5	-	-	-
Share options and share awards lapsed		-	-	-
Purchase of treasury shares	15	-	(37.7)	-
Treasury shares reissued pursuant to equity compensation plans	15	-	26.3	(1.3)
Dividends	13	-	-	-
Total transactions with owners		-	(11.4)	(1.3)
Balance at 31 March 2013		1,856.1	(269.8)	110.3

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

Attributable to Owners of the Parent						
Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
(186.3)	165.9	(47.6)	11,264.6	12,893.4	294.0	13,187.4
-	-	-	(10.8)	(10.8)	-	(10.8)
(186.3)	165.9	(47.6)	11,253.8	12,882.6	294.0	13,176.6
(5.5)	-	-	-	(5.5)	(1.1)	(6.6)
-	-	4.2	-	4.2	-	4.2
-	-	17.3	-	17.3	-	17.3
-	-	-	(4.4)	(4.4)	-	(4.4)
-	-	-	0.1	0.1	-	0.1
-	-	(1.0)	-	11.5	0.2	11.7
(5.5)	-	20.5	(4.3)	23.2	(0.9)	22.3
-	-	-	378.9	378.9	62.7	441.6
(5.5)	-	20.5	374.6	402.1	61.8	463.9
-	(6.8)	-	16.3	9.5	13.2	22.7
-	5.4	-	-	5.4	-	5.4
-	(3.4)	-	3.4	-	-	-
-	-	-	-	(37.7)	-	(37.7)
-	(9.4)	-	-	15.6	-	15.6
-	-	-	(188.0)	(188.0)	(56.4)	(244.4)
-	(14.2)	-	(168.3)	(195.2)	(43.2)	(238.4)
(191.8)	151.7	(27.1)	11,460.1	13,089.5	312.6	13,402.1

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2014 (in $ million)

The Company

	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2013		1,856.1	(269.8)	(9.4)	124.5	2.9	10,254.3	11,958.6
Effects of adopting revised FRS 19		-	-	-	-	-	(13.1)	(13.1)
Restated balance at 1 April 2013		1,856.1	(269.8)	(9.4)	124.5	2.9	10,241.2	11,945.5
Comprehensive income								
Net fair value changes on available-for-sale assets	16(d)	-	-	-	-	(70.8)	-	(70.8)
Net fair value changes on cash flow hedges	16(d)	-	-	-	-	16.4	-	16.4
Actuarial loss on revaluation of defined benefit plans		-	-	-	-	-	(0.6)	(0.6)
Other comprehensive income for the financial year		-	-	-	-	(54.4)	(0.6)	(55.0)
Profit for the financial year		-	-	-	-	-	538.5	538.5
Total comprehensive income for the financial year, net of tax		-	-	-	-	(54.4)	537.9	483.5
Transactions with owners, recorded directly in equity								
Share-based compensation expense		-	-	-	3.7	-	-	3.7
Share options and share awards lapsed		-	-	-	(3.9)	-	3.9	-
Purchase of treasury shares	15	-	(16.0)	-	-	-	-	(16.0)
Treasury shares reissued pursuant to equity compensation plans	15	-	23.6	0.3	(10.7)	-	-	13.2
Dividends	13	-	-	-	-	-	(317.8)	(317.8)
Total transactions with owners		-	7.6	0.3	(10.9)	-	(313.9)	(316.9)
Balance at 31 March 2014		1,856.1	(262.2)	(9.1)	113.6	(51.5)	10,465.2	12,112.1

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2014 (in $ million)

The Company

	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2012		1,856.1	(258.4)	(8.1)	133.7	(9.8)	11,133.4	12,846.9
Effects of adopting revised FRS 19		-	-	-	-	-	(9.5)	(9.5)
Restated balance at 1 April 2012		1,856.1	(258.4)	(8.1)	133.7	(9.8)	11,123.9	12,837.4
Comprehensive income								
Net fair value changes on available-for-sale assets	16(d)	-	-	-	-	2.2	-	2.2
Net fair value changes on cash flow hedges	16(d)	-	-	-	-	10.5	-	10.5
Actuarial loss on revaluation of defined benefits plans		-	-	-	-	-	(3.6)	(3.6)
Other comprehensive income for the financial year		-	-	-	-	12.7	(3.6)	9.1
Loss for the financial year		-	-	-	-	-	(694.1)	(694.1)
Total comprehensive income for the financial year, net of tax		-	-	-	-	12.7	(697.7)	(685.0)
Transactions with owners, recorded directly in equity								
Share-based compensation expense		-	-	-	3.2	-	-	3.2
Share options and share awards lapsed		-	-	-	(3.0)	-	3.0	-
Purchase of treasury shares	15	-	(37.7)	-	-	-	-	(37.7)
Treasury shares reissued pursuant to equity compensation plans	15	-	26.3	(1.3)	(9.4)	-	-	15.6
Dividends	13	-	-	-	-	-	(188.0)	(188.0)
Total transactions with owners		-	(11.4)	(1.3)	(9.2)	-	(185.0)	(206.9)
Balance at 31 March 2013		1,856.1	(269.8)	(9.4)	124.5	2.9	10,241.2	11,945.5

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 March 2014 (in $ million)

		The Group	
	Notes	FY2013/14	FY2012/13
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		367.9	469.6
Adjustments for:			
Depreciation	21	1,575.5	1,589.1
Impairment of property, plant and equipment	21	20.2	9.8
Amortisation of intangible assets	22	25.7	22.7
Impairment/(writeback) of impairment of trade debtors	6	1.1	(8.8)
Writedown of inventories	28	22.3	32.3
Income from short-term investments	6	(1.6)	(1.7)
Provisions	20	177.6	168.2
Share-based compensation expense	5	4.7	5.4
Exchange differences		(8.7)	5.2
Amortisation of deferred (gain)/loss on sale and operating leaseback transactions	6	(12.6)	3.3
Finance charges	7	37.3	42.7
Interest income	8	(62.7)	(62.5)
Surplus on disposal of aircraft, spares and spare engines		(51.2)	(56.0)
Dividends from long-term investments		(19.6)	(27.3)
Other non-operating items	9	(1.9)	(11.9)
Share of profits of joint venture companies	25	(94.0)	(94.9)
Share of (losses)/profits of associated companies	24	45.2	(50.4)
Exceptional items	10	38.3	19.9
Operating profit before working capital changes		2,063.5	2,054.7
(Decrease)/Increase in trade and other creditors		(23.3)	269.0
Increase/(Decrease) in sales in advance of carriage		12.0	(22.5)
Decrease/(Increase) in trade debtors		138.9	(251.7)
Decrease/(Increase) in deposits and other debtors		4.8	(8.1)
Increase in prepayments		(4.3)	(4.7)
Decrease/(Increase) in inventories		9.6	(1.1)
Increase in deferred revenue		40.4	35.5
Cash generated from operations		2,241.6	2,071.1
Payment of cargo fines	10	(78.3)	(24.0)
Income taxes paid		(65.2)	(192.7)
NET CASH PROVIDED BY OPERATING ACTIVITIES		2,098.1	1,854.4

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

	Notes	The Group FY2013/14	The Group FY2012/13
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure	34	(2,574.6)	(1,875.4)
Purchase of intangible assets	34	(29.7)	(83.6)
Proceeds from disposal of aircraft and other property, plant and equipment		808.7	647.7
Purchase of long-term investments		(550.8)	(364.4)
Proceeds from disposal of short-term investments		110.3	310.5
Proceeds from disposal of an associated company		459.4	4.6
Proceeds from disposal of long-term investments		12.6	-
Dividends received from associated and joint venture companies		171.4	140.2
Dividends received from investments		20.5	28.3
Interest received from investments and deposits		50.3	45.9
Payment for purchase of derivatives		(20.8)	-
Return of capital by an associated company		1.8	-
Investments in associated companies		(281.8)	-
NET CASH USED IN INVESTING ACTIVITIES		(1,822.7)	(1,146.2)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	13	(317.8)	(188.0)
Dividends paid by subsidiary companies to non-controlling interests		(57.4)	(56.4)
Interest paid		(36.4)	(34.2)
Proceeds from borrowings		16.9	3.5
Repayment of borrowings		(0.9)	(0.2)
Repayment of long-term lease liabilities		(67.6)	(63.9)
Proceeds from exercise of share options		43.4	38.3
Purchase of treasury shares	15	(16.0)	(37.7)
NET CASH USED IN FINANCING ACTIVITIES		(435.8)	(338.6)
NET CASH (OUTFLOW)/INFLOW		(160.4)	369.6
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		5,059.6	4,702.7
Effect of exchange rate changes		(15.3)	(12.7)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		4,883.9	5,059.6
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Fixed deposits	32	4,309.1	4,692.4
Cash and bank	32	574.8	367.2
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		4,883.9	5,059.6

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

1 General

Singapore Airlines Limited ("the Company") is a limited liability company incorporated in the Republic of Singapore which is also the place of domicile. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and is a subsidiary company of Temasek Holdings (Private) Limited, incorporated in the Republic of Singapore.

The registered office of the Company is at Airline House, 25 Airline Road, Singapore 819829.

The principal activities of the Group consist of passenger and cargo air transportation, engineering services, training of pilots, air charters and tour wholesaling and related activities. The principal activity of the Company consists of passenger air transportation.

The financial statements for the financial year ended 31 March 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 8 May 2014.

2 Summary of Significant Accounting Policies

The accounting policies applied by the Group and the Company are consistent with those used in the previous financial year.

(a) Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD) and all values in the tables are rounded to the nearest million as indicated.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2013, the Group adopted all the new and revised standards and interpretations of FRS (INT FRS) that are effective for annual financial periods beginning on or after 1 April 2013. The adoption of these standards and interpretations did not have any material effect on the financial performance or position of the Group and the Company.

Revised FRS 19 Employee Benefits

On 1 April 2013, the Group adopted the Revised FRS 19 Employee Benefits, which is effective for annual periods beginning on or after 1 January 2013.

2 Summary of Significant Accounting Policies (continued)

(b) Changes in accounting policies (continued)

Prior to adoption of the Revised FRS 19, the Group recognised actuarial gains and losses as income or expense when the net cumulative unrecognised gains and losses for each individual plan at the end of the previous period exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets and recognised unvested past service costs as an expense on a straight-line basis over the average vesting period until the benefits become vested. Upon adoption of the revised FRS 19, the Group changed its accounting policy to recognise all actuarial gains and losses in other comprehensive income and all past service costs in profit or loss in the period they occur. The change in accounting policy has been applied retrospectively. Accordingly, the balance sheet as at 31 March 2013 has been restated. Defined benefit plans increased by $15.2 million while revenue reserves decreased by $15.2 million. The effect of this restatement is not significant and consequently a restated balance sheet as at 1 April 2012 has not been presented.

The Group has also early adopted the following FRS in the preparation of the FY2013/14 financial statements compared with the FY2012/13 financial statements:

- Revised FRS 27 Separate Financial Statements
- Revised FRS 28 Investments in Associates and Joint Ventures
- FRS 110 Consolidated Financial Statements
- FRS 111 Joint Arrangements
- FRS 112 Disclosure of Interests in Other Entities

The early adoption of the above standards did not have any effect on the profit for the year or financial position of the Group and the Company.

(c) Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendment to FRS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 36 Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 39 Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
INT FRS 121 Levies	1 January 2014
Amendments to FRS 19 Defined Benefit Plans: Employee Contributions	1 July 2014
Improvements to FRS (January 2014)	1 July 2014
Improvements to FRS (February 2014)	1 July 2014

Except for the Amendments to FRS 36, the Management expects that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the Amendments to FRS 36 is described below.

<u>Amendments to FRS 36 Recoverable Amount Disclosures for Non-Financial Assets</u>

Amendments to FRS 36 Recoverable Amount Disclosures for Non-Financial Assets is effective for financial periods beginning on or after 1 January 2014.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

2 Summary of Significant Accounting Policies (continued)

(c) Standards issued but not yet effective (continued)

Amendments to FRS 36 Recoverable Amount Disclosures for Non-Financial Assets removes the requirement to disclose the recoverable amount of each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant when compared to the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives.

Instead, the amendments require entities to disclose the recoverable amount of an asset (including goodwill) for which an impairment loss was recognised or reversed during the reporting period. The amendments also require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2014.

(d) Basis of consolidation

The consolidated financial statements comprise the separate financial statements of the Company and its subsidiary companies as at the end of the reporting period. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances. A list of the Group's subsidiary companies is shown in Note 23 to the financial statements.

All intra-group balances, transactions, income and expenses and unrealised profits and losses resulting from intra-group transactions are eliminated in full.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in the profit and loss account or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interest in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in the profit and loss account.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

2 Summary of Significant Accounting Policies (continued)

(d) Basis of consolidation (continued)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in the profit and loss account on the acquisition date.

Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Parent, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Parent.

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Parent.

(e) Subsidiary, associated and joint venture companies

In the Company's separate financial statements, investments in subsidiary and associated companies are accounted for at cost less accumulated impairment losses.

A subsidiary company is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee, if and only if, the Group has all of the following:

- power over the investee
- exposure, or rights to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

An associated company is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies. A list of the Group's associated companies is shown in Note 24 to the financial statements.

A joint venture company is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. A list of the Group's joint venture companies is shown in Note 25 to the financial statements.

The Group accounts for its investments in associated and joint venture companies using the equity method from the date on which it becomes an associated or joint venture company.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

2 Summary of Significant Accounting Policies (continued)

(e) Subsidiary, associated and joint venture companies (continued)

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

Under the equity method, the investment in associated or joint venture companies are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associated or joint venture companies. The profit or loss reflects the share of results of operations of the associated or joint venture companies. Distributions received from associated or joint venture companies reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associated or joint venture companies, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associated or joint venture companies are eliminated to the extent of the interest in the associated or joint venture companies.

When the Group's share of losses in an associated or joint venture company equals or exceeds its interest in the associated or joint venture company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated or joint venture company.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associated or joint venture company. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associated or joint venture company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated or joint venture company and its carrying value and recognises the amount in profit or loss.

The most recently available audited financial statements of the associated and joint venture companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence or joint control over the associated or joint venture company, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

The Group accounts for all amounts previously recognised in other comprehensive income in relation to that associated or joint venture company on the same basis as would have been required if that associated or joint venture company had directly disposed of the related assets or liabilities.

When an investment in an associated company becomes an investment in a joint venture company or an investment in joint venture company becomes an investment in an associated company, the Group continues to apply the equity method and does not remeasure the retained interest.

2 Summary of Significant Accounting Policies (continued)

(e) Subsidiary, associated and joint venture companies (continued)

If the Group's ownership interest in an associated or joint venture company is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(f) Intangible assets

(i) Computer software

Computer software acquired separately is measured initially at cost. Following initial acquisition, computer software is stated at cost less accumulated amortisation and accumulated impairment losses, if any. These costs are amortised using the straight-line method over their estimated useful lives of 3 to 10 years and assessed for impairment whenever there is an indication that the computer software may be impaired. Advance and progress payments are not amortised. The amortisation period and method are reviewed at least annually.

(ii) Deferred engine development cost

This relates to the Group's share of engine development payments made in connection with its participation in aircraft engine development projects with other companies. Amortisation of such intangibles begins only when the aircraft engines are available for sale. These deferred engine development costs are amortised on a straight-line basis over the period of expected sales of the aircraft engines, which is estimated to be over a period of 20 years. The amortisation period and amortisation method would be reviewed annually in light of experience and changing circumstances, and adjusted prospectively, as appropriate at the end of each reporting period.

(iii) Others

Purchased landing slots are measured initially at cost. Following initial recognition, landing slots are measured at cost less accumulated impairment losses, if any. Landing slots based within the European Union are not amortised, as regulations provide that these landing slots have an indefinite useful life, and are tested for impairment annually.

Licences were acquired in business combinations. These intangible assets are amortised on a straight-line basis over an estimated useful life of 3 years.

(g) Foreign currencies

The Management has determined the currency of the primary economic environment in which the Company operates i.e., functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

Foreign currency transactions are converted into SGD at exchange rates which approximate bank rates prevailing at dates of transactions.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

2 Summary of Significant Accounting Policies (continued)

(g) Foreign currencies (continued)

All foreign currency monetary assets and liabilities are translated into SGD using year-end exchange rates. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Gains and losses arising from conversion of monetary assets and liabilities are taken to the profit and loss account.

For the purpose of the consolidated financial statements, the net assets of the foreign subsidiary, associated and joint venture companies are translated into SGD at the exchange rates ruling at the end of the reporting period. The financial results of foreign subsidiary, associated and joint venture companies are translated monthly into SGD at the prevailing exchange rates. The resulting gains or losses on exchange are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve.

Goodwill and fair value adjustments arising from the acquisition of foreign operations on or after 1 April 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations, and translated into SGD at the closing rate at the end of the reporting period.

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in other comprehensive income relating to that foreign operation is recognised in the profit and loss account as a component of the gain or loss on disposal.

(h) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of all aircraft is stated net of manufacturers' credit. Aircraft and related equipment acquired on an exchange basis are stated at amounts paid plus the fair value of the fixed asset traded-in. Expenditure for heavy maintenance visits on aircraft, engine overhauls and landing gear overhauls, is capitalised at cost. Expenditure for engine overhaul costs covered by power-by-hour (fixed rate charged per hour) maintenance agreements is capitalised by hours flown. Expenditure for other maintenance and repairs is charged to the profit and loss account. When assets are sold or retired, their costs, accumulated depreciation and accumulated impairment losses, if any, are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit and loss account.

Leasehold hotel properties held by an associated company are carried at fair value, less accumulated depreciation and accumulated impairment losses. Fair values of leasehold hotel properties are determined by independent professional valuers on an annual basis. The Group's share of the revaluation gain or loss is reflected under the share of post-acquisition capital reserve.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

2 Summary of Significant Accounting Policies (continued)

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis at rates which are calculated to write down their cost to their estimated residual values at the end of their operational lives. Operational lives, residual values and depreciation method are reviewed annually in the light of experience and changing circumstances, and adjusted prospectively, if appropriate.

Freehold land, advance and progress payments are not depreciated.

Fully depreciated assets are retained in the financial statements until they are no longer in use. No depreciation is charged after assets are depreciated to their residual values.

(i) Aircraft, spares and spare engines

The Group depreciates its new passenger aircraft, spares and spare engines over 15 years to 10% residual values.

The Group depreciates its new freighter aircraft over 15 years to 20% residual values. For used freighter aircraft, the Group depreciates them over the remaining life (15 years less age of aircraft) to 20% residual values.

Major inspection costs relating to landing gear overhauls, heavy maintenance visits and engine overhauls (including inspection costs provided under power-by-hour maintenance agreements) are capitalised and depreciated over the average expected life between major overhauls, estimated to be 4 to 10 years.

Training aircraft are depreciated over 5 to 15 years to 10% to 20% residual values.

Flight simulators are depreciated over 5 to 10 years to nil residual values.

(ii) Land and buildings

Freehold buildings, leasehold land and buildings are depreciated to nil residual values as follows:

Company owned office premises	- according to lease period or 30 years, whichever is the shorter.
Company owned household premises	- according to lease period or 10 years, whichever is the shorter.
Other premises	- according to lease period or 5 years, whichever is the shorter.
Leasehold hotel properties held by an associated company	- according to lease period of 99 years, up to 2081.

(iii) Others

Plant and equipment, office and computer equipment are depreciated over 1 to 15 years to nil residual values.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

2 Summary of Significant Accounting Policies (continued)

(j) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(i) Finance lease – as lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased asset, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against the profit and loss account.

For sale and finance leaseback, differences between sales proceeds and net book values are taken to the statement of financial position as deferred gain or loss on sale and leaseback transactions, included under deferred account and amortised over the minimum lease terms.

Major improvements and modifications to leased aircraft due to operational requirements are capitalised and depreciated over the average expected life between major overhauls (estimated to be 4 to 8 years).

(ii) Operating lease – as lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Gains or losses arising from sale and operating leaseback of aircraft are determined based on fair values. Excess of sales proceeds over fair values are taken to the statement of financial position as deferred gain on sale and leaseback transactions, included under deferred account and amortised over the minimum lease terms. If the sales proceeds are below fair values, the loss is recognised in the profit and loss account except that, if the loss is compensated for by future lease payments at below market values, the deferred loss is included under deferred account and is amortised over the minimum lease period.

Major improvements and modifications to leased aircraft due to operational requirements are capitalised and depreciated over the remaining lease term period or the average expected life between major overhauls (estimated to be 4 to 10 years).

(iii) Operating lease – as lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Aircraft leased out under operating leases are included under property, plant and equipment and are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Rental income is recognised on a straight-line basis over the lease term.

2 Summary of Significant Accounting Policies (continued)

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

(l) Financial assets

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the profit and loss account.

All regular purchases and sales of financial assets are recognised or derecognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition as fair value through profit or loss. Financial assets are classified as held for trading if they are acquired principally for the purpose of selling in the short-term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives are also classified under this category unless they are designated as effective hedging instruments. Gains or losses on financial assets held at fair value through profit or loss are recognised in the profit and loss account.

Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period.

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

2 Summary of Significant Accounting Policies (continued)

(l) Financial assets (continued)

(iii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the profit and loss account when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either designated in this category, or not classified in any other categories. After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognised in other comprehensive income, except that impairment losses and interest are recognised in the profit and loss account. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the profit and loss account as a reclassification adjustment when the investment is derecognised.

(m) Investments

Investments held by the Group are classified as available-for-sale or held-to-maturity. Investments classified as available-for-sale are stated at fair value, unless there is no active market for trading. Fair value is determined in the manner described in Note 37(b). Investments with no active market for trading are stated at cost less accumulated impairment losses as their fair value cannot be reliably measured. Held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. The accounting policy for both categories of financial assets is stated in Note 2(l).

(n) Trade debtors and other receivables

Trade debtors, including amounts owing by subsidiary, associated and joint venture companies, deposits and other debtors are classified and accounted for as loans and receivables. Other non-current receivables are also classified and accounted for in the same way. The accounting policy for this category of financial assets is stated in Note 2(l).

Further details on the accounting policy for impairment of financial assets are stated in Note 2(q).

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits in banks and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand and deposits in banks. The accounting policy for this category of financial assets is stated in Note 2(l), under loans and receivables.

2 Summary of Significant Accounting Policies (continued)

(p) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating units' ("CGU") fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For non-financial assets excluding goodwill and those with indefinite lives, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit and loss account unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(q) Impairment of financial assets

The Group also assesses at the end of each reporting period whether a financial asset or a group of financial assets is impaired.

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced either directly or through the use of an allowance account. The impairment loss is recognised in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

2 Summary of Significant Accounting Policies (continued)

(q) Impairment of financial assets (continued)

(i) Financial assets carried at amortised cost (continued)

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

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

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

(ii) Financial assets carried at cost

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

(iii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss account, is transferred from other comprehensive income to the profit and loss account. Reversals of impairment losses in respect of equity instruments are not recognised in the profit and loss account; increase in the fair value after impairment are recognised directly in other comprehensive income.

In the case of non-equity investments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the profit and loss account. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a non-equity investment increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account, the impairment loss is reversed in the profit and loss account.

2 Summary of Significant Accounting Policies (continued)

(r) Financial liabilities

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

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in the profit and loss account.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

(ii) Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit and loss account when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit and loss account.

(s) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

2 Summary of Significant Accounting Policies (continued)

(t) Loans, notes payable and borrowings

Loans, notes payable and other borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process.

(u) Trade and other creditors

Trade and other creditors and amounts owing to subsidiary and associated companies are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process.

(v) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss account net of any reimbursement.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for warranty claims is made for engine overhaul, repairs and maintenance of aircraft (excluding line maintenance) based on past experience of the level of repairs.

Provision for return costs to meet contractual return aircraft minimum conditions, at the end of the lease terms for the aircraft under operating leases, are recorded equally over the lease terms.

(w) Maintenance reserve

Maintenance reserve relates to payments made by the lessee for maintenance activities undertaken during the lease period. The Group will reimburse the lessee for agreed maintenance work done as and when incurred. The Group records the amounts received as maintenance reserve. At the expiry of the lease term, excess maintenance reserve is recognised in the profit and loss account.

(x) Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2 Summary of Significant Accounting Policies (continued)

(y) Treasury shares

When shares are reacquired by the Company, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are subsequently sold or reissued pursuant to equity compensation plans, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised in the capital reserve. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

(z) Frequent flyer programme

The Company operates a frequent flyer programme called "KrisFlyer" that provides travel awards to programme members based on accumulated mileage. A portion of passenger revenue attributable to the award of frequent flyer benefits, estimated based on expected utilisation of these benefits, is deferred until they are utilised. These are included under deferred revenue on the statement of financial position. Any remaining unutilised benefits are recognised as revenue upon expiry.

(aa) Taxation

(i) Current income tax

Tax recoverable and tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current income taxes are recognised in the profit and loss account except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiary, associated and joint venture companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

2 Summary of Significant Accounting Policies (continued)

(aa) Taxation (continued)

(ii) Deferred tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiary, associated and joint venture companies, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

(iii) Indirect taxes

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

- Where the indirect tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the indirect tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of indirect tax included.

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

2 Summary of Significant Accounting Policies (continued)

(ab) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Revenue is principally earned from the carriage of passengers, cargo and mail, engineering services, training of pilots, air charters and tour wholesaling and related activities. Revenue for the Group excludes dividends from subsidiary companies and intra-group transactions.

Passenger and cargo sales are recognised as operating revenue when the transportation is provided. The value of unused tickets and air waybills is included in current liabilities as sales in advance of carriage. The value of tickets and air waybills is recognised as revenue if unused after two years and one year respectively.

Revenue from repair and maintenance of aircraft, engine and component overhaul is recognised based on the percentage of completion of the projects. The percentage of completion of the projects is determined based on the number of man-hours incurred to date against the estimated man-hours needed to complete the projects.

Rental income from lease of aircraft is recognised on a straight-line basis over the lease term.

(ac) Income from investments

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

Interest income from investments and fixed deposits is recognised using the effective interest method.

(ad) Employee benefits

(i) Equity compensation plans

Employees of the Group receive remuneration in the form of share options and share awards as consideration for services rendered.

The Group has in place, the Singapore Airlines Limited Employee Share Option Plan and the SIA Engineering Company Limited Employee Share Option Plan for granting of share options to senior executives and all other employees. The exercise price approximates the market value of the shares at the date of grant.

The Group has also implemented the Singapore Airlines Limited Restricted Share Plan and Performance Share Plan and the SIA Engineering Company Limited Restricted Share Plan and Performance Share Plan for awarding of fully paid ordinary shares to senior executives and key Senior Management, when and after pre-determined performance or service conditions are accomplished.

Details of the plans are disclosed in Note 5 to the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

2 Summary of Significant Accounting Policies (continued)

(ad) Employee benefits (continued)

(i) Equity compensation plans (continued)

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

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

The share-based compensation reserve is transferred to general reserve upon cancellation or expiry of the vested options or awards. When the options are exercised or awards are released, the share-based compensation reserve is transferred to share capital if new shares are issued.

(ii) Defined benefit plans

The net defined benefit liability is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any).

The cost of providing benefits under the defined benefits plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability
- Remeasurements of net defined benefit liability

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability is the change during the period in the net defined benefit liability that arises from the passage of time which is determined by applying the discount rate to the net defined benefit liability. Net interest on the net defined benefit liability is recognised as expense in profit or loss.

Remeasurements comprising actuarial gains and losses, and return on plan assets are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

2 Summary of Significant Accounting Policies (continued)

(ad) Employee benefits (continued)

(ii) Defined benefit plans (continued)

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

(iii) Defined contribution plans

As required by law, the companies in Singapore make contributions to the Central Provident Fund scheme in Singapore, a defined contribution scheme. Certain of the Group's subsidiary companies and overseas stations outside Singapore make contributions to their respective countries' pension schemes. Such contributions are recognised as an expense in the period in which the related service is performed.

(ae) Aircraft maintenance and overhaul costs

The Group recognises aircraft maintenance and overhaul expenses (except heavy maintenance visits, engine overhaul and landing gear overhaul expenses) on an incurred basis. For engine overhaul costs covered by power-by-hour third-party maintenance agreements, a portion of the cost is expensed at a fixed rate per hour during the terms of the agreements.

(af) Training and development costs

Training and development costs, including start-up programme costs, are charged to the profit and loss account in the financial year in which they are incurred.

(ag) Borrowing costs

Borrowing costs incurred to finance advance and progress payments for aircraft are capitalised as part of advance and progress payments until the aircraft are commissioned for operation or the projects are completed. All other borrowing costs are recognised as finance charges in the period in which they are incurred.

(ah) Claims and liquidated damages

Claims for liquidated damages, in relation to a loss of income, are recognised in the profit and loss account when a contractual entitlement exists, the amount can be reliably measured and receipt is virtually certain. When the claims do not relate to a compensation for loss of income, the amounts are taken to the statement of financial position as deferred credit, included under deferred account, as a reduction to the cost of the assets when the assets are capitalised and also for future reduction of operating lease expenses.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

2 Summary of Significant Accounting Policies (continued)

(ai) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts, foreign currency option contracts, cross currency swap contracts, interest rate swap contracts, interest rate cap contracts, jet fuel option contracts, jet fuel swap contracts and jet fuel collar contracts to hedge its risks associated with foreign currency, interest rate and jet fuel price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently re-measured at fair value.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the profit and loss account.

The Group also sets aside USD deposits to match forecast capital expenditure requirements. To create a USD-denominated asset in the statement of financial position to match against the expected USD liability for capital expenditure, the Group accumulates USD over a period of 10 months in advance of forecast aircraft payments. The exchange gains and losses of the USD held would be recognised in the carrying value of the aircraft.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedged item or transaction, the hedging instrument, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's (or transaction's) cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows, and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting periods for which they are designated.

Derivatives are classified as fair value through profit or loss unless they qualify for hedge accounting. Hedges which meet the criteria for hedge accounting are accounted for as cash flow hedges.

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in the fair value reserve [Note 16(d)], while the ineffective portion is recognised in the profit and loss account.

Amounts taken to the fair value reserve are transferred to the profit and loss account when the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs. If the hedged item is a non-financial asset or liability, the amounts taken to the fair value reserve are transferred to the initial carrying amount of the non-financial asset or liability.

(aj) Segment reporting

(i) Business segment

For management purposes, the Group is organised into operating segments based on the nature of the services provided which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the Management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 4, including the factors used to identify the reportable segments and the measurement basis of segment information. The significant business segments of the Group are airline operations, engineering services and cargo operations.

2 Summary of Significant Accounting Policies (continued)

(aj) Segment reporting (continued)

(ii) Geographical segment

The analysis of revenue by area of original sale from airline operations is derived by allocating revenue to the area in which the sale was made. Revenue from other operations, which consist principally of engineering services and cargo operations, is derived in East Asia and therefore, is not shown.

Assets, which consist principally of flight and ground equipment, support the entire worldwide transportation system, and are mainly located in Singapore. An analysis of assets and capital expenditure of the Group by geographical distribution has therefore not been included.

(ak) Exceptional items

Exceptional items are separate items of income and expense of such size, nature or incidence that their separate disclosure is relevant to explain the performance of the Group for the year.

3 Significant Accounting Judgments and Estimates

Estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Judgments made in applying accounting policies

(i) Determination of control over investees

As at 31 March 2014, the Group owns 20.8% of equity in Virgin Australia Holdings Limited ("Virgin Australia"). It has been assessed that the Group does not have the ability to exercise significant influence over Virgin Australia due to the composition of other shareholdings and lack of representation on the Board. Consequently, this investment in Virgin Australia is treated as a long-term investment, as opposed to an investment in an associated company.

As at 31 March 2014, the Group owns 40.0% of equity in Tiger Airways Holdings Limited ("Tiger Airways"), as well as an interest in perpetual convertible capital securities acquired during the year that are currently convertible into a further 12.1% interest in Tiger Airways. It has been assessed that the currently exercisable potential voting rights are not substantive. The Directors consider that the Group does not have ability to exercise control as it does not have majority substantive voting rights, does not control the Board, nor any other arrangement which gives it ability to control. Consequently, this investment in Tiger Airways is treated as an associated company, as opposed to being a subsidiary company.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

3 Significant Accounting Judgments and Estimates (continued)

(b) Key sources of estimation uncertainty (continued)

(i) Impairment of property, plant and equipment – aircraft fleet

Impairment is recognised when events and circumstances indicate that the aircraft may be impaired and the carrying amounts of the aircraft exceed the recoverable amounts. Recoverable amount is defined as the higher of an aircraft's fair value less costs to sell and its value-in-use. The fair value less costs to sell computation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. In determining the recoverable amounts of the aircraft, certain estimates regarding the current fair market value of the aircraft are made. The current fair market value is determined based on desktop valuations from an independent appraisal for fleet with similar operational lives. When value-in-use calculations are undertaken, the Group uses discounted cash flow projections based on financial budgets approved by the Management covering a specified period.

(ii) Depreciation of property, plant and equipment – aircraft fleet

Aircraft are depreciated on a straight-line basis at rates which are calculated to write down their cost to their estimated residual values at the end of their operational lives. Certain estimates regarding the operational lives and residual values of the fleet are made by the Group based on past experience and these are in line with the industry. The operational lives and residual values are reviewed on an annual basis. The carrying amount of the Group's and the Company's aircraft fleet at 31 March 2014 was $9,788.4 million (2013: $10,546.1 million) and $8,228.6 million (2013: $8,553.9 million) respectively.

During the year, the Group revised the estimated useful lives of its certain overhaul assets to better reflect the economic useful life with effect from 1 April 2013. The effect of this change is a reduction in depreciation expense of approximately $33.8 million for the financial year ended 31 March 2014.

(iii) Passenger revenue recognition

Passenger sales are recognised as operating revenue when the transportation is provided. The value of unused tickets is included as sales in advance of carriage on the statement of financial position and recognised as revenue at the end of two years. This is estimated based on historical trends and experiences of the Group whereby ticket uplift occurs mainly within the first two years. The carrying amount of the Group's and the Company's sales in advance of carriage at 31 March 2014 was $1,446.3 million (2013: $1,434.3 million) and $1,376.4 million (2013: $1,367.7 million) respectively.

(iv) Frequent Flyer programme

The Company operates a frequent flyer programme called "KrisFlyer" that provides travel awards to programme members based on accumulated mileage. A portion of passenger revenue attributable to the award of frequent flyer benefits is deferred until they are utilised. The deferment of the revenue is estimated based on historical trends of breakage and redemption, which is then used to project the expected utilisation of these benefits. Any remaining unutilised benefits are recognised as revenue upon expiry. The carrying amount of the Group's and the Company's deferred revenue at 31 March 2014 was $572.9 million (2013: $532.5 million).

During the financial year, the Company introduced the Pay With Miles option to the KrisFlyer programme. Based on expected higher utilisation, the Company made a downward revision to the estimated breakage rate. The impact of the revision in estimate is a decrease of $64.0 million in revenue for the financial year ended 31 March 2014.

3 Significant Accounting Judgments and Estimates (continued)

(b) Key sources of estimation uncertainty (continued)

(v) Aircraft maintenance and overhaul expenditure under power-by-hour agreements

The Group has entered into several power-by-hour ("PBH") engine maintenance agreements with engine original equipment manufacturers. The monthly payments are based on the number of flying hours flown. A portion of the cost is expensed at a fixed rate per hour during the term of the PBH agreement. The remaining payments made are recorded as an advance payment, to the extent that it is to be utilised through future maintenance activities, if any, or capitalised upon completion of an overhaul.

The proportion of the amount to be expensed off and capitalised is determined based on the best estimate as if the engine maintenance and overhaul costs are accounted for under the time and material basis. The carrying amount of the advance payment relating to PBH agreements for the Group and the Company at 31 March 2014 was $409.9 million (2013: $549.3 million) and $354.9 million (2013: $493.7 million) respectively. The maintenance and repair costs covered by PBH agreements which are expensed off during the year amounted to $54.1 million (FY2012/13: $47.7 million) for the Group and $46.9 million (FY2012/13: $45.2 million) for the Company.

(vi) Income taxes

The Group is subjected to income taxes in numerous jurisdictions. Significant judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's current tax payable and deferred taxation at 31 March 2014 was $201.1 million (2013: $160.1 million) and $1,788.9 million (2013: $1,948.2 million) respectively. The carrying amounts of the Company's current tax payable and deferred taxation at 31 March 2014 was $161.8 million (2013: $130.2 million) and $1,516.2 million (2013: $1,618.6 million) respectively.

4 Segment Information (in $ million)

For management purposes, the Group is organised into business units based on the nature of the services provided, and has four reportable operating segments as follows:

(i) The airline operations segment provides passenger air transportation.

(ii) The engineering services segment is in the business of providing airframe maintenance and overhaul services, line maintenance, technical ground handling services and fleet management programme. It also manufactures aircraft cabin equipment, refurbishes aircraft galleys, provides technical and non-technical handling services and repair and overhaul of hydro-mechanical aircraft equipment.

(iii) The cargo operations segment is involved in air cargo transportation and related activities.

(iv) Other services provided by the Group, such as training of pilots, air charters and tour wholesaling, has been aggregated under the segment "Others".

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

4 Segment Information (in $ million) (continued)

Business segments

The Group's business are organised and managed separately according to the nature of the services provided. The following table presents revenue and profit information regarding business segments for the financial years ended 31 March 2014 and 2013 and certain assets and liabilities information of the business segments as at those dates.

	Airline operations FY2013/14
TOTAL REVENUE	
External revenue	12,444.7
Inter-segment revenue	1,215.6
	13,660.3
RESULTS	
Segment result	225.9
Finance charges	(32.8)
Interest income	62.4
Surplus/(Loss) on disposal of aircraft, spares and spare engines	51.8
Dividends from long-term investments	5.8
Other non-operating items	13.2
Share of profits of joint venture companies	-
Share of (losses)/profits of associated companies	(114.0)
Exceptional items	371.5
Taxation	10.2
Profit/(Loss) for the financial year	594.0
Attributable to:	
Owners of the Parent	
Non-controlling interests	

* *Relates to inter-segment transactions eliminated on consolidation. The Group generally accounts for such inter-segment transactions as if these transactions were to third parties at current market prices.*

Engineering services FY2013/14	Cargo operations FY2013/14	Others FY2013/14	Total of segments FY2013/14	Elimination* FY2013/14	Consolidated FY2013/14
508.5	2,248.3	42.4	15,243.9	-	15,243.9
669.7	5.4	75.4	1,966.1	(1,966.1)	-
1,178.2	2,253.7	117.8	17,210.0	(1,966.1)	15,243.9
115.6	(100.4)	14.2	255.3	4.0	259.3
(0.2)	(5.9)	-	(38.9)	1.6	(37.3)
1.5	0.6	0.1	64.6	(1.9)	62.7
-	1.0	(1.6)	51.2	-	51.2
13.8	-	-	19.6	-	19.6
0.7	(4.6)	-	9.3	(7.4)	1.9
94.0	-	-	94.0	-	94.0
68.6	0.2	-	(45.2)	-	(45.2)
-	(380.4)	(29.4)	(38.3)	-	(38.3)
(23.0)	70.6	(1.3)	56.5	-	56.5
271.0	(418.9)	(18.0)	428.1	(3.7)	424.4
					359.5
					64.9
					424.4

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Airline operations FY2012/13
TOTAL REVENUE	
External revenue	12,169.3
Inter-segment revenue	1,243.3
	13,412.6
RESULTS	
Segment result	262.0
Finance charges	(35.2)
Interest income	62.2
Surplus/(Loss) on disposal of aircraft, spares and spare engines	56.3
Dividends from long-term investments	10.3
Other non-operating items	(5.8)
Share of profits of joint venture companies	-
Share of (losses)/profits of associated companies	(5.2)
Exceptional items	-
Taxation	(29.1)
Profit/(Loss) for the financial year	315.5
Attributable to:	
Owners of the Parent	
Non-controlling interests	

* *Relates to inter-segment transactions eliminated on consolidation. The Group generally accounts for such inter-segment transactions as if these transactions were to third parties at current market prices.*

Engineering services FY2012/13	Cargo operations FY2012/13	Others FY2012/13	Total of segments FY2012/13	Elimination* FY2012/13	Consolidated FY2012/13
470.9	2,415.3	42.7	15,098.2	-	15,098.2
675.8	4.3	83.8	2,007.2	(2,007.2)	-
1,146.7	2,419.6	126.5	17,105.4	(2,007.2)	15,098.2
128.1	(167.0)	4.6	227.7	1.5	229.2
(0.1)	(9.4)	-	(44.7)	2.0	(42.7)
1.4	0.8	0.2	64.6	(2.1)	62.5
-	-	(0.3)	56.0	-	56.0
17.0	-	-	27.3	-	27.3
0.5	(5.4)	8.3	(2.4)	14.3	11.9
94.9	-	-	94.9	-	94.9
55.2	0.4	-	50.4	-	50.4
-	(19.9)	-	(19.9)	-	(19.9)
(22.8)	26.2	(2.3)	(28.0)	-	(28.0)
274.2	(174.3)	10.5	425.9	15.7	441.6
					378.9
					62.7
					441.6

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Airline operations 2014
OTHER INFORMATION AS AT 31 MARCH	
Segment assets	19,159.7
Investments in associated and joint venture companies	402.5
Long-term investments	1,047.0
Accrued interest receivable	13.1
Total assets	20,622.3
Segment liabilities	4,563.5
Provisions	636.4
Finance lease commitments	-
Loans	-
Notes payable	800.0
Defined benefit plans	164.8
Accrued interest payable	3.5
Tax liabilities	1,770.1
Total liabilities	7,938.3
Capital expenditure	2,475.6
Purchase of intangible assets	22.9
Depreciation	1,373.6
Impairment of property, plant and equipment	19.0
Amortisation of intangible assets	23.0
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	34.3

* *Relates to inter-segment transactions eliminated on consolidation. The Group generally accounts for such inter-segment transactions as if these transactions were to third parties at current market prices.*

Engineering services 2014	Cargo operations 2014	Others 2014	Total of segments 2014	Elimination* 2014	Consolidated 2014
1,256.7	1,567.6	162.3	22,146.3	(1,498.2)	20,648.1
435.8	17.6	-	855.9	-	855.9
14.6	63.6	-	1,125.2	-	1,125.2
-	-	0.2	13.3	-	13.3
1,707.1	1,648.8	162.5	24,140.7	(1,498.2)	22,642.5
245.9	419.8	53.7	5,282.9	(7.0)	5,275.9
0.2	25.4	1.0	663.0	-	663.0
-	143.2	-	143.2	-	143.2
21.8	-	-	21.8	-	21.8
-	-	-	800.0	-	800.0
-	4.8	-	169.6	-	169.6
-	0.9	-	4.4	-	4.4
48.7	165.9	5.0	1,989.7	0.3	1,990.0
316.6	760.0	59.7	9,074.6	(6.7)	9,067.9
67.9	29.8	1.3	2,574.6	-	2,574.6
5.9	0.4	0.5	29.7	-	29.7
35.7	159.9	3.2	1,572.4	3.1	1,575.5
-	293.4	25.9	338.3	-	338.3
1.3	1.3	0.1	25.7	-	25.7
1.7	(7.8)	0.4	28.6	-	28.6

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Airline operations 2013
OTHER INFORMATION AS AT 31 MARCH	
Segment assets	19,216.1
Investments in and loans to associated and joint venture companies	230.6
Long-term investments	628.7
Accrued interest receivable	12.6
Total assets	20,088.0
Segment liabilities	4,686.7
Long-term liabilities	3.9
Provisions	468.7
Finance lease commitments	-
Loans	-
Notes payable	800.0
Defined benefit plans	159.3
Accrued interest payable	7.1
Tax liabilities	1,837.7
Total liabilities	7,963.4
Capital expenditure	1,790.6
Purchase of intangible assets	69.3
Depreciation	1,352.3
Impairment of property, plant and equipment	7.0
Amortisation of intangible assets	19.3
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	38.4

* *Relates to inter-segment transactions eliminated on consolidation. The Group generally accounts for such inter-segment transactions as if these transactions were to third parties at current market prices.*

	Engineering services 2013	Cargo operations 2013	Others 2013	Total of segments 2013	Elimination* 2013	Consolidated 2013
	1,191.1	1,935.3	193.8	22,536.3	(1,503.1)	21,033.2
	427.0	17.6	-	675.2	-	675.2
	14.6	63.6	-	706.9	-	706.9
	-	-	0.2	12.8	-	12.8
	1,632.7	2,016.5	194.0	23,931.2	(1,503.1)	22,428.1
	248.4	253.7	50.5	5,239.3	(5.2)	5,234.1
	-	-	-	3.9	-	3.9
	0.2	24.7	-	493.6	-	493.6
	-	208.4	-	208.4	-	208.4
	5.7	-	-	5.7	-	5.7
	-	-	-	800.0	-	800.0
	-	4.4	-	163.7	-	163.7
	-	1.2	-	8.3	-	8.3
	49.2	216.9	4.2	2,108.0	0.3	2,108.3
	303.5	709.3	54.7	9,030.9	(4.9)	9,026.0
	31.8	51.6	1.4	1,875.4	-	1,875.4
	13.7	0.5	0.1	83.6	-	83.6
	33.2	194.0	6.7	1,586.2	2.9	1,589.1
	-	-	2.8	9.8	-	9.8
	1.7	1.3	0.4	22.7	-	22.7
	(0.8)	(0.8)	0.9	37.7	-	37.7

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

4 Segment Information (in $ million) (continued)

Geographical segments

The following table presents revenue information on airline operations by geographical areas for the financial years ended 31 March 2014 and 2013.

	By area of original sale	
	FY2013/14	FY2012/13
East Asia	5,060.2	4,962.9
Europe	1,428.5	1,352.9
South West Pacific	1,458.5	1,628.9
Americas	718.6	760.1
West Asia and Africa	397.2	436.5
Systemwide	9,063.0	9,141.3
Non-scheduled services and incidental revenue	4,597.3	4,271.3
	13,660.3	13,412.6

5 Staff Costs (in $ million)

	The Group	
	FY2013/14	FY2012/13
Salary, bonuses and other costs	2,167.3	2,181.5
CPF, other defined contributions and defined benefit expense	164.7	166.4
Share-based compensation expense	4.7	5.4
	2,336.7	2,353.3

The Group contributes to several post-employment defined benefit plans for employees at several overseas locations. Employees may contribute in some of these plans and these contributions are matched in varying amounts by the Group. Defined benefit expense for the Group was $18.3 million for FY2013/14 (FY2012/13: $28.6 million). As this is not material to the total staff costs of the Group for FY2013/14 and FY2012/13, additional disclosures of the defined benefit plans are not shown.

5 Staff Costs (in $ million) (continued)

Share-based compensation expense

The Company has in place the Singapore Airlines Limited Employee Share Option Plan ("ESOP"), Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") and the amounts recognised in the profit and loss account for share-based compensation transactions with employees are as follows:

	The Group	
	FY2013/14	FY2012/13
Employee share option scheme	-	0.2
Restricted share plan	3.2	3.4
Performance share plan	1.5	1.8
	4.7	5.4

Details of the plans are described in the following paragraphs:

Share option plans

The ESOP which comprises the Senior Executive Share Option Scheme and the Employee Share Option Scheme for senior executives and all other employees respectively, were approved by shareholders on 8 March 2000 and modified at the Extraordinary General Meetings of the Company held on 14 July 2001, 26 July 2003 and 31 July 2009.

Options were granted for a term no longer than 10 years from the date of grant. The exercise price of the options was the average of the closing prices of the Company's ordinary shares on the SGX-ST for the five market days immediately preceding the date of grant.

Under the Employee Share Option Scheme, options vest two years after the date of grant.

Under the Senior Executive Share Option Scheme, options vest:

(a) one year after the date of grant for 25% of the ordinary shares subject to the options;

(b) two years after the date of grant for an additional 25% of the ordinary shares subject to the options;

(c) three years after the date of grant for an additional 25% of the ordinary shares subject to the options; and

(d) four years after the date of grant for the remaining 25% of the ordinary shares subject to the options.

There are no cash settlement alternatives.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

5 Staff Costs (in $ million) (continued)

Share-based compensation expense (continued)

Share option plans (continued)

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices of, and movements in, the ESOP during the financial year:

	FY2013/14		FY2012/13	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 April	33,731,970	$11.92	37,139,973	$11.77
Cancelled	(1,263,135)	$11.43	(1,695,988)	$11.49
Exercised	(1,658,991)	$7.91	(1,712,015)	$9.14
Balance at 31 March	30,809,844	$12.16	33,731,970	$11.92
Exercisable at 31 March	30,809,844	$12.16	33,731,970	$11.92

The range of exercise prices for options outstanding at the end of the year is $7.69 to $15.71 (FY2012/13: $7.33 to $15.71).

Following the expiry of the share option plans in March 2009, the Company ceased to grant options under ESOP.

The weighted average share price for options exercised during the year was $10.28 (FY2012/13: $10.68). The weighted average remaining contractual life for these options is 2.95 years (FY2012/13: 3.79 years).

Terms of share options outstanding as at 31 March 2014:

Exercisable period	Exercise price	Number outstanding and exercisable
1.7.2005 - 30.6.2014	$7.69	156,078
1.7.2006 - 30.6.2014	$7.69	734,471
1.7.2007 - 30.6.2014	$7.69	307,281
1.7.2008 - 30.6.2014	$7.69	482,575
1.7.2006 - 30.6.2015	$8.27	452,107
1.7.2007 - 30.6.2015	$8.27	2,045,656
1.7.2008 - 30.6.2015	$8.27	720,076
1.7.2009 - 30.6.2015	$8.27	753,570
3.7.2007 - 2.7.2016	$9.59	588,190
3.7.2008 - 2.7.2016	$9.59	3,537,021
3.7.2009 - 2.7.2016	$9.59	748,725
3.7.2010 - 2.7.2016	$9.59	811,927

5 Staff Costs (in $ million) (continued)

Share-based compensation expense (continued)

Share option plans (continued)

Exercisable period	Exercise price	Number outstanding and exercisable
2.7.2008 - 1.7.2017	$15.71	1,122,585
2.7.2009 - 1.7.2017	$15.71	6,784,639
2.7.2010 - 1.7.2017	$15.71	1,124,533
2.7.2011 - 1.7.2017	$15.71	1,117,732
1.7.2009 - 30.6.2018	$12.32	1,024,390
1.7.2010 - 30.6.2018	$12.32	5,883,108
1.7.2011 - 30.6.2018	$12.32	1,185,350
1.7.2012 - 30.6.2018	$12.32	1,229,830
Total number of options outstanding	@	30,809,844

@ *The total number of options outstanding includes:*

(a) *1,554,815 (2013: 5,741,871) share options not exercised by employees who have retired or ceased to be employed by the Company or any of the subsidiary companies by reason of (i) ill health, injury or disability or death; (ii) redundancy; or (iii) any other reason approved in writing by the Board Compensation & Industrial Relations Committee. The said options are exercisable up to the expiration of the applicable exercise period or the period of five years from the date of retirement or cessation of employment, whichever is earlier; and*

(b) *65,978 (2013: 37,792) share options not exercised by employees who have completed their fixed term contracts during the financial year. The said options, if unvested, shall immediately vest and be exercisable from the date of cessation of employment to the date falling one year from the date of cessation of employment.*

Details and terms of the share options granted by SIAEC have been disclosed in the Annual Report of SIAEC.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

5 Staff Costs (in $ million) (continued)

Share-based compensation expense (continued)

Share-based incentive plans

RSP and PSP are share-based incentive plans for senior executives and key Senior Management, which were approved by the shareholders of the Company on 28 July 2005.

The details of the two plans are described below:

	RSP	PSP
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on position and individual performance targets set at the start of a two-year performance period based on medium-term Group and Company objectives.	Award of fully-paid ordinary shares of the Company, conditional on performance targets set at the start of a three-year overlapping performance period based on stretched long-term corporate objectives.
Performance Conditions	At both Company and Group level • EBITDAR# Margin • Value Added per $ Employment Cost	• Absolute Total Shareholder Return (TSR) outperform Cost of Equity (COE) • Relative TSR against selected airline peer index companies
Vesting Condition	Based on meeting stated performance conditions over a two-year performance period, 50% of award will vest. Balance will vest equally over the subsequent two years with fulfillment of service requirements.	Based on meeting stated performance conditions over a three-year performance period.
Payout	0% - 150% depending on the achievement of pre-set performance targets over the performance period.	0% - 200% depending on the achievement of pre-set performance targets over the performance period.

EBITDAR denotes Earnings before Interest, Taxes, Depreciation, Amortisation and Rentals on leased aircraft.

5 Staff Costs (in $ million) (continued)

Share-based compensation expense (continued)

Share-based incentive plans (continued)

Movement of share awards during the financial year

Date of grant	Balance at 1.4.2013/ date of grant	Adjustment*	Vested	Cancelled	Balance at 31.03.2014
	Number of Restricted Shares				
RSP					
29.07.2009	105,132	-	(105,132)	-	-
22.07.2010	219,390	-	(109,722)	(4,312)	105,356
01.07.2011	555,539	(489,509)	(33,375)	(1,070)	31,585
10.07.2012	580,323	-	-	(24,900)	555,423
15.07.2013	654,252	-	-	(19,500)	634,752
	2,114,636	(489,509)	(248,229)	(49,782)	1,327,116

* *Adjustment at the end of two-year performance period upon meeting performance targets and adjustments for number of days in service for retirees.*

Date of grant	Balance at 1.4.2013/ date of grant	Adjustment#	Vested	Cancelled	Balance at 31.03.2014
	Number of Performance Shares				
PSP					
22.07.2010	156,117	(139,287)	(16,830)	-	-
01.07.2011	153,999	-	-	(8,473)	145,526
10.07.2012	181,213	-	-	(12,000)	169,213
15.07.2013	234,900	-	-	(12,000)	222,900
	726,229	(139,287)	(16,830)	(32,473)	537,639

Adjustment at the end of three-year performance period upon meeting performance targets and adjustment for number of days in service for retirees.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

5 Staff Costs (in $ million) (continued)

Share-based compensation expense (continued)

Share-based incentive plans (continued)

Fair value of share awards granted

The fair value of services received in return for shares awarded is measured by reference to the fair value of shares granted each year under the RSP and PSP. The estimate of the fair value of the services received is measured based on a Monte Carlo simulation model, which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns.

The following table lists the key inputs to the model used for the July 2013 and July 2012 awards:

	July 2013 Award		July 2012 Award	
	RSP	PSP	RSP	PSP
Expected dividend yield (%)	Management's forecast in line with dividend policy			
Expected volatility (%)	19.35 – 21.01	19.35	21.51 – 27.43	21.51
Risk-free interest rate (%)	0.19 – 0.72	0.35	0.17 – 0.25	0.23
Expected term (years)	2.0 – 4.0	3.0	2.0 – 4.0	3.0
Share price at date of grant ($)	10.26	10.26	10.55	10.55

For non-market conditions, achievement factors are determined based on inputs from the Board Compensation & Industrial Relations Committee for the purpose of accrual for the RSP until the achievement of the targets can be accurately ascertained.

Based on the Monte Carlo simulation model, the estimated fair value at date of grant for each share granted under the RSP ranges from $8.67 to $9.45 (2013: $8.86 to $9.69) and the estimated fair value at date of grant for each share granted under the PSP is $7.82 (2013: $9.35).

When estimating the fair value of the compensation cost, market-based performance conditions shall be taken into account. Therefore, for performance share grants with market-based performance conditions, the compensation cost shall be charged to the profit and loss account on a basis that fairly reflects the manner in which the benefits will accrue to the employee under the plan over the remaining service period from date of grant to which the performance period relates, irrespective of whether this performance condition is satisfied.

For performance share grants with non-market conditions, the Group revises its estimates of the number of share grants expected to vest and corresponding adjustments are made to the profit and loss account and share-based compensation reserve.

Under the PSP, eligible key Senior Management are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

The number of contingent shares granted but not released as at 31 March 2014, were 1,327,116 (2013: 1,460,384) and 537,639 (2013: 491,329) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 1,922,204 (2013: 2,028,315) and 1,075,278 (2013: 982,658) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

Details and terms of the SIAEC RSP and SIAEC PSP have been disclosed in the Annual Report of SIAEC.

5 Staff Costs (in $ million) (continued)

Share-based compensation expense (continued)

Share-based incentive plans (continued)

Time-based RSP

In FY2010/11, the Board Compensation & Industrial Relations Committee approved a special time-based RSP awarded to Senior Management. This one-off grant of time-based RSP shares will be issued on the vesting dates.

For retirees, 50% of the shares will vest on the retirement date and the remaining 50% one year after the retirement date. For employees still in service, 50% of the shares will vest in 2013 and the balance will vest equally in 2014 and 2015.

The fair value of the time-based share awards is the market price of the shares at the date of grant discounted by the expected future dividend yield over the vesting period.

Movement of time-based share awards during the financial year

	Number of Time-based Restricted Shares			
Date of grant	Balance at 1.4.2013	Vested	Cancelled	Balance at 31.03.2014
Time-based RSP				
07.05.2010	439,551	(206,539)	(18,535)	214,477

The number of time-based restricted shares granted but not released as at 31 March 2014 was 214,477 (2013: 439,551).

Deferred Share Award

During the year, a one-off grant of Deferred Share Award of fully paid ordinary shares was granted to Senior Management. At the end of a 3-year vesting period, an additional final award will be vested equal to the Base Award multiplied by the accumulated dividend yield (based on the sum of SIA share dividend yields declared with ex-dividend dates occurring during the vesting period). 100% of the shares will vest in 2016.

The fair value of services received in return for shares awarded is measured by reference to the fair value of shares granted each year. The estimate of the fair value of the services received is measured based on a Monte Carlo simulation model, which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns.

	Number of Deferred Share Award		
Date of grant	Balance at 1.4.2013/ date of grant	Cancelled	Balance at 31.03.2014
DSA			
04.09.2013	161,800	(10,980)	150,820

The number of deferred share award granted but not released as at 31 March 2014 was 150,820 (2013: nil).

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6 Operating Profit (in $ million)

Operating profit for the financial year was arrived at after charging/(crediting):

	The Group	
	FY2013/14	FY2012/13
Compensation for changes in aircraft delivery slots	(125.8)	-
Interest income from short-term investments	(0.7)	(0.7)
Dividend income from short-term investments	(0.9)	(1.0)
(Surplus)/Loss on disposal of short-term investments	(0.6)	1.1
Income from operating lease of aircraft	(73.3)	(92.2)
Amortisation of deferred (gain)/loss on sale and operating leaseback transactions	(12.6)	3.3
Bad debts written off	0.4	0.5
Impairment/(Write-back of impairment) of trade debtors	1.1	(8.8)
Remuneration for auditors of the Company		
Audit fees	1.6	1.5
Non-audit fees	0.7	0.5
Exchange loss, net	74.5	82.5
Currency hedging gain	(50.5)	(29.4)
Fuel hedging gain recognised in "Fuel costs"	(74.2)	(33.8)
Ineffectiveness of fuel hedging contracts recognised in "Fuel Costs"	(13.2)	-

7 Finance Charges (in $ million)

	The Group	
	FY2013/14	FY2012/13
Notes payable	22.5	22.5
Other receivables measured at amortised cost	7.8	10.1
Finance lease commitments	3.3	6.1
Realised loss on interest rate swap contracts accounted as cash flow hedges	3.4	4.6
Fair value gain on interest rate swap contracts accounted as fair value through profit or loss	(0.6)	(1.2)
Commitment fees	0.9	0.6
	37.3	42.7

8 Interest Income (in $ million)

	The Group	
	FY2013/14	FY2012/13
Interest income from fixed deposits and investments	49.6	40.1
Amortised interest income from other receivables	12.6	12.7
Others	0.5	9.7
	62.7	62.5

9 Other Non-Operating Items (in $ million)

	The Group	
	FY2013/14	FY2012/13
Surplus on disposal of other property, plant and equipment	1.7	0.6
Gain on liquidation of a subsidiary company	0.2	-
Gain on disposal of an associated company	-	8.3
Dividends from an associated company	-	2.7
Recognition of liquidated damages	-	0.3
	1.9	11.9

10 Exceptional Items (in $ million)

	The Group	
	FY2013/14	FY2012/13
Gain on divestment of an associated company	371.5	-
Impairment of freighters	(293.4)	-
Impairment of property, plant and equipment of Singapore Flying College	(29.4)	-
Provision for penalties and costs incurred by Singapore Airlines Cargo	(87.0)	(19.9)
	(38.3)	(19.9)

During the financial year, the Company completed the sale of its 49% stake in Virgin Atlantic Limited for a consideration of USD361.0 million ($455.3 million). Under the equity method, the Group has previously accounted for $116.6 million in the reserves, which have been offset against the net sales proceeds (after certain post-closing adjustments) of $488.1 million, resulting in a gain of $371.5 million.

Singapore Airlines Cargo ("SIA Cargo") recorded an impairment loss of $293.4 million on four surplus freighters that have been removed from the operating fleet.

Singapore Flying College ("SFC") recognised an impairment loss of $29.4 million on their assets, with the impending closure of the college's operations in Maroochydore, Australia. Please refer to Note 21 for more details on the impairment losses.

The provision for penalties and costs of $87.0 million pertained to provision for settlements between SIA Cargo and the plaintiffs in the United States air cargo class action for USD62.8 million ($78.3 million) and the plaintiffs in the Australian air cargo class action for AUD5.6 million ($6.4 million), as well as penalties and costs of CHF1.7 million ($2.3 million) imposed by the Swiss Competition Commission in respect of the air cargo issues. The United States and Australian class action settlements are subject to the respective Courts' approvals. As for the Swiss Competition Commission decision, SIA Cargo and the Company have filed an appeal to the Swiss Federal Administrative Tribunal seeking its annulment.

During the previous financial year, SIA Cargo confirmed its acceptance of settlement agreements with the Australian Competition and Consumer Commission for an amount of AUD12.2 million ($15.5 million) and the New Zealand Commerce Commission for an amount of NZD4.4 million ($4.4 million). The penalties and costs were recommended by the parties and endorsed by the respective Courts, bringing the Commissions' air cargo investigations and proceedings in Australia and New Zealand to a close for SIA Cargo.

11 Taxation (in $ million)

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2014 and 2013 are:

	The Group	
	FY2013/14	FY2012/13
Current taxation		
Provision for the year	164.9	122.9
Overprovision in respect of prior years	(43.2)	(6.8)
	121.7	116.1
Deferred taxation		
Movement in temporary differences	(144.2)	(62.9)
Overprovision in respect of prior years	(34.0)	(25.2)
	(178.2)	(88.1)
	(56.5)	28.0

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11 Taxation (in $ million) (continued)

Deferred taxation related to other comprehensive income:

	The Group	
	FY2013/14	FY2012/13
Available-for-sale financial assets	(0.9)	1.1
Cash flow hedges	4.3	1.5
Actuarial loss on revaluation of defined benefit plans	(0.2)	(0.9)
	3.2	1.7

The Group has tax losses (of which no deferred tax asset has been recognised) of approximately $43.8 million (2013: $56.0 million) that are available for offset against future taxable profits of the companies. This is due to the uncertainty of the recoverability of the deferred tax asset. The use of the tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

A reconciliation between taxation expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 March is as follows:

	The Group	
	FY2013/14	FY2012/13
Profit before taxation	367.9	469.6
Less: Share of profits of associated and joint venture companies	(48.8)	(145.3)
	319.1	324.3
Taxation at statutory corporate tax rate of 17.0%	54.2	55.1
Adjustments		
Income not subject to tax	(76.5)	(29.4)
Expenses not deductible for tax purposes	35.5	26.0
Higher effective tax rates of other countries	8.4	9.7
Overprovision in respect of prior years, net	(77.2)	(32.0)
Income subject to concessionary tax rate	(1.0)	(1.0)
Tax benefit not recognised	1.0	0.7
Others	(0.9)	(1.1)
Taxation	(56.5)	28.0

12 Earnings Per Share

	The Group			
	FY2013/14		FY2012/13	
	Basic	Diluted	Basic	Diluted
Profit attributable to owners of the Parent (in $ million)	359.5	359.5	378.9	378.9
Adjustment for dilutive potential ordinary shares of subsidiary companies (in $ million)	-	(1.7)	-	(1.8)
Adjusted net profit attributable to owners of the Parent (in $ million)	359.5	357.8	378.9	377.1
Weighted average number of ordinary shares in issue (in million)	1,176.7	1,176.7	1,175.1	1,175.1
Adjustment for dilutive potential ordinary shares (in million)	-	5.0	-	6.1
Weighted average number of ordinary shares in issue used for computing earnings per share (in million)	1,176.7	1,181.7	1,175.1	1,181.2
Earnings per share (cents)	30.6	30.3	32.2	31.9

12 Earnings Per Share (continued)

Basic earnings per share is calculated by dividing the profit attributable to owners of the Parent by the weighted average number of ordinary shares in issue during the financial year.

For purposes of calculating diluted earnings per share, the profit attributable to owners of the Parent is adjusted to take into account effects of dilutive potential ordinary shares of subsidiary companies and the weighted average number of ordinary shares of the Company in issue is adjusted to take into account effects of dilutive options of the Company.

19.8 million (FY2012/13: 20.5 million) of the share options granted to employees under the existing employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current and previous years presented.

13 Dividends Paid and Proposed (in $ million)

	The Group and the Company	
	FY2013/14	FY2012/13
Dividends paid:		
Final dividend of 17.0 cents per share tax exempt (one-tier) in respect of FY2012/13 (FY2012/13: 10.0 cents per share tax exempt [one-tier] in respect of FY2011/12)	200.1	117.5
Interim dividend of 10.0 cents per share tax exempt (one-tier) in respect of FY2013/14 (FY2012/13: 6.0 cents per share tax exempt [one-tier] in respect of FY2012/13)	117.7	70.5
	317.8	188.0

The Directors propose that a final tax exempt (one-tier) dividend of 11.0 cents per share (FY2012/13: final tax exempt [one-tier] dividend of 17.0 cents per share) and a special tax exempt (one-tier) dividend of 25.0 cents per share (FY2012/13: nil) amounting to $129.4 million (FY2012/13: $200.1 million) and $294.0 million (FY2012/13: nil) respectively be paid for the financial year ended 31 March 2014.

14 Share Capital (in $ million)

	The Group and the Company			
	Number of shares		Amount	
	2014	2013	2014	2013
Issued and fully paid share capital				
Ordinary shares				
Balance at 1 April and 31 March	1,199,851,018	1,199,851,018	1,856.1	1,856.1
Special share				
Balance at 1 April and 31 March	1	1	#	#

The value is $0.50

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14 Share Capital (in $ million) (continued)

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares, which have no par value, carry one vote per share without restriction.

The Company's ability to operate its existing route network and flight frequency is derived solely from and dependent entirely on the Air Service Agreements ("ASAs") concluded between the Government of Singapore and the governments of other countries. ASAs are therefore critical to the Company's operations. In almost all the ASAs, it is a condition that the Company must at all times be "effectively controlled" and "substantially owned" by Singapore nationals for the tenure of the respective ASAs.

In order to comply with the above requirement, one non-tradeable Special Share was issued to the Ministry of Finance. The Special Share enjoys all the rights attached to ordinary shares. In addition, pursuant to Article 3A of the Articles of Association, no resolution may be passed on certain matters without prior written approval of the Special Member.

The Company can also issue non-tradeable redeemable cumulative preference shares, which carry full voting rights ("ASA shares"). When issued, the ASA shares will be paid at $0.01 each and will carry equal voting rights as those of ordinary shares. These shares will be issued only when the Directors determine that the Company's operating rights under any of the ASAs are threatened by reason of the nationality of the majority shareholders.

During the financial year, the Company did not issue any shares (FY2012/13: nil) upon exercise of options granted under the ESOP. Neither were shares (FY2012/13: nil) issued for RSP and PSP.

15 Treasury Shares (in $ million)

	The Group and the Company 31 March	
	2014	2013
Balance at 1 April	(269.8)	(258.4)
Purchase of treasury shares	(16.0)	(37.7)
Treasury shares reissued pursuant to equity compensation plans:		
- For cash on exercise of employee share options	13.2	15.6
- Transferred from share-based compensation reserve	10.7	9.4
- (Gain)/Loss on reissuance of treasury shares	(0.3)	1.3
	23.6	26.3
Balance at 31 March	(262.2)	(269.8)

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

During the financial year, the Company purchased 1,560,000 (FY2012/13: 3,655,000) of its ordinary shares by way of on-market purchases at share prices ranging from $10.17 to $10.44 (FY2012/13: $10.20 to $10.77). The total amount paid to purchase the shares was $16.0 million (FY2012/13: $37.7 million) and this is presented as a component within equity attributable to owners of the Parent.

The Company reissued 1,658,991 (FY2012/13: 1,712,015) treasury shares pursuant to its employee share option plans at a weighted average exercise price of $7.91 (2013: $9.14) each. In addition, 248,229 (FY2012/13: 471,915) shares, 16,830 (FY2012/13: 189,880) shares and 206,539 (FY2012/13: 5,295) shares were reissued pursuant to the RSP, PSP and time-based RSP respectively. The number of treasury shares as at 31 March 2014 was 23,784,800 (2013: 24,355,389).

Where the consideration paid by the Company for the purchase or acquisition of treasury shares is made out of revenue reserves, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

16 Other Reserves (in $ million)

	The Group 31 March 2014	The Group 31 March 2013	The Company 31 March 2014	The Company 31 March 2013
Capital reserve	123.7	110.3	(9.1)	(9.4)
Foreign currency translation reserve	(101.5)	(191.8)	-	-
Share-based compensation reserve	134.5	151.7	113.6	124.5
Fair value reserve	(40.4)	(27.1)	(51.5)	2.9
General reserve	11,527.0	11,460.1	10,465.2	10,241.2
	11,643.3	11,503.2	10,518.2	10,359.2

(a) Capital reserve

Capital reserve mainly arises from the revaluation of land and buildings owned by RCMS Properties Private Limited, an associated company, and the gains or losses on the reissuance of treasury shares.

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Share-based compensation reserve

Share-based compensation reserve represents the equity-settled share options and awards granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options and awards.

(d) Fair value reserve

Fair value reserve records the cumulative fair value changes of available-for-sale financial assets and the portion of the fair value changes (net of tax) on derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be an effective hedge.

Fair value changes of available-for-sale financial assets:

	The Group 31 March 2014	The Group 31 March 2013	The Company 31 March 2014	The Company 31 March 2013
Balance at 1 April	5.0	0.8	1.9	(0.3)
Net (loss)/gain on fair value changes	(71.9)	4.2	(70.8)	2.2
Balance at 31 March	(66.9)	5.0	(68.9)	1.9
(Loss)/Gain on fair value changes	(71.2)	3.0	(70.8)	2.1
Recognised in the profit and loss account on disposal of available-for-sale investments	(0.7)	1.2	-	0.1
	(71.9)	4.2	(70.8)	2.2

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16 Other Reserves (in $ million) (continued)

(d) Fair value reserve (continued)

Fair value changes of derivative financial instruments designated as hedging instruments in cash flow hedges:

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Balance at 1 April	(32.1)	(48.4)	1.0	(9.5)
Net gain on fair value changes	58.6	16.3	16.4	10.5
Balance at 31 March	26.5	(32.1)	17.4	1.0
Gain on fair value changes	119.2	55.5	104.9	41.5
Share of associated companies' net loss on fair value reserve	(1.2)	(1.0)	-	-
Disposal of an associated company	39.0	-	-	-
Recognised in the carrying value of non-financial assets on occurrence of capital expenditure commitments	(11.4)	1.2	(11.4)	1.2
Recognised in the profit and loss account on occurrence of:				
Fuel hedging contracts recognised in "Fuel costs"	(62.1)	(28.2)	(50.3)	(23.0)
Foreign currency contracts recognised in "Other operating expenses"	(28.3)	(15.8)	(26.8)	(9.2)
Interest rate swap contracts recognised in "Finance charges"	3.4	4.6	-	-
	58.6	16.3	16.4	10.5
Total fair value reserve	(40.4)	(27.1)	(51.5)	2.9

(e) General reserve

General reserve comprises mainly retained earnings of the Group and the Company. Movements in the Group's and the Company's general reserves are set out in the Statement of Changes in Equity respectively.

17 Deferred Account (in $ million)

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Deferred gain/(loss) on sale and leaseback transactions				
- operating leases	7.7	14.0	10.4	21.3
- finance leases	7.6	10.1	-	-
	15.3	24.1	10.4	21.3
Deferred credit	202.7	106.5	202.7	106.5
	218.0	130.6	213.1	127.8
Presented as:				
- Non-current assets	(8.4)	(16.1)	-	-
- Non-current liabilities	226.4	146.7	213.1	127.8
	218.0	130.6	213.1	127.8

18 Deferred Taxation (in $ million)

	The Group				The Company	
	Statement of financial position 31 March		Profit and loss		Statement of financial position 31 March	
	2014	2013	FY2013/14	FY2012/13	2014	2013
The deferred taxation arises as a result of:						
Deferred tax liabilities						
Differences in depreciation	1,827.0	1,919.8	(92.8)	(61.3)	1,523.0	1,575.0
Revaluation of fuel hedging contracts to fair value	15.1	8.6	-	-	13.0	7.4
Revaluation of currency hedging contracts to fair value	2.0	3.7	-	-	1.9	2.5
Revaluation of available-for-sale financial assets to fair value	0.4	1.3	-	-	-	0.6
Other temporary differences	52.9	90.9	(38.0)	(22.1)	48.5	85.6
Gross deferred tax liabilities	1,897.4	2,024.3	(130.8)	(83.4)	1,586.4	1,671.1
Deferred tax assets						
Unabsorbed capital allowances and tax losses	(26.6)	(13.0)	(29.3)	(12.9)	-	-
Revaluation of fuel hedging contracts to fair value	(1.2)	(1.1)	-	-	(1.0)	(0.9)
Revaluation of currency hedging contracts to fair value	(5.5)	(3.2)	-	-	(4.7)	(2.7)
Revaluation of interest rate cap contracts to fair value	(5.3)	(7.2)	-	-	(5.3)	(7.2)
Actuarial loss on revaluation of defined benefit plans	(3.3)	(3.1)	-	-	(2.8)	(2.7)
Other deferred tax assets	(66.6)	(48.5)	(18.1)	8.2	(56.4)	(39.0)
Gross deferred tax assets	(108.5)	(76.1)	(47.4)	(4.7)	(70.2)	(52.5)
Net deferred tax liabilities	1,788.9	1,948.2			1,516.2	1,618.6
Deferred tax credited to profit and loss			(178.2)	(88.1)		
Deferred tax charged to equity	3.2	1.7			4.1	1.3

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19 Long-Term Liabilities (in $ million)

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Notes payable				
Non-current	800.0	800.0	800.0	800.0
Loans				
Current	8.2	5.7	-	-
Non-current	13.6	-	-	-
	21.8	5.7	-	-
Finance lease commitments				
Current	52.5	67.8	-	-
Non-current	90.7	140.6	-	-
	143.2	208.4	-	-
Maintenance reserve				
Current	10.6	4.3	10.6	4.3
Non-current	-	3.9	-	3.9
	10.6	8.2	10.6	8.2
Total long-term liabilities	904.3	944.5	800.0	803.9

Notes payable

Notes payable at 31 March 2014 comprise unsecured notes and bonds issued by the Company.

$500 million fixed rate notes due 2020 ("Series 001 Notes") bear fixed interest at 3.22% per annum and are repayable on 9 July 2020. The fair value of notes payable amounted to $507.9 million as at 31 March 2014 (2013: $513.4 million) for the Company.

$300 million bonds bear fixed interest at 2.15% per annum and are repayable on 30 September 2015. The fair value of notes payable amounted to $305.9 million as at 31 March 2014 (2013: $306.8 million) for the Company.

Loans

The short-term loan is a revolving credit facility denominated in USD taken by a subsidiary company. The loan is unsecured and bears a fixed interest at 2.50% (FY2012/13: 2.30%) per annum. The current revolving credit facility shall be repayable within 12-months after the reporting date.

The long-term loan denominated in USD taken by a subsidiary company is unsecured and bears an average floating rate of 1.47% per annum (FY2012/13: nil), re-priced quarterly. This loan is repayable by 29 April 2022.

The fair value of the loans amounted to $22.8 million as at 31 March 2014 (2013: $5.7 million).

Finance lease commitments

SIA Cargo holds four B747-400 freighters under finance leases, which mature between 2015 and 2018, without any options for renewal. Three leases have options for SIA Cargo to purchase the aircraft at the end of the lease period of 12 years. The fourth lease has an option for SIA Cargo to purchase the aircraft at the end of the 15^{th} year of the lease period. Sub-leasing is allowed under the lease agreements.

Interest on three of SIA Cargo's finance lease commitments are charged at a margin above the London Interbank Offered Rate ("LIBOR"). These ranged from 0.27% to 1.12% (FY2012/13: 0.34% to 1.41%) per annum. The interest rate on the fourth finance lease commitment is fixed at 5.81% (FY2012/13: 5.81%) per annum.

19 Long-Term Liabilities (in $ million) (continued)

Finance lease commitments (continued)

The net carrying amounts approximate the fair value as the interest rate approximates the market rate.

SIA Cargo continues to remain the primary obligor under the lease agreements, and as such, there are unpaid lease commitments of $79.1 million (2013: $77.9 million) as at 31 March 2014. Out of this, $66.4 million (2013: $61.9 million) are covered by funds placed with financial institutions under defeasance to provide for payments due at time of exercise of purchase option at the end of the 15th year of the lease period. The funds placed with financial institutions are expected to generate interest in order to meet the obligation at time of maturity. These arrangements have not been included in the financial statements.

Future minimum lease payments under these finance leases are as follows:

	The Group 31 March			
	2014		2013	
	Minimum Lease Payments	Present Value of Payments	Minimum Lease Payments	Present Value of Payments
Not later than one year	57.0	52.5	72.4	67.8
Later than one year but not later than five years	96.9	90.7	151.3	140.6
Total minimum lease payments	153.9	143.2	223.7	208.4
Amounts representing interest	(10.7)	-	(15.3)	-
Present value of minimum lease payments	143.2	143.2	208.4	208.4

20 Provisions (in $ million)

Included are provisions for warranty claims, upgrade costs, return costs for leased aircraft and lease end liability. It is expected that the return costs will be incurred by the end of the lease terms.

An analysis of the provisions is as follows:

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Balance at 1 April	493.6	353.9	441.3	294.2
Provision during the year	183.7	181.8	170.7	172.8
Provision utilised during the year	(8.2)	(28.5)	(7.8)	(12.9)
Provision written back during the year	(6.1)	(13.6)	(4.4)	(12.8)
Balance at 31 March	663.0	493.6	599.8	441.3
Current	75.7	72.3	44.0	65.2
Non-current	587.3	421.3	555.8	376.1
	663.0	493.6	599.8	441.3

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

21 Property, Plant and Equipment (in $ million)

The Group

	Aircraft	Aircraft spares	Aircraft spare engines
Cost			
At 1 April 2012	19,229.2	614.8	305.1
Additions	212.7	28.2	8.8
Transfers	1,379.1	0.3	(59.0)
Disposals	(1,676.7)	(31.0)	(56.8)
Exchange differences	-	-	-
At 31 March 2013	19,144.3	612.3	198.1
Additions	95.5	38.2	0.4
Transfers	1,616.9	0.7	33.8
Disposals	(2,108.3)	(112.2)	(40.0)
Exchange differences	-	0.1	-
At 31 March 2014	18,748.4	539.1	192.3
Accumulated depreciation and impairment loss			
At 1 April 2012	8,205.0	349.1	211.5
Depreciation	1,445.6	28.1	19.9
Impairment loss	9.2	-	-
Transfers	56.4	(0.3)	(59.9)
Disposals	(1,118.0)	(19.5)	(48.0)
Exchange differences	-	-	-
At 31 March 2013	8,598.2	357.4	123.5
Depreciation	1,448.1	29.4	11.7
Impairment loss	310.7	9.9	-
Transfers	3.5	-	(3.5)
Disposals	(1,400.5)	(89.8)	(19.6)
Exchange differences	-	-	-
At 31 March 2014	8,960.0	306.9	112.1
Net book value			
At 31 March 2013	10,546.1	254.9	74.6
At 31 March 2014	9,788.4	232.2	80.2

	Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
	15.7	148.7	617.6	724.4	277.4	1,502.4	23,435.3
	-	-	0.6	11.6	2.2	1,632.4	1,896.5
	-	-	8.9	84.8	3.3	(1,417.4)	-
	-	(0.3)	-	(33.2)	(11.0)	-	(1,809.0)
	-	-	(0.2)	-	-	-	(0.2)
	15.7	148.4	626.9	787.6	271.9	1,717.4	23,522.6
	-	-	0.5	30.7	7.4	2,420.3	2,593.0
	-	-	3.6	28.4	13.8	(1,697.2)	-
	-	(1.0)	(9.4)	(11.4)	(25.0)	-	(2,307.3)
	-	-	0.3	(0.6)	-	0.2	-
	15.7	147.4	621.9	834.7	268.1	2,440.7	23,808.3
	-	113.1	416.9	523.2	235.1	-	10,053.9
	-	4.1	14.8	51.0	25.6	-	1,589.1
	-	-	-	0.6	-	-	9.8
	-	-	-	3.8	-	-	-
	-	(0.3)	-	(31.4)	(11.0)	-	(1,228.2)
	-	-	(0.1)	0.1	-	-	-
	-	116.9	431.6	547.3	249.7	-	10,424.6
	-	3.9	12.1	57.2	13.1	-	1,575.5
	-	-	4.0	13.7	-	-	338.3
	-	-	-	(0.1)	0.1	-	-
	-	(1.0)	(9.4)	(11.3)	(24.9)	-	(1,556.5)
	-	-	-	(0.3)	-	-	(0.3)
	-	119.8	438.3	606.5	238.0	-	10,781.6
	15.7	31.5	195.3	240.3	22.2	1,717.4	13,098.0
	15.7	27.6	183.6	228.2	30.1	2,440.7	13,026.7

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

21 Property, Plant and Equipment (in $ million) (continued)

The Company

	Aircraft	Aircraft spares	Aircraft spare engines
Cost			
At 1 April 2012	15,610.0	448.2	187.7
Additions	123.9	14.1	-
Transfers	1,264.7	-	(70.2)
Disposals	(1,638.2)	(24.2)	(45.2)
At 31 March 2013	15,360.4	438.1	72.3
Additions	101.5	8.8	-
Transfers	1,280.4	-	17.9
Disposals	(1,838.0)	(110.8)	(40.0)
At 31 March 2014	14,904.3	336.1	50.2
Accumulated depreciation and impairment loss			
At 1 April 2012	6,624.5	280.6	116.9
Depreciation	1,175.3	17.2	12.5
Impairment loss	7.0	-	-
Transfers	56.0	-	(59.8)
Disposals	(1,056.3)	(13.4)	(36.5)
At 31 March 2013	6,806.5	284.4	33.1
Depreciation	1,192.6	17.0	4.7
Impairment loss	9.0	10.0	-
Transfers	3.5	-	(3.5)
Disposals	(1,335.9)	(89.3)	(19.6)
At 31 March 2014	6,675.7	222.1	14.7
Net book value			
At 31 March 2013	8,553.9	153.7	39.2
At 31 March 2014	8,228.6	114.0	35.5

	Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
	15.7	148.7	341.7	392.2	228.8	1,350.2	18,723.2
	-	-	-	0.6	1.0	1,311.0	1,450.6
	-	-	-	80.6	1.3	(1,276.4)	-
	-	(0.3)	-	(15.3)	(8.5)	-	(1,731.7)
	15.7	148.4	341.7	458.1	222.6	1,384.8	18,442.1
	-	-	-	8.0	5.4	1,570.5	1,694.2
	-	-	-	27.1	7.2	(1,332.6)	-
	-	(1.0)	(9.4)	(2.2)	(22.3)	-	(2,023.7)
	15.7	147.4	332.3	491.0	212.9	1,622.7	18,112.6
	-	113.1	313.6	252.1	194.1	-	7,894.9
	-	4.1	4.6	35.2	22.1	-	1,271.0
	-	-	-	-	-	-	7.0
	-	-	-	3.8	-	-	-
	-	(0.3)	-	(15.1)	(8.5)	-	(1,130.1)
	-	116.9	318.2	276.0	207.7	-	8,042.8
	-	3.9	1.9	42.0	9.5	-	1,271.6
	-	-	-	-	-	-	19.0
	-	-	-	(0.1)	0.1	-	-
	-	(1.0)	(9.4)	(2.2)	(22.3)	-	(1,479.7)
	-	119.8	310.7	315.7	195.0	-	7,853.7
	15.7	31.5	23.5	182.1	14.9	1,384.8	10,399.3
	15.7	27.6	21.6	175.3	17.9	1,622.7	10,258.9

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

21 Property, Plant and Equipment (in $ million) (continued)

Assets held under finance leases

	The Group 31 March 2014	2013
Net book value of property, plant and equipment acquired under finance leases:		
- aircraft	499.3	557.6
- plant and equipment	0.1	0.1
	499.4	557.7

Advance and progress payments comprise mainly purchases of aircraft and related equipment.

Asset held as security

SilkAir (Singapore) Private Limited's ("SilkAir") spare engine with a carrying amount of $15.8 million is pledged as security for the amounts owed to the original equipment manufacturer and service credits issued to the SilkAir.

Impairment of aircraft

During the year, four Boeing 747-400 freighters were removed from the operating fleet. As a result, a review of the recoverable amount was carried out and an impairment loss of $293.4 million was recognised in profit or loss. The recoverable amount was based on the estimated disposal value. This amount has been recognised as an exceptional item (Note 10) during the year.

Impairment of other property, plant and equipment

During the financial year, SFC ceased operations in one of its training locations. The aircraft, simulators and leasehold building values were tested for impairment and the estimated recoverable amount of these assets was lower than the carrying value. The recoverable amount was based on the estimated disposal value. Given this, an exceptional item $29.4 million (Note 10), comprising $24.7 million impairment of assets and $4.7 million of provision, was recognised in the profit or loss during the year.

22 Intangible Assets (in $ million)

The Group

	Computer software and others	Deferred engine development cost	Advance and progress payments	Total
Cost				
At 1 April 2012	376.0	34.4	74.9	485.3
Additions	44.8	12.4	26.4	83.6
Disposals	(8.7)	-	-	(8.7)
Transfers	60.1	(0.3)	(59.8)	-
Exchange differences	-	(0.6)	-	(0.6)
At 31 March 2013	472.2	45.9	41.5	559.6
Additions	11.7	3.5	14.8	30.0
Disposals	(23.4)	-	-	(23.4)
Transfers	48.2	-	(48.2)	-
Exchange differences	-	0.6	-	0.6
At 31 March 2014	508.7	50.0	8.1	566.8

22 Intangible Assets (in $ million) (continued)

The Group (continued)

	Computer software and others	Deferred engine development cost	Advance and progress payments	Total
Accumulated amortisation				
At 1 April 2012	327.0	-	-	327.0
Amortisation	22.7	-	-	22.7
Disposals	(8.6)	-	-	(8.6)
At 31 March 2013	341.1	-	-	341.1
Amortisation	25.7	-	-	25.7
Disposals	(23.4)	-	-	(23.4)
At 31 March 2014	343.4	-	-	343.4
Net book value				
At 31 March 2013	131.1	45.9	41.5	218.5
At 31 March 2014	165.3	50.0	8.1	223.4

The Company

	Computer software and others	Advance and progress payments	Total
Cost			
At 1 April 2012	292.7	71.5	364.2
Additions	42.9	22.7	65.6
Transfers	54.7	(54.7)	-
Disposals	(4.8)	-	(4.8)
At 31 March 2013	385.5	39.5	425.0
Additions	9.8	10.2	20.0
Transfers	44.5	(44.5)	-
Disposals	(13.6)	-	(13.6)
At 31 March 2014	426.2	5.2	431.4
Accumulated amortisation			
At 1 April 2012	253.0	-	253.0
Amortisation	17.8	-	17.8
Disposals	(4.8)	-	(4.8)
At 31 March 2013	266.0	-	266.0
Amortisation	21.1	-	21.1
Disposals	(13.6)	-	(13.6)
At 31 March 2014	273.5	-	273.5
Net book value			
At 31 March 2013	119.5	39.5	159.0
At 31 March 2014	152.7	5.2	157.9

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

22 Intangible Assets (in $ million) (continued)

Impairment testing of landing slots

The carrying value of the landing slots classified under "others" is assessed for impairment annually as the landing slots have indefinite useful life. The recoverable amount of the landing slots has been determined based on value-in-use calculations using 8-year cash flow projection approved by Management. A reasonable change to the assumptions used by Management to determine the impairment required, particularly the discount rate and long-term growth rate, would not significantly affect the results.

Impairment testing of deferred engine development costs

This relates to the Group's share of engine development payments made in connection with its participation in aircraft engine development projects with other companies. As the intangible asset is not yet available for use, an impairment test has been performed.

The recoverable amount of the cash-generating unit (the aircraft engine development project) has been determined based on value in use calculations using cash flow projections from business plan approved by Management for the next 48 years. The pre-tax discount rate applied to cash flow projections is 8%.

The calculations of value in use are most sensitive to the following assumptions:

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to the cash-generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and derived from its weighted average cost of capital ("WACC").

Number of engines – Number of engines represent the projected number of aircraft engines expected to be sold upon completion of the engine development. Projected engine sale is based on current aircraft orders and expectation of the market development.

A reasonable change to the assumptions used by Management to determine the impairment required, particularly the discount rate and growth rate, would not significantly affect the results.

23 Subsidiary Companies (in $ million)

	The Company 31 March	
	2014	2013
Investment in subsidiary companies (at cost)		
Quoted equity investments	#	#
Unquoted equity investments	2,031.4	2,055.4
	2,031.4	2,055.4
Accumulated impairment loss	(9.8)	(25.3)
	2,021.6	2,030.1
Loans to a subsidiary company	420.5	-
Market value of quoted equity investments	4,210.8	4,123.8

The value is $1.

23 Subsidiary Companies (in $ million) (continued)

During the financial year:

1. SIAEC invested an additional of $0.5 million and $3.4 million in NexGen Network (1) Holding Pte Ltd ("NGN1") and NexGen Network (2) Holding Pte Ltd ("NGN2") respectively, in accordance to the agreement.
2. The Company completed the liquidation of SIA Properties (Pte) Ltd ("SIAP").
3. The Company extended two unsecured loans to a subsidiary company that are due for repayment one year from the date of drawdown. Interest on these loans are computed using SGD Swap-offer rates plus an agreed margin. The loans are denominated in SGD and interest rates ranged from 1.38% to 1.40% per annum. Net carrying amount of the loans approximate the fair value as interest rates implicit in the loans approximate market interest rate.

(a) Composition of the Group

The subsidiary companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2014	2013
SIA Engineering Company Limited	Engineering services	Singapore	78.0	78.6
Aircraft Maintenance Services Australia Pty Ltd[(1)*]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Australia	78.0	78.6
NexGen Network (1) Holding Pte Ltd[(1)]	Investment holding	Singapore	78.0	78.6
NexGen Network (2) Holding Pte Ltd[(1)]	Investment holding	- do -	78.0	78.6
SIA Engineering (USA), Inc.[@(1)]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	United States of America	78.0	78.6
SIAEC Global Pte Ltd[(1)]	Investment holding	Singapore	78.0	78.6
SIA Engineering (Philippines) Corporation[(1)*]	Provide airframe maintenance and component overhaul services	Philippines	50.7	51.1
Singapore Jamco Pte Ltd [(1)]	Manufacturing aircraft cabin equipment and refurbishment of aircraft galleys	Singapore	50.7	51.1
Aerospace Component Engineering Services Pte Limited [(1) (2)]	Repair and overhaul of hydro-mechanical equipment for Boeing and Airbus aircraft	- do -	39.8	40.1
Aviation Partnership (Philippines) Corporation[*(1) (2)]	Provide aircraft maintenance services including technical and non-technical handling at the airport	Philippines	39.8	40.1
Singapore Airlines Cargo Pte Ltd	Air cargo transportation	Singapore	100.0	100.0
Cargo Community Network Pte Ltd[(3)]	Providing and marketing of cargo community systems	- do -	51.0	51.0
Cargo Community (Shanghai) Co Ltd[**+(3)]	Marketing and support of portal services for the air cargo industry	People's Republic of China	51.0	51.0

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

23 Subsidiary Companies (in $ million) (continued)

(a) Composition of the Group (continued)

The subsidiary companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2014	2013
SilkAir (Singapore) Private Limited	Air transportation	Singapore	100.0	100.0
Scoot Pte. Ltd.	Air transportation	- do -	100.0	100.0
Tradewinds Tours & Travel Private Limited[(4)]	Tour wholesaling	- do -	100.0	100.0
Singapore Aviation and General Insurance Company (Pte) Limited	Aviation insurance	- do -	100.0	100.0
Singapore Flying College Pte Ltd	Training of pilots	- do -	100.0	100.0
Sing-Bi Funds Private Limited	Inactive	- do -	100.0	100.0
Singapore Airport Duty-Free Emporium (Private) Limited	Inactive	- do -	76.0	76.0
Abacus Travel Systems Pte Ltd[(5)]	Marketing of Abacus computer reservations systems	- do -	61.0	61.0
SIA (Mauritius) Ltd[@]	Pilot recruitment	Mauritius	100.0	100.0

All the Singapore-incorporated subsidiary companies are audited by Ernst & Young LLP, Singapore

(1) *Held by SIA Engineering Company*
(2) *The company is considered a subsidiary of the Group by virtue of the management control over financial and operating policies of the company*
(3) *Held by Singapore Airlines Cargo*
(4) *Held by SilkAir (Singapore) Private Limited*
(5) *Held by the Company (56%) and SilkAir (Singapore) Private Limited (5%)*
* *Audited by member firms of Ernst & Young Global in the respective countries*
** *Audited by Shanghai Hui Hong Certified Public Accountants Co., Ltd, China*
@ *Not required to be audited under the law in country of incorporation*
\+ *Financial year end 31 December*

23 Subsidiary Companies (in $ million) (continued)

(b) Interest in subsidiary with material non-controlling interest ("NCI")

The Group has the following subsidiary that has NCI that are material to the Group:

	SIA Engineering Company Group of Companies 2014	2013
Proportion of ownership interest held by NCI	22.0%	21.4%
Profit allocated to NCI during the reporting period	63.1	60.8
Accumulated NCI at the end of reporting period	328.9	304.8
Dividends paid to NCI	56.4	53.2

(c) Summarised financial information about subsidiary with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiary with material non-controlling interests are as follows:

Summarised balance sheet

	SIA Engineering Company Group of Companies 31 March 2014	2013
Current		
Assets	865.1	836.6
Liabilities	(276.2)	(278.2)
Net current assets	588.9	558.4
Non current		
Assets	842.0	796.1
Liabilities	(40.4)	(25.3)
Net non current assets	801.6	770.8
Net assets	1,390.5	1,329.2

(d) Summarised statement of comprehensive income

	SIA Engineering Company Group of Companies FY2013/14	FY2012/13
Revenue	1,178.2	1,146.7
Profit before income tax	294.0	297.0
Taxation	(23.0)	(22.8)
Profit after tax	271.0	274.2
Other comprehensive income	6.8	(5.0)
Total comprehensive income	277.8	269.2

(e) Other summarised information

	SIA Engineering Company Group of Companies FY2013/14	FY2012/13
Net cash flow from operations	113.0	133.6
Acquisition of significant property, plant and equipment	(67.9)	(31.8)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

24 Associated Companies (in $ million)

	The Group 31 March 2014	The Group 31 March 2013
Share of net assets of associated companies at acquisition date	567.8	466.0
Goodwill on acquisition of associated companies	98.8	1,677.2
	666.6	2,143.2
Accumulated impairment loss	(15.0)	(15.0)
	651.6	2,128.2
Goodwill written off to reserves	(23.1)	(1,612.3)
Foreign currency translation reserve	(96.0)	(183.1)
Share of post-acquisition reserves		
- general reserve	64.0	140.0
- fair value reserve	(0.4)	(38.6)
- capital reserve	133.3	120.2
	729.4	554.4

	The Company 31 March 2014	The Company 31 March 2013
Investment in associated companies (at cost)		
Unquoted equity investments	36.0	1,646.7
Quoted equity investments	340.7	63.8
	376.7	1,710.5
Accumulated impairment loss	(63.2)	(1,178.0)
	313.5	532.5
Market value of quoted equity investments	270.7	182.6

During the financial year:

1. RCMS Properties Private Limited recorded a revaluation gain of $65.6 million (FY2012/13: $62.3 million) from its annual revaluation exercise of its land and building. The Group's share of the revaluation gain of $13.1 million (2013: $12.5 million) at 31 March 2014 is included under the share of post-acquisition capital reserve.

2. The Company invested INR245 million ($4.9 million) into a newly set up associated company, Tata SIA Airlines Limited, jointly set up by the Company and Tata Sons.

3. The Company completed the sale of its 49% stake in Virgin Atlantic Limited for a consideration of USD361.0 million ($455.3 million). Under the equity method, the Group has previously accounted for $116.6 million in the reserves, which have been offset against the net sales proceeds of $488.1 million, resulting in a gain of $371.5 million (Note 10).

4. In April 2013, the Company paid a total consideration of $227.9 million for 53,702,775 Rights Shares and 189,390,367 Convertible Securities in Tiger Airways Holdings Limited ("Tiger Airways"). In December 2013, the Company acquired an additional 7.3% interest in Tiger Airways for a total consideration of $49.0 million. Consequently, the total interest in Tiger Airways is 40.0% as at 31 March 2014. Including the interest in perpetual convertible capital securities ("PCCS"), the total interest is 52.1%. The Group has equity accounted 52.1% of its share of results of Tiger Airways on the basis that the PCCS currently gives the Company access to returns associated with an ownership interest.

5. The Company recorded an impairment loss of $53.9 million on its investment in Tiger Airways to write down its carrying value to market value of $286.9 million.

24 Associated Companies (in $ million) (continued)

The associated companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2014	Percentage of equity held by the Group 2013
Tiger Airways Holdings Limited[@]	Investment holding	Singapore	52.1	32.7
RCMS Properties Private Limited[^++]	Hotel ownership and management	- do -	20.0	20.0
Component Aerospace Singapore Pte Ltd (previously known as Combustor Airmotive Services Pte Ltd)[^+++]	Repair and overhaul of aircraft engine combustion chambers, guides, fuel nozzles and related parts	- do -	38.2	38.5
Eagle Services Asia Private Limited[(1)^++]	Repair and overhaul of aircraft engines	- do -	38.2	38.5
Fuel Accessory Service Technologies Pte Ltd[(1)^+++]	Repair and overhaul of engine fuel components and accessories	- do -	38.2	38.5
PT JAS Aero-Engineering Services[(1)@@++]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Indonesia	38.2	38.5
PWA International Limited[(1)^^+++]	Repair, overhaul and re-manufacture of aircraft turbine engine cases, components and related parts	Republic of Ireland	38.2	38.5
Safran Electronics Asia Pte Ltd[(1)@@@++]	Provide avionics maintenance, repair and overhaul services	Singapore	38.2	38.5
Southern Airports Aircraft Maintenance Services Company Limited[(1)@@++]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Vietnam	38.2	38.5
Pan Asia Pacific Aviation Services Ltd[(1)@@@@]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Hong Kong	36.7	37.0
Jamco Aero Design & Engineering Pte Ltd[(1)@]	Provide turnkey solutions for aircraft interior modifications	Singapore	35.1	35.4
Panasonic Avionic Services Singapore Pte. Ltd. [(1)**]	IFE maintenance, repair and overhaul and ancillary services	- do -	33.2	33.4
Goodrich Aerostructures Service Centre-Asia Pte Ltd[(1)@++]	Repair and overhaul of aircraft nacelles, thrust reservers and pylons	- do -	31.2	31.5
Messier Services Asia Private Limited[(1)@++]	Repair and overhaul of Boeing and Airbus series landing gears	- do -	31.2	31.5
Asian Surface Technologies Pte Ltd[(1)@@@++]	Repair and overhaul of aircraft engine fan blades	- do -	30.6	30.8

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

24 Associated Companies (in $ million) (continued)

The associated companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2014	2013
International Aerospace Tubes-Asia Pte Ltd(1)^++	Repair of tubes, ducts and manifolds for aircraft engines and airframe application	- do -	26.0	26.2
Asian Compressor Technology Services Co Ltd(1)(2)^^++	Repair and overhaul of aircraft engine high pressure compressor stators	Taiwan	19.1	19.3
Turbine Coating Services Private Ltd(1)(2)^+++	Repair and overhaul of aircraft engine turbine airfoils	Singapore	19.1	19.3
Tata SIA Airlines Limited	Domestic and international full service scheduled passenger airlines services	India	49.0	-
Great Wall Airlines Company Limited(3)#++	Under liquidation	People's Republic of China	25.0	25.0
Virgin Atlantic Limited*+	Air transportation	United Kingdom	-	49.0

(1) *Held by SIA Engineering Company*
(2) *The company is considered an associated company of the Group by virtue of the significant influence over financial and operating policies of the company through representation on the Board*
(3) *Held by Singapore Airlines Cargo*
@ *Audited by Ernst & Young LLP, Singapore*
@@ *Audited by member firms of Deloitte & Touche*
@@@ *Audited by RSM Chio Lim, Singapore*
@@@@ *Audited by BDO Limited, Hong Kong*
* *Audited by member firms of KPMG*
** *Audited by KPMG, Singapore*
^ *Audited by Pricewaterhouse Coopers LLP, Singapore*
^^ *Audited by member firms of Pricewaterhouse Coopers*
# *Audited by Shanghai Linfang Certified Public Accountants Co., Ltd, China*
\+ *Financial year end 28 February*
++ *Financial year end 31 December*
+++ *Financial year end 30 November*

24 Associated Companies (in $ million) (continued)

The carrying amounts of the investment in associated companies are as follows:

	The Group 31 March	
	2014	2013
Tiger Airways Holdings Limited ("Tiger Airways")	229.1	69.3
Eagle Services Asia Private Limited ("ESA")	144.9	138.5
Other associated companies	355.4	346.6
	729.4	554.4

The activities of the associated companies are strategic to the Group's activities.

The summarised financial information in respect of Tiger Airways and ESA, which are material to the Group are as follows:

Summarised balance sheet

	Tiger Airways 31 March		ESA 31 March	
	2014	2013	2014	2013
Current assets	309.4	200.7	348.8	255.7
Non-current assets	648.5	863.1	42.6	38.9
Total assets	957.9	1,063.8	391.4	294.6
Current liabilities	(323.8)	(434.7)	(95.0)	(11.4)
Non-current liabilities	(355.4)	(417.1)	(0.6)	(0.5)
Total liabilities	(679.2)	(851.8)	(95.6)	(11.9)
Shareholders' equity	278.7	212.0	295.8	282.7

Summarised statement of comprehensive income

	Tiger Airways		ESA	
	FY2013/14	FY2012/13	FY2013/14	FY2012/13
Revenue	734.0	866.2	1,077.1	870.5
(Loss)/Profit after tax	(236.4)	(29.4)	78.4	54.0
Other comprehensive income	13.2	(5.2)	-	-
Total comprehensive income	(223.2)	(34.6)	78.4	54.0

The summarised financial information presented are the amounts included in the financial statements of the associated companies prepared in accordance with Singapore Financial Reporting Standards.

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24 Associated Companies (in $ million) (continued)

A reconciliation of the summarised financial information to the carrying amounts of Tiger Airways and ESA are as follows:

	The Group 31 March 2014	The Group 31 March 2013
Tiger Airways		
Group's share of net assets	145.2	69.3
Goodwill on acquisition	83.9	-
	229.1	69.3
ESA		
Group's share of net assets	144.9	138.5

Distributions of approximately $4.1 million and dividends of approximately $33.9 million were received from Tiger Airways and ESA respectively during the financial year.

Aggregate information about the Group's investment in associated companies that are not individually material are as follows:

The Group's share of the assets and liabilities comprises:

	The Group 31 March 2014	The Group 31 March 2013
Assets and liabilities		
Current assets	194.1	192.4
Non-current assets	275.6	257.0
Total assets	469.7	449.4
Current liabilities	(61.1)	(47.4)
Non-current liabilities	(53.2)	(55.4)
Total liabilities	(114.3)	(102.8)
Shareholders' equity	355.4	346.6

The Group's share of the results is as follows:

	The Group FY2013/14	The Group FY2012/13
Results		
Profit after tax	34.7	33.6
Other comprehensive income	13.1	12.5
Total comprehensive income	47.8	46.1

25 Joint Venture Companies (in $ million)

	The Group 31 March 2014	The Group 31 March 2013
Investment in joint venture companies (unquoted, at cost)	56.6	56.6
Share of post-acquisition reserves		
- general reserve	94.5	90.0
- foreign currency translation reserve	(24.6)	(25.8)
	126.5	120.8

The joint venture companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2014	Percentage of equity held by the Group 2013
International Engine Component Overhaul Pte Ltd	Repair and overhaul of aero engine components and parts	Singapore	39.0	39.3
Singapore Aero Engine Services Pte Ltd	Repair and overhaul of aircraft engines	Singapore	39.0	39.3

The joint venture companies, held by SIAEC, are audited by Ernst and Young LLP, Singapore and have financial year end of 31 December.

The carrying amounts of the investments are as follows:

	The Group 31 March 2014	The Group 31 March 2013
Singapore Aero Engine Services Pte Ltd ("SAESL")	115.1	108.3
International Engine Component Overhaul Pte Ltd	11.4	12.5
	126.5	120.8

The activities of this SAESL are strategic to the Group's activities. The Group jointly controls the venture with other partners under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

Dividends of approximately $80.9 million (FY2012/13: $78.1 million) were received from SAESL during the financial year.

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25 Joint Venture Companies (in $ million) (continued)

The summarised financial information in respect of SAESL, which is material to the Group, is as follows:

Summarised balance sheet

	SAESL 31 March 2014	SAESL 31 March 2013
Cash and short-term deposits	30.5	1.7
Other current assets	415.0	399.8
Total current assets	445.5	401.5
Non-current assets	173.8	146.6
Total assets	619.3	548.1
Current financial liabilities (excluding trade, other payables and provisions)	(96.0)	(137.9)
Other current liabilities	(182.1)	(166.9)
Total current liabilities	(278.1)	(304.8)
Non-current financial liabilities	(111.1)	(26.8)
Total liabilities	(389.2)	(331.6)
Net assets excluding goodwill	230.1	216.5

Summarised statement of comprehensive income

	SAESL FY2013/14	SAESL FY2012/13
Revenue	2,253.8	2,219.3
Depreciation and amortisation	(11.5)	(11.0)
Interest income	0.1	*
Interest expense	(0.9)	(1.2)
Profit before taxation	173.0	172.7
Taxation	*	(0.4)
Profit after taxation	173.0	172.3
Other comprehensive income	(1.3)	0.6
Total comprehensive income	171.7	172.9

* Amount less than $0.1 million

The summarised financial information presented is extracted from the financial statements of SAESL that is prepared in accordance with Singapore Financial Reporting Standards.

25 Joint Venture Companies (in $ million) (continued)

A reconciliation of the summarised financial information to the carrying amount of SAESL is as follows:

	The Group 31 March	
	2014	2013
Group's share of net assets	115.1	108.3

Aggregate information about the Group's investment in the other joint venture company that is not individually material is as follows:

The Group's share of the assets and liabilities comprises:

	The Group 31 March	
	2014	2013
Assets and liabilities		
Current assets	7.0	8.9
Non-current assets	10.1	10.0
	17.1	18.9
Current liabilities	(5.2)	(5.9)
Non-current liabilities	(0.5)	(0.5)
	11.4	12.5

The Group's share of the results is as follows:

	The Group	
	FY2013/14	FY2012/13
Results		
Profit after tax	7.5	8.8
Other comprehensive income	(0.2)	0.1
Total comprehensive income	7.3	8.9

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26 Long-Term Investments (in $ million)

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Available-for-sale investments				
Quoted				
Government securities	0.6	0.5	0.6	0.5
Equity investments	315.3	132.0	315.3	132.0
Unquoted				
Non-equity investments	293.6	123.5	293.6	123.5
Equity investments, at cost	108.1	108.1	28.0	28.0
Accumulated impairment loss	(9.2)	(9.2)	(9.2)	(9.2)
	708.4	354.9	628.3	274.8
Held-to-maturity investments				
Quoted non-equity investments	243.5	222.4	243.5	222.4
Unquoted non-equity investments	173.3	129.6	173.3	129.6
	416.8	352.0	416.8	352.0
	1,125.2	706.9	1,045.1	626.8

The Group's non-equity investments comprise investments in corporate bonds, credit-linked notes, fixed-rate notes and investment funds.

The interest rate for quoted government securities is 7.00% (FY2012/13: 7.00%) per annum. The interest rates for quoted and unquoted non-equity investments range from 2.37% to 4.65% (FY2012/13: 2.63% to 5.60%) per annum and 2.55% to 4.02% (FY2012/13: 2.28% to 4.02%) per annum respectively.

During the financial year, the Company acquired additional shares in Virgin Australia and consequently increased its interest to 20.8% as at 31 March 2014. The Company also entered into an equity derivative representing an additional interest of 1.34% of shares in Virgin Australia. The derivative is a share purchase option which confers no ownership rights or carries any voting rights and has been recognised within the derivative assets in the statements of financial position.

27 Other Receivables (in $ million)

The Group's other receivables are stated at amortised cost and are expected to be received over a period of two to three years. The entire balance of other receivables is denominated in USD.

28 Inventories (in $ million)

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Technical stocks and stores	215.8	248.5	150.4	173.9
Catering and general stocks	27.2	26.4	18.8	18.8
Total inventories at lower of cost and net realisable value	243.0	274.9	169.2	192.7

The cost of inventories recognised as an expense amounts to $115.5 million (FY2012/13: $102.9 million). In addition, the Group wrote down $22.3 million (FY2012/13: $32.3 million) of inventories, which is recognised as other operating expenses in the profit and loss account.

29 Trade Debtors (in $ million)

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Trade debtors	1,514.8	1,499.3	1,111.2	1,080.9
Accrued receivables	62.6	57.1	-	-
Amount owing from associated companies	24.6	20.0	2.0	-
Amount owing from joint venture companies	2.7	2.0	-	-
	1,604.7	1,578.4	1,113.2	1,080.9
Amounts owing from subsidiary companies	-	-	179.4	189.9
	1,604.7	1,578.4	1,292.6	1,270.8

Trade debtors are non-interest bearing. The carrying amount of trade debtors impaired by credit losses is reduced through the use of an allowance account unless the Group writes off the amount ascertained to be uncollectible. In subsequent periods when a trade debtor is ascertained to be uncollectible, it is written off against the allowance account.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days aging of debtor balances) are considered indicators that the trade debtor is impaired. Individual trade debtor is written off when Management deems the amount not to be collectible.

Accrued receivables pertain to services rendered in advance of billings.

Amounts owing by subsidiary, associated and joint venture companies are unsecured, trade-related, non-interest bearing and are repayable on demand. The amounts are neither overdue nor impaired.

The table below is an analysis of trade debtors as at 31 March:

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Not past due and not impaired	1,509.4	1,449.6	1,290.8	1,253.8
Past due but not impaired	95.2	128.3	1.4	16.5
	1,604.6	1,577.9	1,292.2	1,270.3
Impaired trade debtors - collectively assessed	4.7	6.2	0.2	0.5
Less: Accumulated impairment losses	(4.6)	(5.9)	-	(0.2)
	0.1	0.3	0.2	0.3
Impaired trade debtors - individually assessed				
Customers in bankruptcy or other financial reorganisation	6.3	6.1	-	-
Customers who default in payment within stipulated framework of IATA Clearing House or Bank Settlement Plan	4.3	2.5	4.2	2.0
Less: Accumulated impairment losses	(10.6)	(8.4)	(4.0)	(1.8)
	-	0.2	0.2	0.2
Total trade debtors, net	1,604.7	1,578.4	1,292.6	1,270.8

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29 Trade Debtors (in $ million) (continued)

Trade debtors are stated after accumulated impairment losses. An analysis of the accumulated impairment losses is as follows:

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Balance at 1 April	14.3	24.2	2.0	7.4
Charged/(Written back) during the year	1.1	(8.8)	2.0	(5.4)
Written off during the year	(0.2)	(1.1)	-	-
Balance at 31 March	15.2	14.3	4.0	2.0
Bad debts written off directly to profit and loss account, net of debts recovered	0.4	0.5	0.1	0.2

As at 31 March 2014, the composition of trade debtors held in foreign currencies by the Group is as follows: USD – 31.0% (2013: 35.2%), AUD – 7.8% (2013: 9.9%), EUR – 6.0% (2013: 7.2%), GBP – 5.1% (2013: 5.1%) and JPY – 3.3% (2013: 2.9%).

There was no loan to Directors of the Company.

The Company's amounts owing by subsidiary companies that are off-set are as follows:

	The Company 31 March	
	2014	2013
Gross carrying amounts of receivables	206.3	220.1
Gross amounts offset in the balance sheet of payables	(26.9)	(30.2)
Net amounts in the balance sheet	179.4	189.9

30 Deposits and Other Debtors (in $ million)

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Deposits	16.0	16.1	8.7	8.6
Other debtors	34.1	38.8	11.6	28.0
	50.1	54.9	20.3	36.6

31 Investments (in $ million)

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Available-for-sale investments				
Quoted				
Government securities	3.1	2.5	-	-
Equity investments	32.4	34.5	-	-
Non-equity investments	186.2	279.5	167.6	256.5
	221.7	316.5	167.6	256.5
Unquoted				
Non-equity investments	30.3	20.0	30.3	20.0
	252.0	336.5	197.9	276.5
Held-to-maturity investments				
Quoted non-equity investments	35.4	12.9	35.4	12.9
	287.4	349.4	233.3	289.4

The Group's non-equity investments comprise investments in government securities, corporate bonds, credit-linked notes and money market funds.

The interest rates for quoted government securities range from 1.63% to 4.00% (FY2012/13: 1.63% to 4.00%) per annum. The interest rates for quoted non-equity investments range from 0.76% to 5.88% (FY2012/13: 0.05% to 5.88%) per annum, while unquoted non-equity investments yield an interest rate of 2.28% to 2.30% (FY2012/13: 1.15%) per annum.

32 Cash and Bank Balances (in $ million)

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Fixed deposits	4,309.1	4,692.4	4,283.5	4,666.8
Cash and bank	574.8	367.2	340.3	167.5
	4,883.9	5,059.6	4,623.8	4,834.3

As at 31 March 2014, the composition of cash and bank balances held in foreign currencies by the Group is as follows: USD – 15.7% (2013: 6.8%), EUR – 2.1% (2013: 1.9%) and AUD – 1.7% (2013: 2.8%).

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.06% to 3.51% (FY2012/13: nil to 3.22%) per annum. Short-term deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate for short-term deposits is 0.65% (FY2012/13: 0.57%) per annum.

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33 Trade and Other Creditors (in $ million)

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Trade creditors	2,972.9	3,054.8	2,287.4	2,369.5
Amounts owing to associated companies	5.0	0.9	-	-
	2,977.9	3,055.7	2,287.4	2,369.5
Funds from subsidiary companies	-	-	853.2	1,036.2
Amounts owing to subsidiary companies	-	-	181.6	183.6
	-	-	1,034.8	1,219.8
	2,977.9	3,055.7	3,322.2	3,589.3

Trade and other creditors are non-interest bearing. Amounts owing to related parties are trade-related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash. As at 31 March 2014, 5.3% (2013: 5.9%) of trade and other creditors were held in USD by the Group. Included in trade and other creditors are amounts owing to related parties of $177.0 million (2013: $184.5 million) and $127.4 million (2013: $142.9 million) for the Group and Company respectively.

Funds from subsidiary companies are unsecured and have varying repayment terms. Interest on funds from subsidiary companies are computed using prevailing market rates which range from 0.01% to 0.57% (FY2012/13: 0.01% to 0.56%) per annum for SGD funds, from 0.03% to 0.48% (FY2012/13: 0.06% to 1.00%) per annum for USD.

As at 31 March 2014, 13% of the funds from subsidiary companies are denominated in USD (2013: USD – 11.0%, AUD – 0.5%).

Amounts owing to subsidiary and associated companies are unsecured, trade-related, non-interest bearing and are repayable on demand.

The Company's amounts owing to subsidiary companies that are off-set are as follows:

	The Company 31 March	
	2014	2013
Gross carrying amounts of payables	1,126.9	1,343.3
Gross amounts offset in the balance sheet of receivables	(92.1)	(123.5)
Net amounts in the balance sheet	1,034.8	1,219.8

34 Analysis of Capital Expenditure Cash Flow (in $ million)

	The Group	
	FY2013/14	FY2012/13
Purchase of property, plant and equipment	2,593.0	1,896.5
Property, plant and equipment acquired under credit terms	(18.4)	(21.1)
Cash invested in capital expenditure	2,574.6	1,875.4
Purchase of intangible assets	30.0	83.6
Intangible assets acquired under credit terms	(0.3)	-
Cash invested in purchase of intangible assets	29.7	83.6

35 Capital and Other Commitments (in $ million)

(a) Capital expenditure commitments

The Group and the Company have commitments for capital expenditure. Such commitments aggregated $20,780.5 million (2013: $13,255.8 million) for the Group and $17,561.1 million (2013: $9,770.4 million) for the Company. The commitments relate principally to the acquisition of aircraft fleet and related equipment.

In addition, the Group's share of joint venture companies' commitments for capital expenditure totalled $2.5 million (2013: $23.7 million).

(b) Operating lease commitments

As lessee

Aircraft

The Company has three B777-200, three B777-200ER, two B777-300, 26 A330-300 and nine A380-800 aircraft under operating leases with fixed rental rates. Under five of the aircraft lease agreements, the rentals will be adjusted if one-month LIBOR exceeds 6.50% per annum.

The original lease terms range from five to 10.5 years. In four of the aircraft lease agreements, the Company holds options to extend the lease for a further maximum period of five years. In five other aircraft lease agreements, the Company holds options to extend the leases for a further maximum period of three years and in 10 others, the Company holds the options to extend the leases for a further maximum period of two years. Another 13 lease agreements provide the Company the options to extend the leases for a further period of one year. One lease has the option to extend by half a year while another seven leases provide the option to terminate the lease two years in advance of the lease expiry date. Only three other leases have no option for renewal. Sub-leasing is allowed under all the lease arrangements.

SIA Cargo has three B747-400F aircraft under operating lease with fixed rental rates. The lease terms range from 10 to 11 years. In one of the aircraft lease agreements, SIA Cargo holds the option to extend the lease for a further maximum period of two years. For the other two agreements, there is no option for renewal. Sub-leasing is allowed under the lease arrangements.

SilkAir has 11 A320-200s and three A319-100s under operating leases with fixed rental rates. The original lease terms for the three A319-100s range from 6.9 to 11.5 years, which SilkAir holds options to extend the leases up to a maximum of three years. The original lease terms for the 11 A320-200s range from four to 11.8 years and SilkAir holds options to extend the leases for two to five years. None of the operating lease agreements confer on SilkAir an option to purchase the related aircraft. Sub-leasing is allowed under all the lease arrangements.

Future minimum lease payments under non-cancellable operating leases are as follows:

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Not later than one year	717.0	641.6	632.8	573.6
Later than one year but not later than five years	2,084.9	1,964.4	1,842.4	1,813.9
Later than five years	888.2	866.3	791.0	791.0
	3,690.1	3,472.3	3,266.2	3,178.5

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35 Capital and Other Commitments (in $ million) (continued)

(b) Operating lease commitments (continued)

As lessee (continued)

Engines

The Company has operating lease agreements for four GE90-115B engines and 14 Trent 800 engines with fixed rental rates. The basic lease term for each engine varies from one to six years with extension options. During the financial year, two leases ceased on expiry of the leased term.

Future minimum lease payments under non-cancellable operating leases are as follows:

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Not later than one year	20.1	21.4	20.1	21.4
Later than one year but not later than five years	53.1	66.7	53.1	66.7
Later than five years	-	5.4	-	5.4
	73.2	93.5	73.2	93.5

Property and equipment

The Group has entered into operating lease agreements for office and computer equipment, leasehold land and buildings. These non-cancellable leases have lease terms of between one to 50 years.

Future minimum lease payments under non-cancellable operating leases are as follows:

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Not later than one year	65.4	65.9	45.6	48.1
Later than one year but not later than five years	98.9	93.1	69.4	63.8
Later than five years	70.0	69.9	9.3	5.7
	234.3	228.9	124.3	117.6

The minimum lease payments recognised in the profit and loss account amounted to $64.0 million (FY2012/13: $64.2 million) and $53.8 million (FY2012/13: $53.2 million) for the Group and the Company respectively.

As lessor

Aircraft

The Company's existing commercial aircraft leases for four B777-200ER aircraft continued during the year in accordance with the lease contracts. The non-cancellable lease contracts were originally for a basic lease term of two years and six months for one aircraft and two years for the other aircraft. The lease term for four aircraft had been extended for periods ranging from six months to one year. During the financial year, two of the aircraft leases ceased on expiry of the lease term. The lease rental is fixed throughout the lease term for all four aircraft.

SIA Cargo had previously entered into a commercial aircraft lease. This non-cancellable lease has a remaining lease term of one year and five months. The lease rental is fixed throughout the lease term.

35 Capital and Other Commitments (in $ million) (continued)

(b) Operating lease commitments (continued)

As lessor (continued)

Aircraft (continued)

Future minimum lease receivables under non-cancellable operating leases are as follows:

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Not later than one year	21.6	70.8	9.4	58.7
Later than one year but not later than five years	6.1	20.4	1.0	3.3
	27.7	91.2	10.4	62.0

36 Contingent Liabilities (in $ million)

(a) Cargo: Investigations by Competition Authorities and Civil Class Actions

In 2006 and thereafter, SIA Cargo and the Company were among several airlines that received notice of investigations by competition authorities in the United States, European Union, Australia, Canada, New Zealand, South Africa, South Korea and Switzerland as to whether surcharges, rates or other competitive aspects of air cargo service were lawfully determined (the "air cargo issues").

On 8 February 2011, SIA Cargo confirmed its acceptance of a plea bargain offered by the United States Department of Justice (USD48.0 million or $62.5 million). This amount has been reflected as exceptional items in the Group's accounts in FY2010/11. The plea agreement has brought the Department of Justice's air cargo investigations in the United States to a close for SIA Cargo.

On 30 November 2010, the Korea Fair Trade Commission ("KFTC") released an adverse decision against 21 air cargo airlines, including SIA Cargo, in respect of fuel surcharges. A fine of KRW3.117 billion ($3.6 million) was imposed on SIA Cargo. The fine was paid in January 2011 in accordance with Korean laws. This amount has been reflected as exceptional items in the Group's accounts in FY2010/11. SIA Cargo contested the validity of the KFTC decision and filed an appeal before the Seoul High Court. In July 2012, the Seoul High Court rejected SIA Cargo's appeal. SIA Cargo has appealed the Seoul High Court judgment to the Supreme Court.

On 9 November 2010, the European Commission issued an adverse decision against 13 air cargo airlines, including SIA Cargo and the Company, in respect of fuel surcharges, security surcharges and commissions on surcharges. A fine of EUR74.8 million ($135.7 million) was imposed on SIA Cargo and the Company. SIA Cargo paid the fine in February 2011 in accordance with European Union laws. This amount has been reflected as exceptional items in the Group's accounts in FY2010/11. SIA Cargo and the Company have filed an appeal to the European General Court seeking annulment of the decision.

In July 2010, SIA Cargo was among eight airlines to receive notification that the Competition Commission of South Africa had referred a complaint to the South Africa Competition Tribunal in respect of fuel surcharges. In August 2012, the Competition Commission of South Africa sent a notice withdrawing the complaint referral as concerns SIA Cargo and the Company. This step ended the proceedings in South Africa as concerns SIA Cargo and the Company.

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36 Contingent Liabilities (in $ million) (continued)

(a) Cargo: Investigations by Competition Authorities and Civil Class Actions (continued)

In December 2012, SIA Cargo confirmed its acceptance of settlement agreements with the Australian Competition and Consumer Commission and the New Zealand Commerce Commission, bringing to an end civil penalty proceedings concerning the air cargo issues which had been initiated in 2008. SIA Cargo agreed to pay a penalty and costs amount of AUD12.2 million ($15.5 million) in Australia. In New Zealand, SIA Cargo agreed to pay a penalty and costs amount of NZD4.4 million ($4.4 million). SIA Cargo paid these amounts in December 2012 and January 2013 in accordance with Australian and New Zealand laws respectively. The total Australian and New Zealand settlement amount of $19.9 million has been reflected in the exceptional items of the Group's accounts in FY2012/13.

In January 2014, the Swiss Competition Commission announced a fine against SIA Cargo and the Company of CHF1.7 million ($2.3 million) in respect of the air cargo issues. This amount has been reflected as exceptional items in the Group's accounts. SIA Cargo and the Company have filed an appeal to the Swiss Federal Administrative Tribunal seeking annulment of the decision.

After the investigations commenced, civil damage lawsuits were filed in the United States, Canada, Australia, South Korea, England, the Netherlands and Norway by private parties against several airlines, including SIA Cargo and the Company. Other lawsuits have been threatened by customers of SIA Cargo or shippers that purportedly contracted with SIA Cargo's customers.

The plaintiffs in the South Korea proceedings withdrew their complaint in July 2011 and the proceedings were accordingly dismissed without prejudice. In January 2014, a shipper from South Korea which purportedly contracted with SIA Cargo's customers served a claim against SIA Cargo and other airlines. SIA Cargo is defending this proceeding.

In June 2011, without admitting any liability, SIA Cargo and the Company reached a settlement with the plaintiffs in Canada whereby SIA Cargo agreed to pay CAD1.05 million ($1.3 million) to resolve all liability of SIA Cargo and the Company as concerns the civil damage lawsuits filed in Canada. This amount has been reflected as an exceptional item in the Group's accounts in FY2011/12.

In December 2013, without admitting any liability, SIA Cargo and the Company reached a settlement with the class action plaintiffs in the United States whereby SIA Cargo agreed to pay USD62.8 million ($78.3 million) to resolve all liability of SIA Cargo and the Company as concerns the air cargo class action lawsuits filed in the United States. This amount has been paid and is reflected as an exceptional item in the Group's accounts.

In March 2014, without admitting any liability, SIA Cargo and the Company reached a settlement with the class action plaintiffs in Australia whereby SIA Cargo agreed to pay AUD5.6 million ($6.4 million) to resolve all liability of SIA Cargo and the Company as concerns the class action lawsuit filed in Australia. This amount has been paid and is reflected as an exceptional item in the Group's accounts.

In addition, without admitting any liability, in 2012 and 2013, SIA Cargo reached settlements with certain of its customers to resolve all pending and potential future civil damage claims regarding the air cargo issues. The settlements have been reflected in the Group's accounts in the financial year and the previous financial year. The individual terms of such settlements are required to be kept confidential.

Apart from Canada, the United States and Australia, the filed cases remain in their respective procedural stages and none have been tried thus far on their respective substantive legal merits.

Apart from the exceptional items noted above, it is premature to make a provision in the financial statements for the other pending investigations, court proceedings, civil suits, or threatened claims as the outcome is uncertain.

36 Contingent Liabilities (in $ million) (continued)

(b) Passengers: Civil Class Actions

The Company and several other airlines have been named in civil class action lawsuits in the United States and Canada alleging an unlawful agreement to fix surcharges and fares on transpacific flights. These cases are currently in the procedural stages and none has been tried thus far on their respective substantive legal merits. As these lawsuits have neither been tried nor the alleged damages quantified, it is premature to make a provision in the financial statements.

On 1 September 2011, legal proceedings were filed by the IATA Agents Association of India ("IATA Agents") and Osaka Air Travels Ltd. (collectively, "Petitioners") before the High Court of Kerala, India, principally against the Ministry of Civil Aviation and the Directorate General of Civil Aviation ("DGCA"), the Company, SilkAir and other airlines. The proceedings sought to quash a DGCA order dated 28 July 2011 which stated that the payment of commission to designated agents by airlines is entirely a commercial arrangement between the two, and does not require interference by the DGCA. On 27 November 2012, the High Court dismissed the suit against the airline defendants. An appeal challenging the order of dismissal was filed by the Petitioners on 14 January 2013. As there were several procedural defects made by the Petitioners, this matter has not been taken up by Court to date. Once the defects are corrected by the Petitioners, the matter will be listed for hearing.

37 Financial Instruments (in $ million)

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2 describe how the classes of financial instruments are measured, and how revenue and expenses, including fair value gains and losses, are recognised.

The following tables analyse the financial assets and liabilities in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

2014 The Group	Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Derivatives at fair value through profit or loss	Total
Assets							
Long-term investments	-	708.4	416.8	-	-	-	1,125.2
Other receivables	92.2	-	-	-	-	-	92.2
Trade debtors	1,604.7	-	-	-	-	-	1,604.7
Deposits and other debtors	50.1	-	-	-	-	-	50.1
Investments	-	252.0	35.4	-	-	-	287.4
Derivative assets	-	-	-	134.1	-	-	134.1
Cash and bank balances	4,883.9	-	-	-	-	-	4,883.9
Total financial assets	6,630.9	960.4	452.2	134.1	-	-	8,177.6
Total non-financial assets							14,464.9
Total assets							22,642.5
Liabilities							
Notes payable	-	-	-	-	800.0	-	800.0
Finance lease commitments	-	-	-	-	143.2	-	143.2
Loans	-	-	-	-	21.8	-	21.8
Trade and other creditors	-	-	-	-	2,977.9	-	2,977.9
Derivative liabilities	-	-	-	31.8	-	25.0	56.8
Total financial liabilities	-	-	-	31.8	3,942.9	25.0	3,999.7
Total non-financial liabilities							5,068.2
Total liabilities							9,067.9

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37 Financial Instruments (in $ million) (continued)

(a) Classification of financial instruments (continued)

2014 The Company	Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Total
Assets						
Long-term investments	-	628.3	416.8	-	-	1,045.1
Other receivables	92.2	-	-	-	-	92.2
Trade debtors	1,113.2	-	-	-	-	1,113.2
Deposits and other debtors	20.3	-	-	-	-	20.3
Amounts owing by subsidiary companies	599.9	-	-	-	-	599.9
Investments	-	197.9	35.4	-	-	233.3
Derivative assets	-	-	-	133.3	-	133.3
Cash and bank balances	4,623.8	-	-	-	-	4,623.8
Total financial assets	6,449.4	826.2	452.2	133.3	-	7,861.1
Total non-financial assets						13,004.6
Total assets						20,865.7
Liabilities						
Notes payable	-	-	-	-	800.0	800.0
Trade and other creditors	-	-	-	-	2,287.4	2,287.4
Amount owing to subsidiary companies	-	-	-	-	1,034.8	1,034.8
Derivative liabilities	-	-	-	29.2	-	29.2
Total financial liabilities	-	-	-	29.2	4,122.2	4,151.4
Total non-financial liabilities						4,602.2
Total liabilities						8,753.6

37 Financial Instruments (in $ million) (continued)

(a) Classification of financial instruments (continued)

2013 The Group	Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Derivatives at fair value through profit or loss	Total
Assets							
Long-term investments	-	354.9	352.0	-	-	-	706.9
Other receivables	213.9	-	-	-	-	-	213.9
Trade debtors	1,578.4	-	-	-	-	-	1,578.4
Deposits and other debtors	54.9	-	-	-	-	-	54.9
Investments	-	336.5	12.9	-	-	-	349.4
Derivative assets	-	-	-	79.1	-	-	79.1
Cash and bank balances	5,059.6	-	-	-	-	-	5,059.6
Total financial assets	6,906.8	691.4	364.9	79.1	-	-	8,042.2
Total non-financial assets							14,385.9
Total assets							22,428.1
Liabilities							
Notes payable	-	-	-	-	800.0	-	800.0
Finance lease commitments	-	-	-	-	208.4	-	208.4
Loans	-	-	-	-	5.7	-	5.7
Trade and other creditors	-	-	-	-	3,055.7	-	3,055.7
Derivative liabilities	-	-	-	31.9	-	41.3	73.2
Total financial liabilities	-	-	-	31.9	4,069.8	41.3	4,143.0
Total non-financial liabilities							4,883.0
Total liabilities							9,026.0

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

37 Financial Instruments (in $ million) (continued)

(a) Classification of financial instruments (continued)

2013 The Company	Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Total
Assets						
Long-term investments	-	274.8	352.0	-	-	626.8
Other receivables	213.9	-	-	-	-	213.9
Trade debtors	1,080.9	-	-	-	-	1,080.9
Deposits and other debtors	36.6	-	-	-	-	36.6
Amounts owing by subsidiary companies	189.9	-	-	-	-	189.9
Investments	-	276.5	12.9	-	-	289.4
Derivative assets	-	-	-	77.7	-	77.7
Cash and bank balances	4,834.3	-	-	-	-	4,834.3
Total financial assets	6,355.6	551.3	364.9	77.7	-	7,349.5
Total non-financial assets						13,389.4
Total assets						20,738.9
Liabilities						
Notes payable	-	-	-	-	800.0	800.0
Trade and other creditors	-	-	-	-	2,369.5	2,369.5
Amount owing to subsidiary companies	-	-	-	-	1,219.8	1,219.8
Derivative liabilities	-	-	-	25.7	-	25.7
Total financial liabilities	-	-	-	25.7	4,389.3	4,415.0
Total non-financial liabilities						4,378.4
Total liabilities						8,793.4

Derivative financial instruments included in the statements of financial position are as follows:

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Derivative assets				
Equity swap derivative	20.3	-	20.3	-
Currency hedging contracts	10.0	24.2	9.2	22.8
Fuel hedging contracts	100.6	52.7	100.6	52.7
Interest rate cap contracts	3.2	2.2	3.2	2.2
	134.1	79.1	133.3	77.7
Derivative liabilities				
Currency hedging contracts	27.9	19.2	27.9	19.2
Fuel hedging contracts	1.3	6.5	1.3	6.5
Cross currency swap contracts	25.0	40.7	-	-
Interest rate swap contracts	2.6	6.8	-	-
	56.8	73.2	29.2	25.7

37 Financial Instruments (in $ million) (continued)

(b) Fair values

Financial instruments carried at fair value

Fair value hierarchy

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	The Group			
	31 March 2014		31 March 2013	
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)
Financial assets:				
Available-for-sale investments				
Quoted investments				
- Government securities	3.7	-	3.0	-
- Equity investments	347.7	-	166.5	-
- Non-equity investments	186.2	-	279.5	-
Unquoted investments				
- Non-equity investments	-	323.9	-	143.5
Derivative assets				
Equity swap derivative	-	20.3	-	-
Currency hedging contracts	-	10.0	-	24.2
Fuel hedging contracts	-	100.6	-	52.7
Interest rate cap contracts	-	3.2	-	2.2
	537.6	458.0	449.0	222.6
Financial liabilities:				
Derivative liabilities				
Currency hedging contracts	-	27.9	-	19.2
Fuel hedging contracts	-	1.3	-	6.5
Cross currency swap contracts	-	25.0	-	40.7
Interest rate swap contracts	-	2.6	-	6.8
	-	56.8	-	73.2

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

There has been no transfer between level 1 and level 2 during the financial year.

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37 Financial Instruments (in $ million) (continued)

(b) Fair values (continued)

Financial instruments carried at fair value (continued)

Determination of fair value

The Group and the Company have carried all investment securities that are classified as available-for-sale financial assets and all derivative instruments at their fair values.

The fair values of jet fuel swap contracts are the mark-to-market values of these contracts. The fair values of jet fuel option contracts are determined by reference to available market information and the Black-Scholes option valuation model. As the Group hedges its jet fuel requirements in Mean of Platts Singapore Jet Kerosene ("MOPS") and that the majority of the Group's fuel uplifts are in MOPS, the MOPS price (2014: USD 120.20/BBL, 2013: USD 122.17/BBL) is used as the input for market fuel price to the Black-Scholes option valuation model. Consequently, the annualised volatility (FY2013/14: 10.29%, FY2012/13: 11.75%) of the jet fuel swap and option contracts is also estimated with daily MOPS price. The continuously compounded risk-free rate estimated as average of the past 12 months Singapore Government Securities benchmark issues' one-year yield (FY2013/14: 0.29%, FY2012/13: 0.27%) was also applied to each individual jet fuel option contract to derive their estimated fair values as at the end of the reporting period.

The fair values of Brent and crack swap contracts are also determined by reference to available market information and are the marked-to-market values of these swap contracts. As the Group hedges in InterContinental Exchange ("ICE") Brent and Brent-MOPS crack, the ICE Brent futures contract price and its differential relative to MOPS price are used as the marked-to-market prices.

The fair value of forward currency contracts is determined by reference to current forward prices for contracts with similar maturity profiles. The fair values of foreign currency option contracts, interest rate swap contracts and interest rate cap contracts are determined by reference to valuation reports provided by counterparties.

The fair value of cross currency swap contracts is determined based on quoted market prices or dealer quotes for similar instruments used.

The fair value of quoted investments is generally determined by reference to stock exchange quoted market bid prices at the close of the business at the end of the reporting period. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions or reference to the current market value of another instrument (which is substantially the same).

Financial instruments whose carrying amounts approximate fair value

The carrying amounts of the following financial assets and liabilities approximate their fair values due to their short-term nature: cash and bank balances, funds from subsidiary companies, amounts owing to/by subsidiary companies, trade debtors, other debtors, trade and other creditors.

37 Financial Instruments (in $ million) (continued)

(b) Fair values (continued)

Financial instruments carried at other than fair value

Long-term investments classified as available-for-sale amounting to $98.9 million (2013: $98.9 million) for the Group and $18.8 million (2013: $18.8 million) for the Company are stated at cost because the fair values cannot be obtained directly from quoted market price or indirectly using valuation techniques supported by observable market data.

Investments classified as held-to-maturity amounting to $452.2 million (2013: $364.9 million) for the Group and the Company are stated at amortised cost. The fair value of these investments as at 31 March 2014 approximate $452.2 million (2013: $366.0 million) for the Group and the Company. Fair value is determined by reference to their published market bid price at the end of the reporting period.

The Group and the Company have no intention to dispose of their interests in the above investments in the foreseeable future.

The fair values of long-term liabilities are disclosed in Note 19.

38 Financial Risk Management Objectives and Policies (in $ million)

The Group operates globally and generates revenue in various currencies. The Group's airline operations carry certain financial and commodity risks, including the effects of changes in jet fuel prices, foreign currency exchange rates, interest rates and the market value of its investments. The Group's overall risk management approach is to moderate the effects of such volatility on its financial performance through the use of derivatives to hedge specific exposures.

As derivatives are used for the purpose of risk management, they do not expose the Group to market risk because gains and losses on the derivatives offset losses and gains on the matching asset, liability, revenues or expenses being hedged. Moreover, counterparty credit risk is generally restricted to any hedging gain from time to time, and not the principal amount hedged. Therefore the possibility of a material loss arising in the event of non-performance by a counterparty is considered to be unlikely.

Financial risk management policies are periodically reviewed and approved by the Board Executive Committee ("BEC").

(a) Jet fuel price risk

The Group's earnings are affected by changes in the price of jet fuel. The Group's strategy for managing the risk on fuel price, as defined by BEC, aims to provide the Group with protection against sudden and significant increases in jet fuel prices. In meeting these objectives, the fuel risk management programme allows for the judicious use of approved instruments such as swaps, options and collars with approved counterparties and within approved credit limits.

Cash flow hedges

The Group manages this fuel price risk by using swap, option and collar contracts and hedging up to eight quarters forward using jet fuel swap, option and collar, Brent swap and crack swap contracts.

The Group has applied cash flow hedge accounting to these derivatives as they are considered to be highly effective hedging instruments. A net fair value gain before tax of $85.5 million (2013: loss before tax of $309.6 million), with a related deferred tax charge of $13.8 million (2013: deferred tax credit of $92.0 million), is included in the fair value reserve in respect of these contracts.

NOTES TO THE FINANCIAL STATEMENTS

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38 Financial Risk Management Objectives and Policies (in $ million) (continued)

(a) Jet fuel price risk (continued)

Jet fuel price sensitivity analysis

The jet fuel price risk sensitivity analysis is based on the assumption that all other factors, such as fuel surcharge and uplifted fuel volume, remain constant. Under this assumption, and excluding the effects of hedging, an increase in price of one USD per barrel of jet fuel affects the Group's and the Company's annual fuel costs by $46.6 million and $39.1 million (FY2012/13: $45.6 million and $38.4 million) respectively.

The fuel hedging sensitivity analysis is based on contracts that are still outstanding as at the end of the reporting period and assumes that all jet fuel, Brent and crack hedges are highly effective. Under these assumptions, with an increase or decrease in jet fuel prices, each by one USD per barrel, the before tax effects on equity are set out in the table below.

Sensitivity analysis on outstanding fuel hedging contracts:

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
	Effect on equity		Effect on equity	
Increase in one USD per barrel	31.2	18.5	25.5	15.2
Decrease in one USD per barrel	(31.2)	(18.5)	(25.5)	(15.2)

(b) Foreign currency risk

The Group is exposed to the effects of foreign exchange rate fluctuations because of its foreign currency denominated operating revenues and expenses. For the financial year ended 31 March 2014, these accounted for 53.1% of total revenue (FY2012/13: 56.4%) and 66.9% of total operating expenses (FY2012/13: 68.7%). The Group's largest exposures are from United States Dollar, Euro, UK Sterling Pound, Swiss Franc, Australian Dollar, New Zealand Dollar, Japanese Yen, Indian Rupee, Hong Kong Dollar, Chinese Yuan, Korean Won and Malaysian Ringgit. The Group generates a surplus in all of these currencies, with the exception of USD. The deficit in USD is attributable to capital expenditure, fuel costs and aircraft leasing costs – all conventionally denominated and payable in USD.

The Group manages its foreign exchange exposure by a policy of matching, as far as possible, receipts and payments in each individual currency. Surpluses of convertible currencies are sold, as soon as practicable, for USD and SGD. The Group also uses forward foreign currency contracts and foreign currency option contracts to hedge a portion of its future foreign exchange exposure. Such contracts provide for the Group to sell currencies at predetermined forward rates, buying either USD or SGD depending on forecast requirements, with settlement dates that range from one month up to one year. The Group uses these currency hedging contracts purely as a hedging tool. It does not take positions in currencies with a view to making speculative gains from currency movements.

Cash flow hedges

As at 31 March 2014, the Company holds USD285.3 million (2013: USD256.0 million) in short-term deposits to hedge against foreign currency risk for a portion of the forecast USD capital expenditure in the next 10 months. A fair value loss of $0.4 million (2013: gain of $4.9 million) is included in the fair value reserve in respect of these contracts.

During the financial year, the Group entered into financial instruments to hedge expected future payments in USD and SGD. The cash flow hedges of the expected future purchases in USD and expected future payments in SGD in the next 12 months are assessed to be highly effective and at 31 March 2014, a net fair value loss before tax of $21.1 million (2013: gain before tax of $305.1 million), with a related deferred tax credit of $3.6 million (2013: deferred tax charge of $85.0 million), is included in the fair value reserve in respect of these contracts.

38 Financial Risk Management Objectives and Policies (in $ million) (continued)

(b) Foreign currency risk (continued)

Fair value through profit or loss

In addition, the Group has cross currency swap contracts in place with notional amounts ranging from $10.8 million to $47.0 million (2013: $17.5 million to $68.9 million) where it pays SGD and receives USD at USD/SGD exchange rates ranging from 1.3085 to 1.6990 (FY2012/13: 1.3085 to 1.6990). These contracts are used to protect the foreign exchange risk exposure of the Group's USD-denominated finance lease commitments. The maturity period of these contracts ranges from 21 August 2015 to 14 February 2018.

Foreign currency sensitivity analysis

The foreign currency risk sensitivity analysis is based on the assumption that all cash flow hedges are highly effective; hence there will be no impact on profit before taxation from the cash flow hedges.

The following table details the sensitivity of a 1% strengthening of SGD against the respective foreign currencies. The sensitivity analysis includes only outstanding foreign currency hedging contracts and significant outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates.

Sensitivity analysis:

	The Group 31 March			
	2014		2013	
	Effect on equity [R1]	Effect on profit before taxation [R2]	Effect on equity [R1]	Effect on profit before taxation [R2]
AUD	3.6	(1.5)	2.9	(2.6)
EUR	0.9	(1.5)	1.1	(1.6)
GBP	0.9	(0.8)	1.4	(0.7)
JPY	1.1	(0.4)	1.4	(0.5)
USD	(8.7)	(11.7)	(9.6)	(8.5)

	The Company 31 March			
	2014		2013	
	Effect on equity [R1]	Effect on profit before taxation [R2]	Effect on equity [R1]	Effect on profit before taxation [R2]
AUD	3.3	(1.7)	2.6	(2.3)
EUR	0.5	(1.7)	0.5	(0.9)
GBP	0.8	(1.1)	1.2	(0.6)
JPY	0.8	(0.8)	0.9	(0.4)
USD	(8.5)	(13.0)	(8.5)	(6.7)

[R1] *Sensitivity analysis on outstanding foreign currency hedging contracts.*
[R2] *Sensitivity analysis on significant outstanding foreign currency denominated monetary items.*

If the relevant foreign currency strengthens by 1% against SGD, equity and profit before taxation would change by the same amounts in the opposite direction.

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31 March 2014

38 Financial Risk Management Objectives and Policies (in $ million) (continued)

(c) Interest rate risk

The Group's earnings are also affected by changes in interest rates due to the impact such changes have on interest income and expense from short-term deposits and other interest-bearing financial assets and liabilities. The Group enters into interest rate swap contracts and interest rate cap contracts to manage interest rate costs on its financial assets and liabilities, with the prior approval of the BEC or Boards of subsidiary companies.

Cash flow hedges

As at 31 March 2014, the Company has interest rate cap contracts at a strike rate of 6.50% (2013: 6.50%), maturing in three to four years, to hedge against risk of increase in aircraft lease rentals. The cash flow hedges of the interest rate cap contracts are assessed to be highly effective. A net fair value loss before tax of $16.7 million (2013: $17.6 million), with a related deferred tax credit of $2.8 million (2013: $3.0 million), is included in the fair value reserve in respect of these contracts.

In FY2009/10, the Company entered into interest rate swap contracts to protect a portion of the future operating lease rent payments from exposure to fluctuations in interest rates. These contracts were settled in FY2010/11. The balance in the fair value reserve will be recognised in the profit and loss account over the lease term of the respective aircraft. A net fair value loss before tax of $14.7 million (2013: $24.8 million), with a related deferred tax credit of $2.5 million (2013: $4.2 million), is included in the fair value reserve in respect of these contracts.

As at 31 March 2014, other than those instruments entered into by the Company, the Group has interest rate swap agreements in place whereby it pays fixed rates of interest ranging from 3.00% to 3.45% (2013: 3.00% to 4.95%) and receives a variable rate linked to LIBOR. These contracts are used to protect a portion of the finance lease commitments from exposure to fluctuations in interest rates. The maturity period of these swaps ranges from 21 August 2015 to 5 March 2016. The cash flow hedges of some of these contracts are assessed to be highly effective and at 31 March 2014, a net fair value loss of $0.9 million (2013: $4.4 million) is included in the fair value reserve in respect of these contracts.

Interest rate sensitivity analysis

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or finance charges of variable interest financial instruments.
- Changes in market interest rates affect the fair value of derivative financial instruments designated as hedging instruments and all interest rate hedges are expected to be highly effective.
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the end of the reporting period.

38 Financial Risk Management Objectives and Policies (in $ million) (continued)

(c) Interest rate risk (continued)

Interest rate sensitivity analysis (continued)

Under these assumptions, an increase or decrease in market interest rates of one basis point for all currencies in which the Group has derivative financial instruments and variable rate assets and liabilities at 31 March 2014 will have the effects as set out in the table below.

Sensitivity analysis:

	The Group 31 March			
	2014		2013	
	Effect on equity [R1]	Effect on profit before taxation [R2]	Effect on equity [R1]	Effect on profit before taxation [R2]
Increase in one basis point in market interest rates	0.1	0.5	0.1	0.5
Decrease in one basis point in market interest rates	(0.1)	(0.5)	(0.1)	(0.5)

	The Company 31 March			
	2014		2013	
	Effect on equity [R1]	Effect on profit before taxation [R2]	Effect on equity [R1]	Effect on profit before taxation [R2]
Increase in one basis point in market interest rates	0.1	0.4	0.1	0.4
Decrease in one basis point in market interest rates	(0.1)	(0.4)	(0.1)	(0.4)

[R1] *Sensitivity analysis on derivative financial instruments.*

[R2] *Sensitivity analysis on variable rate assets and liabilities.*

NOTES TO THE FINANCIAL STATEMENTS

31 March 2014

38 Financial Risk Management Objectives and Policies (in $ million) (continued)

(d) Market rate risk

At 31 March 2014, the Group and the Company own investments of $1,313.7 million (2013: $957.4 million) and $1,259.6 million (2013: $897.4 million) respectively, which are subject to market rate risk. The market risk associated with these investments is the potential loss resulting from a decrease in market prices.

Market price sensitivity analysis

If prices for these investments increase or decrease by 1% with all other variables being held constant, the before tax effects on equity are set out in the table below.

Sensitivity analysis on investments:

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
	Effect on equity		Effect on equity	
Increase in 1% of quoted prices	8.6	5.9	8.1	5.3
Decrease in 1% of quoted prices	(8.6)	(5.9)	(8.1)	(5.3)

(e) Liquidity risk

At 31 March 2014, the Group has at its disposal, cash and short-term deposits amounting to $4,883.9 million (2013: $5,059.6 million). In addition, the Group has available short-term credit facilities of about $300.0 million (2013: $374.2 million). The Group also has a Medium Term Note Programmes under which it may issue notes up to $2,000.0 million (2013: $1,000.0 million) and as of 31 March 2014, $1,500.0 million (2013: $500.0 million) remains unutilised. Under these Programmes, notes issued by the Company may have varying maturities as agreed with the relevant financial institutions.

The Group's holdings of cash and short-term deposits, together with committed funding facilities and net cash flow from operations, are expected to be sufficient to cover the cost of all firm aircraft deliveries due in the next financial year. It is expected that any shortfall would be met by bank borrowings or public market funding. Due to the necessity to plan aircraft orders well in advance of delivery, it is not economical for the Group to have committed funding in place at present for all outstanding orders, many of which relate to aircraft which will not be delivered for several years. The Group's policies in this regard are in line with the funding policies of other major airlines.

The maturity profile of the financial liabilities of the Group and the Company is as follows. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying amounts as the impact of discounting is insignificant.

38 Financial Risk Management Objectives and Policies (in $ million) (continued)

(e) Liquidity risk (continued)

2014	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
The Group							
Notes payable	22.5	319.3	16.1	16.1	16.1	520.5	910.6
Finance lease commitments	57.0	52.5	22.3	22.1	-	-	153.9
Loans	8.4	0.7	1.2	1.8	1.8	8.9	22.8
Trade and other creditors	2,977.9	-	-	-	-	-	2,977.9
Derivative financial instruments:							
Currency hedging contracts	27.9	-	-	-	-	-	27.9
Fuel hedging contracts	1.3	-	-	-	-	-	1.3
Cross currency swap contracts	25.0	-	-	-	-	-	25.0
Interest rate swap contracts	2.6	-	-	-	-	-	2.6
	3,122.6	372.5	39.6	40.0	17.9	529.4	4,122.0
The Company							
Notes payable	22.5	319.3	16.1	16.1	16.1	520.5	910.6
Trade and other creditors	2,287.4	-	-	-	-	-	2,287.4
Amounts owing to subsidiary companies	1,034.8	-	-	-	-	-	1,034.8
Derivative financial instruments:							
Currency hedging contracts	27.9	-	-	-	-	-	27.9
Fuel hedging contracts	1.3	-	-	-	-	-	1.3
	3,373.9	319.3	16.1	16.1	16.1	520.5	4,262.0

2013	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
The Group							
Notes payable	22.6	22.5	319.3	16.1	16.1	536.6	933.2
Finance lease commitments	72.4	56.3	51.3	21.9	21.8	-	223.7
Loans	5.7	-	-	-	-	-	5.7
Trade and other creditors	3,055.7	-	-	-	-	-	3,055.7
Derivative financial instruments:							
Currency hedging contracts	19.2	-	-	-	-	-	19.2
Fuel hedging contracts	6.5	-	-	-	-	-	6.5
Cross currency swap contracts	40.7	-	-	-	-	-	40.7
Interest rate swap contracts	6.8	-	-	-	-	-	6.8
	3,229.6	78.8	370.6	38.0	37.9	536.6	4,291.5
The Company							
Notes payable	22.6	22.5	319.3	16.1	16.1	536.6	933.2
Trade and other creditors	2,369.5	-	-	-	-	-	2,369.5
Amounts owing to subsidiary companies	1,219.8	-	-	-	-	-	1,219.8
Derivative financial instruments:							
Currency hedging contracts	19.2	-	-	-	-	-	19.2
Fuel hedging contracts	6.5	-	-	-	-	-	6.5
	3,637.6	22.5	319.3	16.1	16.1	536.6	4,548.2

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38 Financial Risk Management Objectives and Policies (in $ million) (continued)

(f) Credit risk

The Group has an independent Group Debts Review Committee to review the follow up actions on outstanding receivables monthly. On a day-to-day basis, the respective Finance divisions have the primary responsibility for measuring and managing specific risk exposures.

The maximum exposure to credit risk for the Group and the Company is represented by the carrying amount of each financial asset in the statement of financial position.

There are no significant concentrations of credit risk other than on derivative counterparties where transactions are limited to financial institutions possessing high credit quality and hence the risk of default is low.

The sale of passenger and cargo transportation is largely achieved through IATA accredited sales agents. The credit risk of such sales agents is relatively small owing to a broad diversification. In specific instances, the contract may require special collateral.

Unless expressly stated otherwise in the contract, receivables and payables among airlines are settled either bilaterally or via the IATA Clearing House. Receivables and payables are generally netted and settled at weekly intervals, which lead to a clear reduction in the risk of default.

For all other service relationships, depending on the nature and scope of the services rendered, collateral is required, credit reports or references are obtained and use is made of historical data from previous business relations, especially with regard to payment behaviour, in order to avoid non-performance.

Collaterals requested from debtors include bank guarantees, cash-in-lieu of deposit and security deposits.

Allowance is made for doubtful accounts whenever risks are identified.

(g) Counterparty risk

Counterparty risk is the potential financial loss from a transaction that may arise in the event of default by the counterparty. Counterparty risks are managed by limiting aggregated exposure on all outstanding financial instruments to any individual counterparty, taking into account its credit rating. Such counterparty exposures are regularly reviewed, and adjusted as necessary. This mitigates the risk of material loss arising from the event of non-performance by counterparties.

Surplus funds are invested in interest-bearing bank deposits and other high quality short-term liquid investments.

38 Financial Risk Management Objectives and Policies (in $ million) (continued)

(g) Counterparty risk (continued)

The Group determines concentrations of credit risk by monitoring the industry, country and credit rating of its counterparties. The table below shows an analysis of credit risk exposures of balances that exceed 5% of the financial assets of the Group and the Company as at 31 March:

	The Group				The Company			
	Outstanding balance		Percentage of total financial assets		Outstanding balance		Percentage of total financial assets	
	2014	2013	2014	2013	2014	2013	2014	2013
Counterparty profiles								
By industry:								
Travel agencies	534.8	632.0	6.5%	7.9%	288.4	349.1	3.7%	4.8%
Airlines	587.5	381.1	7.2%	4.7%	1,017.7	179.0	13.0%	2.4%
Financial institutions	5,302.7	5,518.9	64.8%	68.6%	5,034.7	5,279.4	64.0%	71.8%
Others	1,188.8	812.9	14.6%	10.1%	1,041.2	734.5	13.2%	10.0%
	7,613.8	7,344.9	93.1%	91.3%	7,382.0	6,542.0	93.9%	89.0%
By region:								
East Asia	4,923.5	4,779.5	60.2%	59.4%	4,958.8	4,241.4	63.1%	57.7%
Europe	951.5	744.8	11.6%	9.2%	807.0	610.4	10.3%	8.3%
South West Pacific	1,405.1	1,525.0	17.2%	19.0%	1,373.9	1,487.1	17.5%	20.2%
Americas	236.2	190.6	2.9%	2.4%	182.5	140.5	2.3%	1.9%
West Asia and Africa	97.5	105.0	1.2%	1.3%	59.8	62.6	0.7%	0.9%
	7,613.8	7,344.9	93.1%	91.3%	7,382.0	6,542.0	93.9%	89.0%
By Moody's credit ratings:								
Investment grade (A to Aaa)	5,501.5	5,513.6	67.3%	68.5%	5,257.5	5,294.2	66.9%	72.0%
Investment grade (Baa)	2.0	1.1	0.0%	0.0%	0.7	0.4	0.0%	0.0%
Non-rated	2,110.3	1,830.2	25.8%	22.8%	2,123.8	1,247.4	27.0%	17.0%
	7,613.8	7,344.9	93.1%	91.3%	7,382.0	6,542.0	93.9%	89.0%

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39 Capital Management (in $ million)

The primary objective of the management of the Company's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Directors regularly review the Company's capital structure and make adjustments to reflect economic conditions, business strategies and future commitments.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital.

During the financial year ended 31 March 2014, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Notes payable	800.0	800.0	800.0	800.0
Finance lease commitments	143.2	208.4	-	-
Loans	21.8	5.7	-	-
Total debt	965.0	1,014.1	800.0	800.0
Share capital	1,856.1	1,856.1	1,856.1	1,856.1
Reserves	11,381.1	11,233.4	10,256.0	10,089.4
Total capital	13,237.2	13,089.5	12,112.1	11,945.5
Gearing ratio (times)	0.07	0.08	0.07	0.07

40 Related Party Transactions (in $ million)

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

Key Management Personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The Group considers the Directors, Chief Executive Officer and Executive Vice Presidents of the Company to be Key Management Personnel of the Company.

40 Related Party Transactions (in $ million) (continued)

In addition to the related party information disclosed elsewhere in the financial statements, these were the following significant related party transactions which were carried out in the normal course of business on terms that prevail in arm's length transactions during the financial year:

	The Group	
	FY2013/14	FY2012/13
Purchases of services from associated companies	39.7	37.3
Services rendered to associated companies	(76.0)	(85.2)
Purchases of services from joint venture companies	0.1	0.4
Services rendered to joint venture companies	(15.1)	(14.8)
Purchases of services from related parties	1,215.8	1,013.5
Professional fees paid to a firm of which a Director is a member	0.8	0.2

Directors' and key executives' remuneration of the Group

	The Group	
	FY2013/14	FY2012/13
Directors		
Salary, bonuses, fee and other costs	3.8	3.2
CPF and other defined contributions	*	*
Share-based compensation expense	1.0	0.8
	4.8	4.0
Key executives (excluding executive Directors)		
Salary, bonuses and other costs	2.4	1.8
CPF and other defined contributions	*	*
Share-based compensation expense	1.1	1.1
	3.5	2.9

* Amount less than $0.1 million

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

Name of participant	Aggregate options granted since commencement of scheme up to end of financial year under review	Aggregate options exercised since commencement of scheme up to end of financial year under review	Aggregate options outstanding at end of financial year under review
Goh Choon Phong	444,075	254,475	189,600
Mak Swee Wah	362,750	267,975	94,775
Ng Chin Hwee	214,025	214,025	-

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40 Related Party Transactions (in $ million) (continued)

Conditional awards granted to Director and key executives of the Company pursuant to the Restricted Share Plan and the Performance Share Plan are as follows:

RSP Base Awards

Name of participant	Balance as at 1 April 2013	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2014	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
Goh Choon Phong	84,366	60,000	42,366	102,000	217,256
Mak Swee Wah	42,183	30,000	21,183	51,000	144,186
Ng Chin Hwee	42,183	30,000	21,183	51,000	128,268

RSP Final Awards (Pending Release) [R1]

Name of participant	Balance as at 1 April 2013	Final Awards granted during the financial year#	Final Awards released during the financial year	Balance as at 31 March 2014	Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review *
Goh Choon Phong	12,206	5,090	10,384	6,912	67,212
Mak Swee Wah	13,273	2,550	10,181	5,642	64,868
Ng Chin Hwee	13,273	2,550	10,181	5,642	45,937

Time-based RSP Awards

Name of participant	Balance as at 1 April 2013	Awards released during the financial year	Balance as at 31 March 2014	Aggregate Awards released to participant since commencement of time-based RSP to end of financial year under review
Goh Choon Phong	105,917	52,959	52,958	52,959
Mak Swee Wah	105,917	52,959	52,958	52,959
Ng Chin Hwee	105,917	52,959	52,958	52,959

40 Related Party Transactions (in $ million) (continued)

Deferred Share Award

Name of participant	Balance as at 1 April 2013	Awards granted during the financial year	Balance as at 31 March 2014	Aggregate Awards released to participant since commencement of time-based RSP to end of financial year under review
Goh Choon Phong	-	41,020	41,020	-
Mak Swee Wah	-	16,470	16,470	-
Ng Chin Hwee	-	16,470	16,470	-

PSP Base Awards [R2]

Name of participant	Balance as at 1 April 2013	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2014	Aggregate Base Awards granted since commencement of PSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP to end of financial year under review *
Goh Choon Phong	140,141	82,500	15,887	206,754	258,000	46,912
Mak Swee Wah	65,588	33,000	15,887	82,701	147,888	66,053
Ng Chin Hwee	65,588	33,000	15,887	82,701	133,182	49,840

[R1] *The actual number of RSP Final Awards of fully paid ordinary shares will range from 0% to 150% of the Base Awards and is contingent on the Achievements against Targets over the two-year performance periods relating to the relevant awards.*

[R2] *The actual number of PSP Final Awards of fully paid ordinary shares will range from 0% to 200% of the Base Awards and is contingent on the Achievements against Targets over the three-year performance periods relating to the relevant awards.*

Final Awards granted during the financial year is determined by applying the achievement factor to the Base Awards that have vested during the financial year.

* *During the financial year, 30,746, 158,877 and 7,170 treasury shares were issued to Director and key executives of the Company pursuant to the RSP, time-based RSP and PSP respectively.*

41 Reclassifications

Certain comparative figures have been reclassified to conform with current year's presentation after adopting Revised FRS 19 Employee Benefits as disclosed in Note 2. As a result of the reclassification, the Group and the Company's long-term liabilities increased by $163.7 million and $156.4 million respectively. Correspondingly, current liabilities decreased by the same amounts.

The effect of this restatement is not significant and consequently a restated balance sheet as at 1 April 2012 has not been presented.

42 Subsequent Events

On 8 April 2014, the Company issued $200 million in aggregate principal amount of 3.145% notes due 2021 and $300 million in aggregate principal amount of 3.750% notes due 2024 under the $2 billion multicurrency medium term note programme. The notes will mature on 8 April 2021 and 8 April 2024 respectively.

On 8 May 2014, the Company agreed to subscribe to 400 million shares of Scoot Pte. Ltd. at a price of $1 per share, to support Scoot's investment in its new fleet of 787 aircraft. The subscription date is expected to be before 30 June 2014.

ADDITIONAL INFORMATION REQUIRED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

1 Interested Person Transactions (in million)

The aggregate values of all Interested Person Transactions ("IPTs") entered into during the financial year are as follows:

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 2013/14	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) 2013/14
CapitaLand Limited Group		
- Guangzhou Hai Yi Property Development Co. Ltd	-	0.1
PT Bank Danamon Indonesia TBK	-	0.6
SATS Ltd Group		
- Aero Laundry & Linen Services Private Limited	-	11.7
- Air India SATS Airport Services Private Limited	-	7.7
- Asia Airfreight Terminal Co Ltd	-	8.1
- Beijing Airport Inflight Kitchen Ltd	-	5.2
- Beijing Aviation Ground Services Co Ltd	-	6.9
- Maldives Inflight Catering Private Limited	-	3.2
- PT Jasa Angkasa Semesta Tbk	-	13.1
- SATS HK Limited	-	3.6
- SATS Ltd	-	668.9
- SATS Security Services Private Limited	-	21.0
- Taj Madras Flight Kitchen Pvt Limited	-	0.6
- Taj SATS Air Catering Ltd	-	4.4
Singapore Telecommunications Limited Group		
- NCS Pte Ltd	-	0.2
- Optus Networks Pty Ltd	-	0.5
- Singapore Telecommunications Limited	-	2.2
- Trusted Hub Limited	-	0.3
SembCorp Industries Limited Group		
- SembCorp Power Pte Ltd	-	4.1
Singapore Technologies Engineering Limited Group		
- Miltope Corporation	-	0.3
- ST Aerospace Supplies Pte Ltd	-	11.8
Temasek Holdings (Private) Limited and Associates		
- MediaCorp Pte Ltd	-	1.0
- Certis Cisco Security Technology Pte Ltd	-	0.3
- Dahlia Investments Pte Ltd and Aranda Investments Pte Ltd*	49.0	-
Tiger Airways Holdings Limited Group		
- Tiger Airways Singapore Pte Ltd**	1.6	0.2
- Tiger Airways Holdings Ltd***	227.9	-
Total Interested Person Transactions	278.5	776.0

* *Share purchase agreement with Dahlia Investments Pte Ltd and Aranda Investments Pte Ltd (subsidiaries of Temasek Holdings (Private) Limited) to acquire 72,334,350 ordinary shares of Tiger Airways Holdings Ltd ("TAH").*

** *Sector rate agreement between Scoot Pte Ltd and Tiger Airways Singapore Pte Ltd ("Tiger") which applies to tickets issued by Scoot for transportation on Tiger-operated flights, and by Tiger for transportation on Scoot-operated flights. Transaction ceased to be reported with effect from Quarter 3 of FY2013/14 following the completion of the purchase of TAH ordinary shares from Temasek Holdings (Private) Limited's (Temasek) subsidiaries, Dahlia Investments Pte Ltd and Aranda Investments Pte Ltd. The acquisition of the shares resulted in Temasek's interest in TAH being held solely through the Company. Henceforth transactions between SIA Group and TAH's subsidiaries and associated companies are no longer required to be reported.*

*** *Subscription of 189,390,367 TAH Convertible Securities at $1.07 for each convertible security pursuant to the TAH Preferential Offering; and subscription of 53,702,775 TAH Rights Shares at $0.47 per share pursuant to SIA's pro-rata entitlement to TAH Rights Issue.*

Note: *All the above interested person transactions were carried out on normal commercial terms.*

2 Material Contracts

Except as disclosed above and in the financial statements for the financial year ended 31 March 2014, there were no material contracts entered into by the Company and its subsidiary companies involving the interests of the Chief Executive Officer, Directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

QUARTERLY RESULTS OF THE GROUP

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
TOTAL REVENUE						
2013/14	($ million)	3,840.2	3,900.7	3,874.6	3,628.4	15,243.9
2012/13	($ million)	3,777.4	3,793.6	3,860.4	3,666.8	15,098.2
TOTAL EXPENDITURE						
2013/14	($ million)	3,758.5	3,813.8	3,723.6	3,688.7	14,984.6
2012/13	($ million)	3,705.4	3,723.2	3,729.4	3,711.0	14,869.0
OPERATING PROFIT/(LOSS)						
2013/14	($ million)	81.7	86.9	151.0	(60.3)	259.3
2012/13	($ million)	72.0	70.4	131.0	(44.2)	229.2
PROFIT/(LOSS) BEFORE TAXATION						
2013/14	($ million)	150.1	166.8	78.6	(27.6)	367.9
2012/13	($ million)	114.1	113.0	184.8	57.7	469.6
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT						
2013/14	($ million)	121.8	160.6	50.1	27.0	359.5
2012/13	($ million)	78.0	90.1	142.5	68.3	378.9
EARNINGS PER SHARE - BASIC						
2013/14	(cents)	10.4	13.6	4.3	2.3	30.6
2012/13	(cents)	6.6	7.7	12.1	5.8	32.2
EARNINGS PER SHARE - DILUTED						
2013/14	(cents)	10.3	13.6	4.2	2.3	30.3
2012/13	(cents)	6.6	7.6	12.0	5.7	31.9

FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP

	2013/14	2012/13	2011/12	2010/11	2009/10
PROFIT AND LOSS ACCOUNT ($ million)					
Total revenue	15,243.9	15,098.2	14,857.8	14,524.8	12,707.3
Total expenditure	(14,984.6)	(14,869.0)	(14,571.9)	(13,253.5)	(12,644.1)
Operating profit	259.3	229.2	285.9	1,271.3	63.2
Finance charges	(37.3)	(42.7)	(74.3)	(70.1)	(68.9)
Interest income	62.7	62.5	50.5	37.3	49.5
Surplus/(Loss) on disposal of aircraft, spares and spare engines	51.2	56.0	(1.4)	103.3	25.4
Dividend from long-term investments	19.6	27.3	18.0	23.8	33.0
Other non-operating items	1.9	11.9	48.8	80.1	34.2
Share of profits of joint venture companies	94.0	94.9	73.5	71.7	55.5
Share of (losses)/profits of associated companies	(45.2)	50.4	37.7	87.9	79.8
Profit before exceptional items	406.2	489.5	438.7	1,605.3	271.7
Exceptional items					
Gain on divestment of an associated company	371.5	-	-	-	-
Impairment of freighters	(293.4)	-	-	-	-
Impairment of property, plant and equipment of Singapore Flying College	(29.4)	-	-	-	-
Fines	(87.0)	(19.9)	(5.4)	(201.8)	-
Profit before taxation	367.9	469.6	433.3	1,403.5	271.7
Profit attributable to owners of the Parent	359.5	378.9	335.9	1,092.0	215.8
STATEMENT OF FINANCIAL POSITION ($ million)					
Share capital	1,856.1	1,856.1	1,856.1	1,832.4	1,750.6
Treasury shares	(262.2)	(269.8)	(258.4)	(43.0)	(0.9)
Capital reserve	123.7	110.3	99.1	91.8	74.8
Foreign currency translation reserve	(101.5)	(191.8)	(186.3)	(186.1)	(137.0)
Share-based compensation reserve	134.5	151.7	165.9	172.6	185.3
Fair value reserve	(40.4)	(27.1)	(47.6)	(138.0)	(140.9)
General reserve	11,527.0	11,460.1	11,264.6	12,474.7	11,737.0
Equity attributable to owners of the Parent	13,237.2	13,089.5	12,893.4	14,204.4	13,468.9
Non-controlling interests	337.4	312.6	294.0	298.4	280.4
Total equity	13,574.6	13,402.1	13,187.4	14,502.8	13,749.3
Property, plant and equipment	13,026.7	13,098.0	13,381.4	13,877.6	15,063.9
Intangible assets	223.4	218.5	158.3	125.2	80.8
Associated companies	729.4	554.4	543.2	504.8	532.6
Joint venture companies	126.5	120.8	113.2	102.8	108.6
Long-term investments	1,125.2	706.9	373.7	35.3	35.3
Other non-current assets	100.6	230.0	267.3	119.6	114.4
Current assets	7,310.7	7,499.5	7,205.9	9,779.2	6,548.7
Total assets	22,642.5	22,428.1	22,043.0	24,544.5	22,484.3
Deferred account	226.4	146.7	224.4	347.1	480.7
Deferred taxation	1,788.9	1,948.2	2,029.1	2,181.1	2,296.6
Other non-current liabilities	1,661.2	1,529.5	1,337.1	1,281.2	1,438.1
Current liabilities	5,391.4	5,401.6	5,265.0	6,232.3	4,519.6
Total liabilities	9,067.9	9,026.0	8,855.6	10,041.7	8,735.0
Net assets	13,574.6	13,402.1	13,187.4	14,502.8	13,749.3

	2013/14	2012/13	2011/12	2010/11	2009/10
CASH FLOW ($ million)					
Cash flow from operations	2,241.6	2,071.1	2,099.0	3,547.5	2,091.2
Internally generated cash flow [R1]	3,221.7	2,859.0	2,727.2	4,434.2	2,423.3
Capital expenditure	2,574.6	1,875.4	1,641.2	1,223.8	1,560.3
PER SHARE DATA					
Earnings - basic (cents)	30.6	32.2	28.3	91.4	18.2
Earnings - diluted (cents)	30.3	31.9	27.9	90.2	18.0
Cash earnings ($) [R2]	1.68	1.70	1.65	2.35	1.67
Net asset value ($)	11.26	11.14	10.96	11.89	11.30
SHARE PRICE ($)					
High	11.45	11.35	14.77	16.50	15.94
Low	9.44	10.10	10.05	13.00	10.12
Closing	10.47	10.87	10.77	13.68	15.20
DIVIDENDS					
Gross dividends (cents per share)	46.0 [R3]	23.0	20.0	140.0 [R4]	12.0
Dividend cover (times)	0.7	1.4	1.4	0.7	1.5
PROFITABILITY RATIOS (%)					
Return on equity holders' funds [R5]	2.7	2.9	2.5	7.9	1.6
Return on total assets [R6]	1.9	2.0	1.7	4.9	1.2
Return on turnover [R7]	2.8	2.9	2.7	7.9	2.2
PRODUCTIVITY AND EMPLOYEE DATA					
Value added ($ million)	4,370.1	4,499.6	4,344.3	5,419.2	4,276.4
Value added per employee ($) [R8]	184,268	194,040	192,960	246,361	159,151
Revenue per employee ($) [R8]	642,769	651,093	659,936	660,308	472,918
Average employee strength	23,716	23,189	22,514	21,997	33,222
SGD per USD exchange rate as at 31 March	1.2606	1.2417	1.2569	1.2602	1.4005

[R1] *Internally generated cash flow comprises cash generated from operations, dividends from associated and joint venture companies, and proceeds from sale of aircraft and other property, plant and equipment.*

[R2] *Cash earnings is defined as profit attributable to owners of the Parent plus depreciation and amortisation.*

[R3] *Includes 25.0 cents per share special dividend.*

[R4] *Includes 80.0 cents per share special dividend.*

[R5] *Return on equity holders' funds is the profit attributable to owners of the Parent expressed as a percentage of the average equity holders' funds.*

[R6] *Return on total assets is the profit after tax expressed as a percentage of the average total assets.*

[R7] *Return on turnover is the profit after tax expressed as a percentage of the total revenue.*

[R8] *Based on average staff strength.*

TEN-YEAR STATISTICAL RECORD

		2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05
SINGAPORE AIRLINES											
FINANCIAL											
Total revenue	($ million)	12,479.7	12,387.0	12,070.1	11,739.1	10,145.0	13,049.5	12,759.6	11,343.9	10,302.8	9,260.1
Total expenditure	($ million)	12,224.1	12,199.8	11,889.5	10,887.8	10,183.6	12,226.6	11,115.6	10,316.9	9,651.8	8,562.2
Operating profit /(loss)	($ million)	255.6	187.2	180.6	851.3	(38.6)	822.9	1,644.0	1,027.0	651.0	697.9
Profit/(Loss) before taxation	($ million)	536.4	(682.4)	413.3	1,194.0	233.3	1,252.4	2,077.6	2,291.1	940.8	1,570.4
Profit/(Loss) after taxation	($ million)	538.5	(694.1)	390.2	1,011.2	279.8	1,218.7	1,758.8	2,213.2	746.0	1,283.6
Capital disbursements [R1]	($ million)	2,251.1	1,648.2	1,762.7	981.9	1,372.4	1,698.6	1,814.4	2,792.7	1,458.6	1,608.9
Passenger - yield	(cents/pkm)	11.1	11.4	11.8	11.9	10.4	12.5	12.1	10.9	10.6	10.1
- unit cost	(cents/ask)	9.1	9.2	9.2	8.9	8.6	9.2	8.4	7.9	7.5	7.0
- breakeven load factor	(%)	82.0	80.7	78.0	74.8	82.7	73.6	69.4	72.5	70.8	69.3
OPERATING PASSENGER FLEET											
Aircraft	(numbers)	103	101	100	108	108	103	98	94	90	89
Average age	(months)	81	80	74	75	75	74	77	75	76	64
Industry-wide average age	(months)	147	148	151	163	162	162	162	161	159	157
PASSENGER PRODUCTION											
Destination cities	(numbers)	63	63	63	64	68	66	65	64	62	59
Distance flown	(million km)	392.2	386.3	374.6	354.1	342.4	379.8	365.9	353.1	341.8	325.4
Time flown	(hours)	517,987	507,562	490,261	460,096	443,141	492,103	474,432	458,936	441,510	419,925
Available seat-km	(million)	120,502.8	118,264.4	113,409.7	108,060.2	105,673.7	117,788.7	113,919.1	112,543.8	109,483.7	104,662.3
TRAFFIC											
Passengers carried	('000)	18,628	18,210	17,155	16,647	16,480	18,293	19,120	18,346	16,995	15,944
Revenue passenger-km	(million)	95,064.3	93,765.6	87,824.0	84,801.3	82,882.5	90,128.1	91,485.2	89,148.8	82,741.7	77,593.7
Passenger load factor	(%)	78.9	79.3	77.4	78.5	78.4	76.5	80.3	79.2	75.6	74.1
STAFF											
Average strength	(numbers)	14,240	14,156	13,893	13,588	13,934	14,343	14,071	13,847	13,729	13,572
Seat capacity per employee [R2]	(seat-km)	8,462,275	8,354,366	8,163,082	7,952,620	7,583,874	8,212,278	8,096,020	8,127,667	7,974,630	7,711,634
Passenger load carried per employee [R3]	(tonne-km)	625,995	619,969	594,663	588,714	563,318	598,047	618,295	613,211	577,784	549,904
Revenue per employee	($)	876,383	875,035	868,790	863,931	728,075	909,817	906,801	819,232	750,441	682,294
Value added per employee	($)	242,184	159,593	237,472	310,480	219,678	294,666	368,382	368,831	258,810	301,024
SILKAIR											
Passengers carried	('000)	3,411	3,295	3,032	2,764	2,356	1,954	1,815	1,616	1,259	1,044
Revenue passenger-km	(million)	5,516.1	5,223.1	4,469.4	4,039.6	3,466.4	3,158.6	3,094.9	2,712.9	2,208.0	1,895.6
Available seat-km	(million)	7,926.9	7,096.3	5,904.8	5,285.1	4,495.9	4,355.2	4,323.0	3,865.8	3,295.3	2,909.6
Passenger load factor	(%)	69.6	73.6	75.7	76.4	77.1	72.5	71.6	70.2	67.0	65.2
Passenger yield	(cents/pkm)	13.7	14.1	14.5	14.1	13.1	15.0	14.0	13.4	13.3	13.1
Passenger unit cost	(cents/ask)	9.8	9.9	10.1	9.4	9.9	10.9	9.7	9.4	8.9	8.2
Passenger breakeven load factor	(%)	71.5	70.2	69.7	66.7	75.6	72.7	69.3	70.1	66.9	62.6
SIA CARGO											
Cargo and mail carried	(million kg)	1,117.8	1,144.6	1,205.8	1,156.4	1,122.4	1,219.5	1,308.0	1,284.9	1,248.5	1,149.5
Cargo load	(million tonne-km)	6,419.3	6,763.6	7,198.2	7,174.0	6,659.1	7,299.3	7,959.2	7,995.6	7,874.4	7,333.2
Gross capacity	(million tonne-km)	10,273.6	10,661.0	11,286.5	11,208.5	10,510.1	12,292.5	12,787.8	12,889.8	12,378.9	11,544.1
Cargo load factor	(%)	62.5	63.4	63.8	64.0	63.4	59.4	62.2	62.0	63.6	63.5
Cargo yield	(cents/ltk)	32.7	33.4	34.9	36.2	32.0	38.2	38.7	38.4	38.6	35.9
Cargo unit cost	(cents/ctk)	21.9	23.2	23.5	22.3	21.9	24.9	23.4	24.5	23.5	21.3
Cargo breakeven load factor	(%)	67.0	69.5	67.3	61.6	68.4	65.2	60.5	63.8	60.9	59.3
SINGAPORE AIRLINES, SILKAIR AND SIA CARGO											
Overall load	(million tonne-km)	15,778.1	16,047.3	15,898.8	15,576.3	14,853.6	16,196.8	16,973.8	16,765.6	16,036.8	14,996.5
Overall capacity	(million tonne-km)	22,889.7	23,188.4	23,378.6	22,515.1	21,495.9	24,468.5	24,572.6	24,474.8	23,605.5	22,267.8
Overall load factor	(%)	68.9	69.2	68.0	69.2	69.1	66.2	69.1	68.5	67.9	67.3
Overall yield	(cents/ltk)	84.9	85.3	85.5	85.5	76.1	89.8	86.0	78.4	75.4	71.5
Overall unit cost	(cents/ctk)	60.8	60.4	58.6	55.4	54.6	58.4	52.9	50.6	48.2	44.8
Overall breakeven load factor	(%)	71.6	70.8	68.5	64.8	71.7	65.0	61.5	64.5	63.9	62.7

[R1] *Capital disbursements comprised capital expenditure in property, plant and equipment, intangible assets, investments in subsidiary, associated companies and joint venture companies, and additional long-term equity investments.*

[R2] *Seat capacity per employee is available seat capacity divided by Singapore Airlines' average staff strength.*

[R3] *Passenger load carried per employee is defined as passenger load and excess baggage carried divided by Singapore Airlines' average staff strength.*

THE GROUP FLEET PROFILE

As at 31 March 2014, Singapore Airlines Group operating fleet consisted of 142 aircraft - 133 passenger aircraft and 9 freighters.

Aircraft type	Owned	Finance Lease	Operating Lease	Total	Seats in standard configuration	Average age in years (y) and months (m)	Expiry of operating lease		On firm order	On option
							2014/15	2015/16		
Singapore Airlines:										
B777-200A	4		1	5	323	12 y 5 m		1		
B777-200R	9		2	11	266	10 y 9 m	1	1		
B777-200ER	1		3	4	285	11 y 5 m	1	1		
B777-200ERR [R1]	9			9	271	11 y 10 m				
B777-300R	5		2	7	284	10 y 5 m				
B777-300ER	22			22	278	5 y 9 m			5	
A380-800	5		6	11	471	5 y 4 m			5 [R2]	1 [R2]
A380-800A	5		3	8	409	2 y 2 m				
A330-300			26	26	285	3 y 4 m	1	5	8 [R3]	
A350-900 XWB [R2]									70	20
B787-10 [R2]									30	
Sub-total	60		43	103	N.A.	6 y 9 m	3	8	118	21
SIA Cargo:										
B747-400F	2	4	3	9	N.A.	12 y 3 m	1	3 [R4]		
SilkAir:										
A319-100	3		3	6	128	8 y 2 m				
A320-200	6		10	16	150	5 y 10 m	1	1		
B737-800	2			2	162	0 y 1 m			21	
B737-8 MAX [R2]									31	14 [R5]
Sub-total	11		13	24	N.A.	5 y 11 m	1	1	52	14
Scoot:										
B777-200	5		1	6	402	15 y 8 m		1		
B787-8					335				10	
B787-9					375				10	
Sub-total	5		1	6	N.A.	15 y 8 m		1	20	
Total	**78**	**4**	**60**	**142**	**N.A.**	**7 y 4 m**	**5**	**13**	**190**	**35**

N.A. not applicable

[R1] B777-200ERR refers to retrofitted B777-200ER aircraft.

[R2] The standard seat configuration will be finalised at a later date.

[R3] The A330-300 aircraft on order are on operating leases.

[R4] Two of the aircraft are on finance leases.

[R5] These are purchase rights for Boeing model 737MAX aircraft including B737-7 MAX, B737-8 MAX or B737-9 MAX.

GROUP CORPORATE STRUCTURE

31 March 2014

SINGAPORE AIRLINES LIMITED

- **78.0%** SIA Engineering Company Limited
  - **100%** Aircraft Maintenance Services Australia Pty Ltd
  - **100%** NexGen Network (1) Holding Pte Ltd
  - **100%** NexGen Network (2) Holding Pte Ltd
  - **100%** SIAEC Global Pte Ltd
  - **100%** SIA Engineering (USA), Inc.
  - **65%** SIA Engineering (Philippines) Corporation
  - **65%** Singapore Jamco Pte Ltd
  - **51%** Aerospace Component Engineering Services Pte Limited
  - **51%** Aviation Partnership (Philippines) Corporation
  - **50%** International Engine Component Overhaul Pte Ltd
  - **50%** Singapore Aero Engine Services Pte Ltd
  - **49%** Component Aerospace Singapore Pte Ltd (Previously known as Combustor Airmotive Services Pte Ltd)
  - **49%** Eagle Services Asia Private Limited
  - **49%** Fuel Accessory Service Technologies Pte Ltd
  - **49%** PT JAS Aero - Engineering Services
  - **49%** PWA International Limited
  - **49%** Safran Electronics Asia Pte Ltd
  - **49%** Southern Airports Aircraft Maintenance Services Company Limited
  - **47.1%** Pan Asia Pacific Aviation Services Ltd
  - **45%** Jamco Aero Design & Engineering Pte Ltd
  - **42.5%** Panasonic Avionic Services Singapore Private Limited
  - **40%** Goodrich Aerostructures Service Asia Pte Ltd
  - **40%** Messier Services Asia Private Limited
  - **39.2%** Asian Surface Technologies Pte Ltd
  - **33.3%** International Aerospace Tubes - Asia Pte Ltd
  - **24.5%** Asian Compressor Technology Services Co Ltd
  - **24.5%** Turbine Coating Services Private Limited
- **100%** SilkAir (Singapore) Private Limited
  - **100%** Tradewinds Tours & Travel Private Limited
  - **5%** Abacus Travel Systems Pte Ltd
- **56%** Abacus Travel Systems Pte Ltd
- **100%** Singapore Aviation and General Insurance Company (Pte) Limited
- **100%** Scoot Pte. Ltd.
- **100%** Singapore Flying College Pte Ltd
- **100%** Sing-Bi Funds Private Limited
- **100%** Singapore Airlines Cargo Pte Ltd
  - **51%** Cargo Community Network Pte Ltd
    - **100%** Cargo Community (Shanghai) Co Ltd
  - **25%** Great Wall Airlines Company Limited
- **100%** SIA (Mauritius) Ltd
- **76%** Singapore Airport Duty-Free Emporium (Private) Limited
- **49%** Tata SIA Airlines Limited
- **40%** Tiger Airways Holdings Limited
- **20%** Ritz-Carlton, Millenia Singapore Properties Private Limited

INFORMATION ON SHAREHOLDINGS

as at 3 June 2014

No. of Issued Shares:	1,199,851,019
No. of Issued Shares (excluding Treasury Shares):	1,174,791,796
No./Percentage of Treasury Shares:	25,059,223 (2.09%)
Class of Shares:	Ordinary shares
	One Special share held by the Minister for Finance
Voting Rights (excluding Treasury shares):	1 vote per share

Range of shareholdings	Number of shareholders	%*	Number of shares	%*
1 - 999	3,976	9.54	1,927,346	0.16
1,000 - 10,000	34,739	83.35	94,680,415	8.06
10,001 - 1,000,000	2,943	7.06	90,592,286	7.71
1,000,001 and above	19	0.05	987,591,749	84.07
Total	41,677	100.00	1,174,791,796	100.00

INFORMATION ON SHAREHOLDINGS

as at 3 June 2014

Twenty largest shareholders

	Name	Number of shares	%*
1	Temasek Holdings (Private) Limited	657,306,600	55.95
2	DBS Nominees Pte Ltd	104,843,664	8.92
3	Citibank Nominees Singapore Pte Ltd	92,346,328	7.86
4	DBSN Services Pte Ltd	39,125,145	3.33
5	HSBC (Singapore) Nominees Pte Ltd	31,618,923	2.69
6	United Overseas Bank Nominees Pte Ltd	20,393,569	1.74
7	Raffles Nominees Pte Ltd	17,168,219	1.46
8	BNP Paribas Securities Services	4,985,173	0.42
9	Bank of Singapore Nominees Pte Ltd	3,934,483	0.34
10	OCBC Nominees Singapore Private Limited	2,257,615	0.19
11	Estate of Chang Shyh Jin, Deceased	2,007,940	0.17
12	DB Nominees (S) Pte Ltd	1,981,959	0.17
13	UOB Kay Hian Pte Ltd	1,757,230	0.15
14	ABN AMRO Nominees Singapore Pte Ltd	1,609,333	0.14
15	DBS Vickers Securities (S) Pte Ltd	1,398,610	0.12
16	BNP Paribas Nominees Singapore Pte Ltd	1,329,418	0.11
17	Phillip Securities Pte Ltd	1,267,832	0.11
18	HL Bank Nominees (S) Pte Ltd	1,205,470	0.10
19	OCBC Securities Private Ltd	1,029,027	0.09
20	Tan Kim Siah	800,000	0.07
	Total	988,366,538	84.13

Substantial shareholder (as shown in the Register of Substantial Shareholders)

	Number of Shares			
Substantial shareholder	Direct Interest	%*	Deemed Interest**	%*
Temasek Holdings (Private) Limited	657,306,600	55.95	241,198	0.02

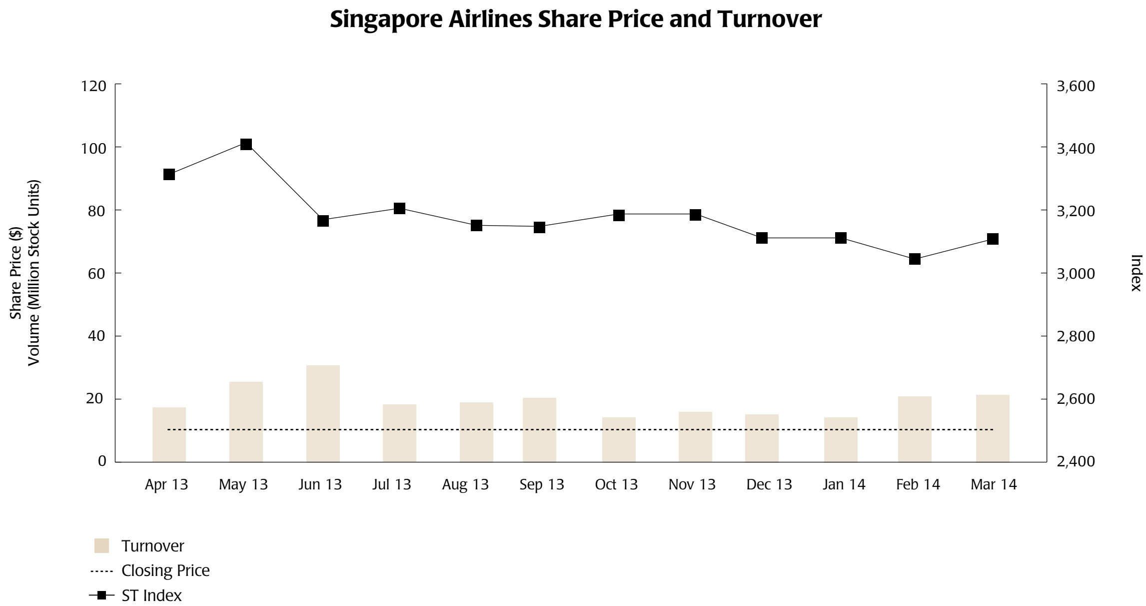
* *Based on 1,174,791,795 ordinary shares issued as at 3 June 2014 (this is based on 1,199,851,018 shares issued as at 3 June 2014, excluding the 25,059,223 Treasury shares as at 3 June 2014).*

** *Deemed interest means interest determined pursuant to Section 4 of the Securities and Futures Act, Chapter 289 of Singapore.*

Shareholdings held by the public

Based on the information available to the Company as at 3 June 2014, 43.97% of the issued ordinary shares of the Company are held by the public and, therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

SHARE PRICE AND TURNOVER



Share Price ($)	2013/14	2012/13
High	11.45	11.35
Low	9.44	10.10
Closing	10.47	10.87
Market Value Ratios [R1]		
Price/Earnings	34.22	33.76
Price/Book value	0.93	0.98
Price/Cash earnings [R2]	6.23	6.39

[R1] *Based on closing price on 31 March and Group numbers.*
[R2] *Cash earnings is defined as profit attributable to owners of the Parent plus depreciation and amortisation.*

NOTICE OF ANNUAL GENERAL MEETING

SINGAPORE AIRLINES LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 197200078R

Notice is hereby given that the Forty-Second Annual General Meeting of Singapore Airlines Limited ("the **Company**") will be held at Orchard Grand Ballroom, Level 3, Orchard Hotel Singapore, 442 Orchard Road, Singapore 238879 on Wednesday, 30 July 2014 at 2.00 p.m. to transact the following business:

Ordinary Business

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 March 2014 and the Auditor's Report thereon.

2. To declare a final dividend of 11 cents per ordinary share and a special dividend of 25 cents per ordinary share for the year ended 31 March 2014.

3. To re-elect the following Directors who are retiring by rotation in accordance with Article 82 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:

   (a) Mr Stephen Lee Ching Yen
   (b) Dr William Fung Kwok Lun

   Mr Jackson Peter Tai is retiring by rotation at the Forty-Second Annual General Meeting and will not be offering himself for re-election.

4. To approve Directors' emoluments of up to $1,900,000 for the financial year ending 31 March 2015 (FY2013/14: up to $1,700,000).

5. To re-appoint Messrs Ernst & Young LLP as Auditor of the Company and to authorise the Directors to fix their remuneration.

Special Business

6. To consider and if thought fit, approve, with or without modification, the following resolution as an Ordinary Resolution:

   That pursuant to Section 161 of the Companies Act, Cap. 50, 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 total number of issued shares (excluding treasury 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 5 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(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 total number of issued shares (excluding treasury 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 share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

   (ii) any subsequent bonus issue or 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.

7. To transact any other business as may properly be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Closure of Books

Notice is hereby given that, subject to the approval of shareholders to the final and special dividends being obtained at the Forty-Second Annual General Meeting to be held on 30 July 2014, the Transfer Books and the Register of Members of the Company will be closed on 6 August 2014 for the preparation of dividend warrants.

Duly completed and stamped transfers (together with all relevant documents of or evidencing title) received by the Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 up to 5.00 p.m. on 5 August 2014 will be registered to determine shareholders' entitlements to the final and special dividends. Subject as aforesaid, shareholders 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 5 August 2014 will be entitled to the final and special dividends.

The final and special dividends, if so approved by shareholders, will be paid on 14 August 2014.

By Order of the Board

Ethel Tan (Mrs)
Company Secretary
1 July 2014
Singapore

Explanatory notes

1. In relation to Ordinary Resolution Nos. 3(a) and 3(b), Mr Stephen Lee Ching Yen will, upon re-election, continue to serve as Chairman of the Board, Chairman of the Board Executive Committee, Board Compensation and Industrial Relations Committee and Board Nominating Committee. Dr William Fung Kwok Lun will, upon re-election, continue to serve as a member of the Board Audit Committee. Mr Lee and Dr Fung are considered independent Directors. Please refer to the sections on Board of Directors and Corporate Governance in the Annual Report for further details on Mr Lee and Dr Fung, respectively.

2. Ordinary Resolution No. 4, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred, that is, during FY2014/15. Directors' fees are computed based on the anticipated number of Board and Committee meetings for FY2014/15, assuming full attendance by all of the non-executive Directors. The amount also caters for any fee increases and unforeseen circumstances, for example, the appointment of additional Directors, additional unscheduled Board meetings and/or the formation of additional Board Committees. The amount also includes transport and travel benefits to be provided to the non-executive Directors. In the event that the amount proposed is insufficient, approval will be sought at the next Annual General Meeting before payments are made to Directors for the shortfall. Mr Goh Choon Phong, being the Chief Executive Officer, does not receive any Director's fees.

3. Ordinary Resolution No. 6, if passed, will empower Directors to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments. The number of shares which the Directors may issue under this Resolution will not exceed 50 per cent of the issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 5 per cent for issues other than on a *pro rata* basis. The 5 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 Singapore Exchange Securities Trading Limited. For the purpose of determining the aggregate number of shares which may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) 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 bonus issue or consolidation or subdivision of shares. For the avoidance of doubt, shareholders' approval will be required for any consolidation or subdivision of shares.

Notes:

1. *The Chairman of the Annual General Meeting will be exercising his right under Article 63 of the Articles of Association of the Company to demand a poll in respect of each of the resolutions to be put to the vote of members at the Annual General Meeting and at any adjournment thereof. Accordingly, each resolution at the Annual General Meeting will be voted on by way of a poll.*

2. *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.*

3. *The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 not less than 48 hours before the time fixed for holding the Meeting.*

Personal data privacy:

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

SINGAPORE AIRLINES

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MCI (P) 155/05/2014

Singapore Company Registration Number
197200078R

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