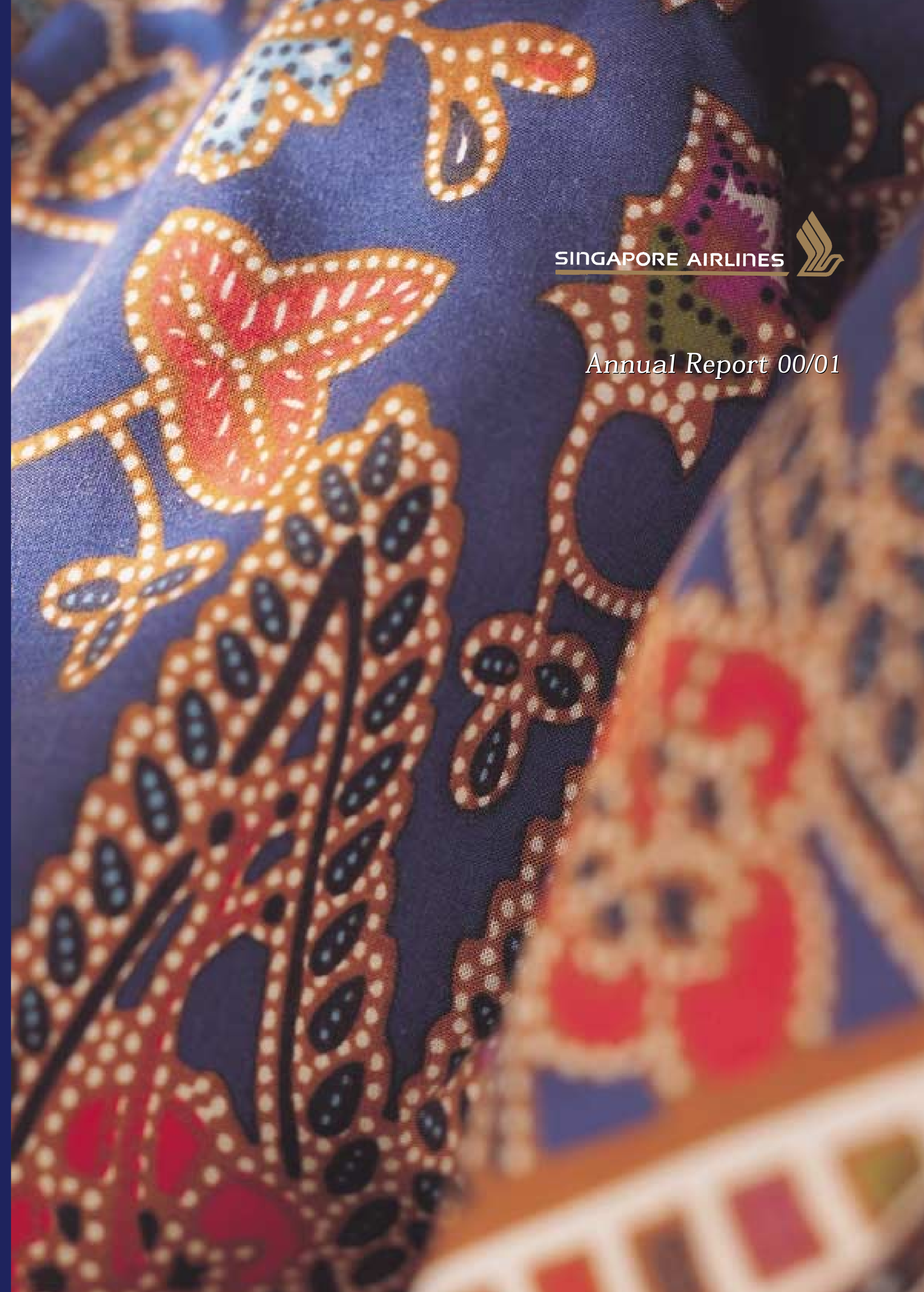
Annual Report 00/01



SINGAPORE AIRLINES

Annual Report 00/01

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105 Notice of Annual General Meeting and Closure of Books

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Legendary Service

Singapore Airlines' legendary customer service standards are symbolised by the gracious "Singapore Girl". In her distinctive uniform, a sarong kebaya in batik material, she personifies SIA's tradition of friendly service and Asian hospitality.

Statistical Highlights

FINANCIAL STATISTICS

	2000 - 01	1999 - 00	% Change
Group ($ million)			
Total revenue	9,951.3	9,018.8	+ 10.3
Total expenditure	8,604.6	7,850.0	+ 9.6
Operating profit	1,346.7	1,168.8	+ 15.2
Profit before tax	1,904.7	1,463.9	+ 30.1
Profit attributable to shareholders	1,549.3	1,163.8	+ 33.1
Share capital	1,220.2	1,250.5	– 2.4
Distributable reserves	8,071.8	7,420.9	+ 8.8
Non-distributable reserves:-			
Share premium	447.2	447.2	–
Capital redemption	62.3	32.0	+ 94.7
Capital reserve	6.9	6.9	–
Special non-distributable reserve	1,800.0	1,800.0	–
Shareholders' funds	11,608.4	10,957.5	+ 5.9
Return on shareholders' funds (%)	13.7	10.1	+ 3.6 points
Total assets	17,911.9	16,417.9	+ 9.1
Net liquid assets	1,417.8	1,647.1	– 13.9
Value added	5,180.7	4,551.5	+ 13.8
Per Share Data			
Earnings before tax (cents)	155.5	115.0	+ 35.2
Earnings after tax (cents) – basic	126.5	91.4	+ 38.4
– diluted	126.5	91.4	+ 38.4
Net tangible assets ($)	9.51	8.76	+ 8.6
Dividends			
Interim dividend (cents per share)	15.0	*10.0	+ 5.0 cents
Proposed final dividend (cents per share)	20.0	20.0	–
Dividend cover (times)	4.8	3.9	+ 0.9 time
Company ($ million)			
Total revenue	9,229.7	8,341.3	+ 10.7
Total expenditure	8,246.3	7,485.9	+ 10.2
Operating profit	983.4	855.4	+ 15.0
Profit before tax	1,607.2	1,641.5	– 2.1
Profit after tax	1,339.7	1,267.1	+ 5.7
Value added	4,053.4	3,999.3	+ 1.4

* Including 4.75 cents per $1 ordinary share tax–exempt dividend for 1999-2000.

NOTES

1. Singapore Airlines' financial year is from 1 April to 31 March. Throughout this report all figures are in Singapore Dollars, unless stated otherwise.
2. Return on shareholders' funds is the profit after taxation and minority interests expressed as a percentage of the average shareholders' funds.
3. Net liquid assets is derived by offsetting loan liabilities against liquid assets.
4. Earnings per share is computed by dividing the profit after taxation and minority interests by the weighted average number of fully paid shares in issue.
5. Dividend cover is profit attributable to shareholders divided by net dividends.
6. Net tangible assets is computed by dividing shareholders' funds by the number of fully paid shares in issue at 31 March.

FINANCIAL STATISTICS

	2000 - 01	1999 - 00	% Change
Scheduled Services – Company			
Load tonne-km (million)	12,985.3	12,038.4	+ 7.9
Capacity tonne-km (million)	18,034.0	16,917.2	+ 6.6
Overall load factor (%)	72.0	71.2	+ 0.8 point
Passengers carried (thousand)	15,002	13,782	+ 8.9
Revenue passenger-km (million)	71,118.4	65,718.4	+ 8.2
Available seat-km (million)	92,648.0	87,728.3	+ 5.6
Passenger seat factor (%)	76.8	74.9	+ 1.9 points
Cargo carried (million kg)	975.4	905.1	+ 7.8
Cargo load tonne-km (million)	6,075.2	5,668.2	+ 7.2
Cargo capacity tonne-km (million)	8,876.1	8,244.4	+ 7.7
Cargo load factor (%)	68.4	68.8	– 0.4 point
Yield (¢/ltk) – overall	67.9	66.0	+ 2.9
– passenger	98.0	95.3	+ 2.8
– cargo	34.2	33.7	+ 1.5
Unit cost (¢/ctk)	45.4	43.7	+ 3.9
Breakeven load factor (%)	66.9	66.2	+ 0.7 point
Employee Productivity – Company			
Average number of employees	14,254	13,720	+ 3.9
Capacity per employee (tonne-km)	1,265,189	1,233,032	+ 2.6
Load carried per employee (tonne-km)	910,993	877,434	+ 3.8
Revenue per employee ($)	647,516	607,966	+ 6.5
Value added per employee ($)	284,369	291,494	– 2.4
Employee Productivity – Group			
Average number of employees	28,336	27,513	+ 3.0
Revenue per employee ($)	351,189	327,801	+ 7.1
Value added per employee ($)	182,831	165,431	+ 10.5

GLOSSARY

Capacity tonne-km (ctk)	=	Capacity production (in tonnes) x distance flown (in km)
Load tonne-km (ltk)	=	Load carried (in tonnes) x distance flown (in km)
Overall load factor	=	Load tonne-km expressed as a percentage of capacity tonne-km
Available seat-km	=	Number of available seats x distance flown (in km)
Revenue passenger-km	=	Number of passengers carried x distance flown (in km)
Passenger seat factor	=	Revenue passenger-km expressed as a percentage of available seat-km
Cargo capacity tonne-km	=	Cargo capacity production (in tonnes) x distance flown (in km)
Cargo load tonne-km	=	Cargo load carried (in tonnes) x distance flown (in km)
Cargo load factor	=	Cargo load tonne-km expressed as a percentage of cargo capacity tonne-km
Yield	=	Operating revenue from scheduled services divided by load tonne-km
Unit cost	=	Operating expenditure divided by capacity tonne-km
Breakeven load factor	=	Theoretical load factor at which operating expenditure equals operating revenue, i.e. unit cost divided by yield

Board of Directors


Michael Y O Fam


Cheong Choong Kong


Edmund Cheng Wai Wing


Fock Siew Wah


Charles B Goode


Ho Kwon Ping


Koh Boon Hwee


Moses Lee Kim Poo


Lim Boon Heng


Lim Chee Onn


Raymund Ng Teck Heng


Davinder Singh


Tjong Yik Min

Board of Directors

Michael Y O Fam
Chairman, Singapore Airlines Ltd
Executive Chairman, Fraser & Neave Group

Cheong Choong Kong
Deputy Chairman and Chief Executive Officer, Singapore Airlines Ltd

Edmund Cheng Wai Wing
Chairman, Singapore Tourism Board
Deputy Chairman, Wing Tai Holdings Ltd

Fock Siew Wah
Chairman, Land Transport Authority

Charles B Goode
Chairman, ANZ Banking Group Ltd

Ho Kwon Ping
Chairman, Wah Chang/Thai Wah Group

Koh Boon Hwee
Chairman, Omni Industries Ltd and Singapore Telecom

Moses Lee Kim Poo
Permanent Secretary, Ministry of Health

Lim Boon Heng
Minister and Secretary-General, National Trades Union Congress

Lim Chee Onn
Executive Chairman, Keppel Corporation Ltd

Raymund Ng Teck Heng
Chief of Air Force, Ministry of Defence (until 1 April 2001)

Davinder Singh
Managing Director, Drew and Napier, LLC

Tjong Yik Min
Group President, Singapore Press Holdings Ltd

Chairman's Statement

SIA's fleet renewal programme is one of its hallmarks... but even by SIA's standards, it was a remarkable year for aircraft orders.

The year ending 31 March 2001 was one of contrasting fortunes. SIA continued to grow through alliance membership and equity participation, performed well financially, and proudly announced a series of aircraft orders, including the much-anticipated order for the 'super jumbo' Airbus A380. But in the midst of these laudable achievements came the Airline's first fatal accident, which happened in Taipei on 31 October 2000.

The year began well, with SIA becoming the 11th member of the Star Alliance on 1 April. In the same year, SIA acquired a 25 per cent equity interest in Air New Zealand Ltd (ANZ) in class B shares, in two tranches of 8.3 per cent from the market in April and 16.7 per cent from Brierley Investments Ltd in August. The Brierley transaction was subject to certain conditions, one of them being that Air New Zealand, which already owned 50 per cent of the Australian carrier, Ansett, must acquire the remaining 50 per cent to become the sole owner. This was duly accomplished. Consequently, SIA effectively became the 25 per cent owner of two airlines, Air New Zealand and Ansett, both of whom are Star Alliance members.

SIA's fleet renewal programme is one of its hallmarks and has contributed much to the success of the Airline over the past two decades, but even by SIA's standards, it was a remarkable year for aircraft orders. In September, the Airline announced that it would buy 25 A380 aircraft worth US$8.6 billion, 10 of them on firm order and 15 on option. The A380 will have a seating capacity about 40 per cent greater than that of the Boeing B747-400, which is currently the largest aircraft in SIA's fleet. SIA will be the first airline to operate this massive aircraft when it joins the fleet in early 2006.

A month later, SIA announced a firm order for six B747-400 freighters, worth US$1.3 billion, plus nine more B747s on option. This was followed in February 2001 by a US$4 billion order for 20 aircraft from the B777 family, 10 firm and 10 on option, to replace the A310s on regional routes and cater to future growth. Thus, in the space of just six months, SIA had announced plans to buy up to 60 aircraft worth US$13.9 billion. Taking into account aircraft spares and spare Rolls-Royce Trent 900 series engines ordered to support the A380 operation, the sum exceeded US$14 billion.

In October, SIA scaled new heights and experienced its darkest hour in the matter of a few weeks. For the first time, it was ranked as the world's most admired airline in *Fortune* magazine's prestigious annual survey. This was followed by an almost clean sweep of the *Business Traveller* Asia-Pacific 2000 Annual Travel Awards, including 'Best International Airline'. But in the very last hour of October, according to Singapore time, the Airline's proud accident-free record came to an end on a closed runway in Taipei. SIA received praise and much goodwill for its handling of the crisis, and it has pledged to recover and emerge an even better and stronger airline, but memories of this horrific accident, and those who passed away, will always remain with us.

The second half of the year was inevitably a sombre period, but business, and business development, continued. The SIA Engineering Company (SIAEC), together with fellow-subsidiary Singapore Airport Terminal Services (SATS), launched an initial public offer in 2000. SIAEC also unveiled plans to spend $25 million to build a third hangar to be ready in July 2001, and a further $90 million to build two more hangars in the next two to three years, both of which will be big enough to accommodate the A380s in the future.

Financial performance was good, although with recovery from the Asian economic crisis faster than expected, and with the loss of one aircraft in Taipei, meeting demand for seats proved to be a formidable task between November and March. Results for the first six months showed an operating profit for the Group of $756 million, a 38.2 per cent increase over the same period in 1999, but this impressive performance could not be sustained. The Group's operating profit for the full year was $1,347 million, an increase of 15.2 per cent. Rising fuel prices were mitigated by higher yields, a fuel-hedging programme and a young, fuel-efficient fleet. The full year results would have been better if not for the slowdown in the US economy and a downturn in global electronics demand in the second half of the financial year.

The economic outlook in the months ahead is not encouraging and will be a stern test of SIA's financial and commercial management skills. But the Airline has flown through similar economic turbulence in the past, and despite the conditions, it has maintained a steady course and prospered. I have every confidence that it will do so again.

I regret, however, that my own involvement as Chairman and Board member will end at the coming Annual General Meeting on 14 July 2001, as I shall not be offering myself for re-election. Having joined the Board on 3 November 1972, and as its longest-serving director, I have witnessed the growth of SIA from its arrival as an upstart, taking on the big boys of aviation, to its present position as one of the world's most successful and admired airlines. After nearly 29 years, I shall be sad to stand down, but SIA will be in good hands. The Board of Directors has recommended that Mr Koh Boon Hwee be appointed to succeed me as Chairman, subject to his election as a Director at the Annual General Meeting in July.

My sincere thanks go to SIA's fine staff for their dedication and tireless efforts over the years, and to my colleagues on the Board for their invaluable contributions. I wish them, and the Airline, every success for the future.

Michael Y O Fam
Chairman

Corporate Data

Top management, from left to right
Bey Soo Khiang, Cheong Choong Kong, Michael Tan Jiak Ngee and Chew Choon Seng

Board of Directors

Chairman
Michael Y O Fam

Deputy Chairman and Chief Executive Officer
Cheong Choong Kong

Members
Bey Soo Khiang
(until 15 July 2000)

Edmund Cheng Wai Wing

Fock Siew Wah
(with effect from 15 July 2000)

Charles B Goode

Ho Kwon Ping
(with effect from 15 July 2000)

Koh Boon Hwee
(with effect from 14 March 2001)

Moses Lee Kim Poo

Lim Boon Heng

Lim Chee Onn

Raymund Ng Teck Heng
(with effect from 1 November 2000)

Davinder Singh
(with effect from 15 July 2000)

Tjong Yik Min

Executive Committee

Chairman
Michael Y O Fam – *ex officio*

Deputy Chairman and Chief Executive Officer
Cheong Choong Kong – *ex officio*

Members
Fock Siew Wah
Koh Boon Hwee
Lim Chee Onn

Audit Committee

Chairman
Michael Y O Fam

Members
Edmund Cheng Wai Wing
Ho Kwon Ping
Koh Boon Hwee
Moses Lee Kim Poo
Tjong Yik Min

Board Finance Committee

Chairman
Fock Siew Wah

Members
Cheong Choong Kong
Charles B Goode
Davinder Singh

Board Senior Officers' Committee

Chairman
Michael Y O Fam

Members
Cheong Choong Kong
Fock Siew Wah
Koh Boon Hwee
Lim Chee Onn

Company Secretaries

Mathew Samuel
Foo Kim Boon

Registrar

KPMG
138 Robinson Road
#17-00
Hong Leong Centre
Singapore 068906

Auditors

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

Audit Partner

Fang Ai Lian

Registered Office

Airline House
25 Airline Road
Singapore 819829

Executive Management Head Office

Deputy Chairman and Chief Executive Officer
Cheong Choong Kong

Senior Executive Vice-President (Administration)
Chew Choon Seng

Senior Executive Vice-President (Commercial)
Michael Tan Jiak Ngee

Executive Vice-President (Technical)
Bey Soo Khiang

Executive Vice-President (Marketing and the Regions)
Huang Cheng Eng

Senior Vice-President (Cabin Crew)
Sim Kay Wee

Senior Vice-President (Cargo)
Hwang Teng Aun

Senior Vice-President (Commercial Technology)
Goh Choon Phong

Senior Vice-President (Corporate Affairs)
Mathew Samuel

Senior Vice-President (Engineering)
Mervyn Sirisena

Senior Vice-President (Finance and Administration)
Cedric Foo

Senior Vice-President (Flight Operations)
Maurice de Vaz

Senior Vice-President (Human Resources)
Loh Meng See

Senior Vice-President (Management Services)
Tan Chik Quee

Senior Vice-President (Product and Services)
Yap Kim Wah

Chief Executive Officer
Singapore Airport Terminal Services Ltd
Prush Nadaisan

Chief Executive
SATS Airport Services (Pte) Ltd
Karmjit Singh

Chief Executive
SATS Catering (Pte) Ltd
Joseph Chew Khiam Soon

Chief Executive Officer
SIA Engineering Company Ltd
William Tan Seng Koon

Chief Executive
SilkAir (Singapore) Pte Ltd
Subhas Menon

Overseas

Senior Vice-President The Americas
Teoh Tee Hooi

Senior Vice-President Europe
Thoeng Tjhoen Onn

Senior Vice-President North Asia
Teh Ping Choon

Senior Vice-President South East Asia
Syn Chung Wah

Senior Vice-President South West Pacific
Mak Swee Wah

Senior Vice-President West Asia and Africa
Ng Kian Wah

FINANCIAL CALENDAR

31 March 2001
Financial year-end

18 May 2001
Announcement of 2000-01 results

7 June 2001
Despatch of summary financial statement to shareholders

21 June 2001
Despatch of annual report to shareholders

14 July 2001
Annual General Meeting

30 July 2001
Payment of 2000-2001 final dividend
(subject to shareholders' approval at AGM)

26 October 2001
Announcement of 2001-02 half-yearly results

22 November 2001
Date of payment of 2001-02 interim dividend

Significant Events

April 2000

- SIA becomes the 11th member of the Star Alliance, which provides customers with access to a global route network and seamless service.

- SIA acquires an 8.3 per cent stake in Air New Zealand in the form of 'B' ordinary shares, paying NZ$141 million, or NZ$3 per share. Later in the month, it reaches agreement with Brierley Investments Ltd to acquire a further 16.7 per cent for NZ$285 million, raising its total stake to 25 per cent. The acquisition is subject to regulatory approvals, due diligence, and Air New Zealand – owner of 50 per cent of Ansett – completing its acquisition of the remaining 50 per cent.

- SIA, Lufthansa Cargo and SAS Cargo step up cooperation in the air cargo business by signing an agreement to embark on New Global Cargo, a joint project to enable the seamless carriage of airfreight throughout their combined cargo network.

- SIA is named 'Best Airline (Overall)' and 'Best Asian Airline' in *Travel Trade Gazette's* Travel Awards. SIA is also voted 'Best Airline' in *Asian Wall Street Journal's* Asian Travel Survey Award for the fourth year in a row.

May 2000

- SIA subsidiaries Singapore Airport Terminal Services (SATS) and SIA Engineering Company (SIAEC) each list 13 per cent of their shares on the Singapore Exchange following the launch of their respective initial public offers.

June 2000

- SIA teams up with International SOS, the world's largest medical assistance company, to introduce the Telemedical Service on board its flights. The service allows cabin crew to consult medical staff on the ground if a passenger becomes ill on board.

- SIA joins eight other Asia-Pacific airlines to launch Travel Exchange Asia, an Internet portal that offers customers a full range of online travel services.

July 2000

- SIA introduces Mobile Services to allow customers to access up-to-the-minute flight information anywhere and at anytime of the day using WAP (Wireless Application Protocol) phones.

- SIA announces the appointment of Mr Fock Siew Wah, Mr Ho Kwon Ping and Mr Davinder Singh as new Board members.

- SIA joins 12 other leading airlines to launch Aeroxchange, an Internet-driven business-to-business e-commerce exchange that offers the most comprehensive selection of aircraft technical parts and services on the Internet, as well as general business supplies.

- SIA announces it will exercise options for two B777-200ER and one B777-200 aircraft, worth US$540 million including spares. The aircraft will be powered by Rolls-Royce Trent 892 engines and will be delivered in 2002.

August 2000

- Following due diligence and regulatory approval, and Air New Zealand becoming 100 per cent owner of Ansett, SIA's purchase of 16.7 per cent of Air New Zealand 'B' ordinary shares from Brierley Investments Ltd is legally completed. SIA thus owns 25 per cent of Air New Zealand and, indirectly, 25 per cent of Ansett.

- The new $5.3 million *Silver Kris* Lounge at Singapore Changi Airport is opened. Its design serves as the blueprint for the building or refurbishing of other *Silver Kris* Lounges worldwide.

September 2000

- SIA announces plans to invest more than $100 million to consolidate the Group's many disparate computer systems into one common e-business platform with mySAP.com, developed by SAP AG, a leading provider of inter-enterprise solutions. This will enable greater cost efficiencies, increase productivity, and improve decision-making.

- SIA places an order for 25 'super jumbo' A380 aircraft worth US$8.6 billion from Airbus Industrie. Ten of the 25 orders are firm, while 15 are options that can be exercised for freighter as well as passenger versions. The first aircraft will join the fleet in 2006.

- SIA and American Express launch a co-brand credit card in four Asian markets (Singapore, Hong Kong, Malaysia and Taiwan) that allows customers to use their everyday purchasing power to earn *KrisFlyer* miles and other benefits.

- SIA launches SIA Club Sunday to benefit Singapore's lonely elderly poor. Over three years, SIA will contribute $500,000 towards organising social gatherings that will enable these senior citizens to enjoy Sunday outings and form friendships.

October 2000

- For the first time, SIA takes the top spot in the airline industry category in *Fortune* magazine's list of the world's most admired companies. In the Product and Services category, SIA is rated second globally behind *The New York Times*, while regionally, the Airline tops the Asia (outside of Japan) category.

- In *Business Traveller's* Asia-Pacific 2000 Annual Travel Awards, SIA makes almost a clean sweep in the airline section. Apart from being voted 'Best International Airline', it comes out tops in seven other categories: First Class, Business Class, Comfort of Seating, Cabin Crew Service, Entertainment, Food, and Wine Cellar. SIA also receives the 'Airline of the Year' award at the Australian National Travel Industry Awards.

- SIA places a US$1.3 billion order for six B747-400 freighter aircraft, with options for an additional nine aircraft that can be passenger or freighter versions.

- SIA announces the selection of Rolls-Royce Trent 900 series engines to power the 25 'super jumbo' A380 aircraft ordered from Airbus Industrie.

- The SIA Group announces a $756 million operating profit for the half year ending 30 September 2000, a 38.2 per cent increase over the same period in 1999. The SIA Board declares an interim gross dividend of 15 cents a share, up five cents from the previous year.

- In Taipei, SIA suffers its first fatal accident when Flight SQ006 attempts to take off from the wrong runway and collides with construction equipment.

November 2000

- SIA announces it will invest more than $20 million in advanced technology and sophisticated forecasting techniques to manage the allocation of airline seats more effectively. The new system, dubbed *Krismax II*, will help SIA better meet the demand for seats and minimise seat wastage.

December 2000

- SIA celebrates the opening of its single largest community initiative, the new MINDS (Movement for the Intellectually Disabled of Singapore) Singapore headquarters, which incorporates an employment development centre. SIA contributed $4 million towards the cost of construction and equipment.

January 2001

- SIA Engineering Company reveals plans to invest up to $90 million on two new hangars that will be able to house the 'super jumbo' A380 aircraft.

February 2001

- SIA announces a US$4 billion order for 20 B777-200 aircraft, 10 on firm order and 10 on option, to replace the A310 aircraft on regional routes and cater to growth. This order brings to 81 the number of B777s in operation, on firm order and on option.

March 2001

- SIA announces that it will present the first Singapore International Jazz Festival in May 2001. This is part of SIA's ongoing efforts to help strengthen Singapore's image as a world-class cultural event city.

- SIA announces the appointment of Mr Koh Boon Hwee as a Board member.

Operating Review

More than ever before, SIA is pushing back the boundaries to provide customers with the world's best air travel experience, and one way the Airline is achieving this is by helping its customers stay connected at all times, on the ground and in the air.

GLOBAL EXPANSION

During the year ending 31 March 2001, SIA made significant progress in its quest to become a global group of airline and airline-related companies.

SIA began the year by completing its £551.25 million purchase of a 49 per cent stake in Virgin Atlantic Airways, and on 1 April 2000 became the 11th member of the Star Alliance, a grouping of major airlines that aims to provide customers with global access and seamless service.

Within days of becoming a Star Alliance partner, the Airline announced it had purchased 8.3 per cent of Air New Zealand 'B' ordinary shares. In the same month, it reached agreement with Brierley Investments Ltd to purchase a further 16.7 per cent. The acquisition was subject to regulatory approvals, due diligence, and Air New Zealand – owner of 50 per cent of Ansett – completing its acquisition of the remaining 50 per cent.

The combined cost was NZ$426 million, or NZ$3 per share. This transaction was completed in August and gave SIA a 25 per cent equity interest in the New Zealand airline, the maximum percentage that a single foreign airline may own under the New Zealand Government's present guidelines.

With Air New Zealand acquiring full ownership of the Australian carrier, Ansett, SIA's 25 per cent stake in Air New Zealand gives it, indirectly, a 25 per cent stake in Ansett as well. The purchase strengthened the tripartite commercial alliance SIA already had with Air New Zealand and Ansett to offer customers a wider array of travel opportunities.

While the Virgin and Air New Zealand share acquisitions increased SIA's presence in two major markets, the Airline later set its sights on a foothold in a third market – India. By the end of the year in review, SIA had teamed up with the Tata Group of India to bid for a 40 per cent stake in Air India and was on a shortlist of bidders.


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PRODUCT AND SERVICE DEVELOPMENT

Staying connected

More than ever before, SIA is pushing back the boundaries to provide customers with the world's best air travel experience, and one way the Airline is achieving this is by helping its customers stay connected at all times, on the ground and in the air.

In July, SIA introduced Mobile Services to offer customers greater convenience, choice and control in planning their travel. Through SIA Mobile Services, customers can obtain up-to-the-minute flight information anywhere and at anytime of the day, using WAP phones. This service was later extended to include Personal Digital Assistants (PDAs).

Through these devices, passengers can also quickly and easily access a host of information including flight schedules, flight status, contact details of SIA offices worldwide, *KrisFlyer* information, news on latest promotions, and a membership services directory.

In addition, a flight alert service was introduced. This key element of SIA Mobile Services alerts registered customers to changes in SIA flight departures and arrival times through e-mail, mobile phones, or message pagers. It was also introduced on the SIA website.

Customers also need to stay connected when travelling at 35,000 feet. During the year, SIA announced its *CyberCabin* concept, which includes allowing customers to send and receive e-mail and access Internet web pages on board.

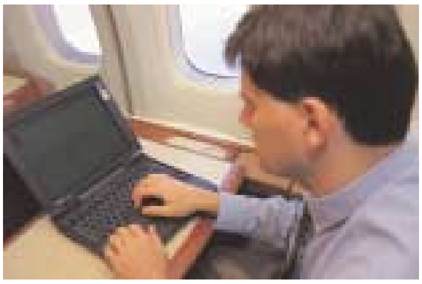
Internet developments

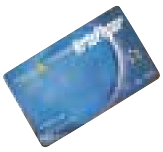
SIA extended *SQ-eTravel*, its Internet-based reservation and ticketing facility, to all its 66 stations around the world. During the year, 19,646 bookings were made through the Internet, an increase of 953 per cent on the previous year, and 27,469 tickets were sold online, up by 949 per cent.

Economy Class travellers departing from Singapore can now use e-mail check-in, a service that was originally available only to those travelling in First and Raffles Class. By completing an e-mail check-in form on SIA's website, customers can receive confirmation of their seat numbers by return e-mail within an hour.

In June 2000, SIA joined forces with eight other leading airlines to launch Travel Exchange Asia, an industry-leading Internet portal for travel in the Asia-Pacific region. The portal uses business-to-consumer and business-to-business elements to offer customers a full range of travel services, from airline and hotel bookings to car rentals and land tours – all online.

In July 2000, SIA joined forces with 12 other leading airlines to launch a business-to-business e-commerce exchange that is projected to become the industry's largest. Named Aeroxchange, it is another example of how SIA is taking advantage of Internet-based technology to streamline its ways of doing business. Airframe, avionics and engine components, maintenance services, and a range of general goods and services will be bought and sold through the exchange.





Services on board

In June 2000, SIA teamed up with International SOS, the world's largest medical assistance company, to provide a service that allows cabin crew to consult medical staff on the ground if a passenger becomes ill on board. Called the Telemedical Service, it is available 24 hours a day, seven days a week and provides customers with the assurance that professional advice is always at hand in case of emergencies.

SIA's World Gourmet Cuisine continues to lead the way in airline food. During the year, three celebrated chefs joined the Airline's star-studded International Culinary Panel. Britain's Gordon Ramsay, who was recently awarded his third Michelin star, Hong Kong's Yeung Koon Yat, and America's Nancy Oakes are the latest chefs to join a panel of eight world-renowned food experts who create signature dishes specially for SIA's customers.

Loyalty services

SIA's frequent flyer programme, *KrisFlyer*, achieved substantial membership growth during the year and forged new partnerships. Following the Airline's entry into Star Alliance, *KrisFlyer* has added Austrian Airlines, Air Canada, Mexicana, Thai Airways International and Varig to its list of airline partners.

SIA's frequent flyer programme, KrisFlyer, achieved substantial membership growth during the year and forged new partnerships.

Silver Kris Lounge

Occupying an area of 30,000 square feet, the new $5.3 million *Silver Kris* Lounge at Singapore Changi Airport opened in August 2000. Featuring a rich, elegant decor and a wide range of customer facilities, including the latest in entertainment and communications technology, an international buffet and luxurious furniture from all over the world, it will serve as the blueprint for the $13 million construction or refurbishment of *Silver Kris* Lounges worldwide.

In addition to the five new airline partners, *KrisFlyer* has linked up with two hotel partners, Millennium Hotels and Resorts and Raffles International Hotels, and a new car rental partner, Budget Car Rental. As at 31 March 2001, *KrisFlyer's* comprehensive global travel network included 35 world-class partners comprising 17 airlines, 11 hotel chains, three credit/charge card companies, three car rental agencies and a telecommunications service provider.

In September 2000, SIA and American Express launched the *American Express Singapore Airlines KrisFlyer* credit card in Singapore, Malaysia, Hong Kong and Taiwan. This was followed by the launch of the *Singapore Airlines KrisFlyer JCB and Singapore Airlines KrisFlyer Sumitomo* credit cards in Japan.

Awards and Accolades

SIA continued to receive recognition and plaudits around the world as one of the top airlines for its constant innovation and product and service excellence.

During the year, SIA received several awards in a range of categories, including topping the airline category of *Fortune* magazine's list of the world's most admired companies. SIA was also voted 'Best Airline' in *Asian Wall Street Journal's* Asian Travel Survey Award for the fourth year in a row and readers of *Conde Nast Traveler* named SIA 'Best Airline' for the 12th time in 13 years.

In clinching the *Travel Trade Gazette* Travel Awards for 'Best Airline (Overall)' and 'Best Asian Airline', SIA claimed the honour of being the only contender to receive two awards. The Airline swept most of *Business Traveller's* Asia-Pacific 2000 Annual Travel Awards in the airline section. Besides being voted 'Best International Airline', it also emerged tops in seven other categories: First Class, Business Class, Cabin Crew Service, Inflight Entertainment, Comfort of Seating, Inflight Food, and Wine Cellar.

At its home base in Singapore, SIA received the prestigious DBS-TDB Millennium Trade Award for helping propel Singapore into the league of global cities for international trade over the last three decades.

A selection of the many awards received during the year is contained in the side bars.

SIA – International Award Winner (2000 – 2001)

April
Asian Wall Street Journal and CNBC Asia – Asian Travel Survey
Most Preferred Airline

Travel Trade Gazette Travel Awards (Singapore)
Best Airline and Best Asian Airline

May
Air Cargo News International
Cargo Airline of the Year Awards (UK)
Best Airline to Australasia & Far East

August
Travel Bulletin Awards (UK)
Top Asia/Pacific Airline

September
Conde Nast Traveller – Readers' Travel Awards (UK)
Best Long-Haul Airline (Leisure)

DBS/TDB Millennium Trade Award (Singapore)

TrevelAsia Breakthrough Awards (Singapore)
Airline of the Year

October
Business Traveller Asia-Pacific 2000 Travel Awards (Hong Kong)
Best International Airline and first in seven other categories

Business Traveller Awards (UK)
Best Long-Haul Airline

Common Wealth Magazine – Most Admired Company Awards (Taiwan)
Winner – Airline Industry category

Conde Nast Traveler – Readers' Travel Awards (USA)
World's Best Airline

Fortune magazine's list of World's Most Admired Companies (USA)
Winner – Airline category

National Travel Industry Awards (Australia)
Airline of the Year

November
Korea Herald – Readers' Best Brands (Korea)
Best Brand (Foreign Airline category)

Scottish Passenger Agents Association (Scotland)
Best Foreign Airline

December
Asia Travel Tips Premier Travel Award for Excellence (Thailand)
Best Airline in the World

Asiamoney – Best Managed Companies (Hong Kong)
Best Managed Company of the Decade

Business Traveler International –
Best in Business Travel Awards (USA)
Best Overall Airline and first in four other categories

Financial Times' list of World's Most Respected Companies (UK)
Winner, Transport Category

Reisrevue Dutch Travel Industry Awards (Netherlands)
Best Scheduled Airline

January
Business Traveller Awards (Germany)
Best International Airline and first in two other categories

Travel Inside magazine –
Travel Star Awards (Switzerland)
Best Airline

Travel Weekly – Golden Globe Awards (UK)
Best Airline to Asia

February
Official Airline Guide – Airline of the Year Awards (UK)
Best Europe – Far East/Australasia Airline and first in three other categories

TravelCom magazine – Gold List (Taiwan)
Best Airline

March
CargoNews Asia – Asian Freight Industry Awards (Hong Kong)
Best Global Air Cargo Carrier and Best Air Cargo Carrier (Asia)

Travel Frontier magazine –
Readers' airline rankings (Japan)
Best Airline

Zagat Survey of International Airlines (USA)
World's Best International Airline operating to and from the US

FLEET

SIA further enhanced its reputation as a pioneer in fleet development. In September 2000, it announced that it would be the launch customer for Airbus Industrie's A380, the world's largest passenger jet. The Airline's US$8.6 billion order for 25 A380s, 10 firm and 15 on option, was the largest of several aircraft orders it placed during the year.

The A380, powered by Rolls-Royce Trent 900 engines, will be capable of carrying more than 500 passengers and will be deployed on high-density, long haul routes to London, Los Angeles, New York, San Francisco and Sydney. Deliveries are scheduled from 2006 to 2011.

In February 2001, SIA announced the US$4 billion purchase of a further 20 B777-200 aircraft, 10 firm and 10 on option. The B777s in this latest order will replace the Airline's existing fleet of A310-300s, which are used on regional routes, and cater to growth. Powered by Rolls-Royce Trent 800 engines, they will be delivered between 2003 and 2009.

Earlier in the year, SIA exercised five B777 options, worth US$965 million, that were part of its June 1996 order. SIA's combined total of B777s in operation, on firm order and on option now stands at 81.

SIA also made plans to expand its cargo fleet. In October 2000, it announced a US$1.3 billion order for six B747-400 freighters, with options for an additional nine B747-400s that can be passenger or freighter versions.

SIA continued upgrading its young fleet with state-of-the-art flight operation systems. By December 2002, all SIA aircraft will be fitted with the Enhanced Ground Proximity Warning System, which enhances the existing warning systems and adds predictive windshear capability to the weather radar system.

The Airline's Traffic Collision Avoidance System has also been upgraded to further enhance the information provided to pilots if another aircraft is in close proximity, and helps them avoid the risk of a possible collision.

As part of SIA's fleet renewal programme, the remaining one A310-200 and six B747-300 passenger aircraft were retired from the fleet during the year. Of these, the A310-200 and four B747-300s were traded in and the remaining two B747-300s were returned to the lessors.

As at 31 March 2001, SIA's operating fleet comprised 93 aircraft, with a further 63 on firm order and 55 on option.

ROUTE DEVELOPMENT

SIA increased capacity and frequency on major routes to meet growing passenger demand, especially in North and West Asia, Australia and Europe.

Athens, Delhi, Denpasar, Frankfurt, Hong Kong, Karachi, Lahore, Osaka, Seoul, Surabaya and Sydney saw significant increases in flight frequency in 2000, while larger-capacity aircraft were used to cater to increased demand on services to Beijing, Bombay, Melbourne, Seoul and Shanghai.

As at 31 March 2001, SIA operated a total of 624 weekly passenger flights out of Singapore, an increase of 11 from the previous year.

SIA also entered into a codeshare arrangement with Star Alliance partner Air Canada on the London-Toronto and Copenhagen-Toronto routes. This codeshare allows SIA to market Singapore-Toronto services and enables its customers to connect seamlessly with Air Canada flights in London and Copenhagen.

As at 31 March 2001, the Airline's route network, including SilkAir and freighter-only destinations, covered 91 destinations in 40 countries. Taking into account codeshare services with alliance partners, it extends to 119 destinations in 41 countries.

SIA promotes Singapore through development of attractively-priced holiday packages, media and trade familiarisation visits, special events, and support of sales missions and trade shows.

Promoting tourism

As part of its mission to help develop Singapore into a sporting and cultural event city, SIA continued its sponsorship of the Singapore Airlines International Cup – at $3 million, one of the world's richest horse races. It also announced the sponsorship of another international race, the $1 million Singapore Airlines *KrisFlyer* Sprint, and plans to present the first Singapore International Jazz Festival. The three events will be held within a week of each other in May 2001.

A Memorandum of Understanding (MOU) was signed with the Macau Government Tourist Office in August 2000. The MOU underscores SIA's commitment to help promote the important dual role of Macau, as a tourist destination in its own right and as a gateway to Southern China.

Following the signing of agreements with the Australian, Philippine and Indonesian tourism organisations in the financial year 1999-2000, SIA embarked on a series of joint tourism promotion activities in key source markets to stimulate travel to these countries.

Similar promotion activities were also undertaken to strengthen Singapore's position as the region's premier destination. SIA promotes Singapore through development of attractively-priced holiday packages, media and trade familiarisation visits, special events, and support of sales missions and trade shows.

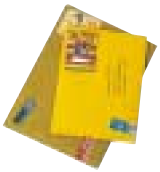
SIA CARGO

SIA currently operates nine freighters, with eight more on firm order, all to be delivered between 2001 and 2005. In the year of review, SIA Cargo's overall capacity expanded by 7.7 per cent and revenue reached $2,079 million, an 8.9 per cent increase on the previous year.

SIA Cargo's service standards are continually recognised by international trade publications and associations. During the year, it was voted 'Best Global Air Cargo Carrier' and 'Best Air Cargo Carrier Asia' at the 14th Asia Freight Industry Awards, and 'Best Air Cargo Carrier Asia' by *Cargo News Asia*.

In April 2000, SIA, Lufthansa and SAS Cargo signed an agreement to embark on an alliance project to enable the seamless carriage of cargo products throughout their combined network. Known as New Global Cargo, it is designed to offer a portfolio of harmonised air cargo products and synchronised sales and customer service activities. A common information technology infrastructure will enable easier access to the cargo route network of the partners.

SIA Cargo's service standards are continually recognised by international trade publications and associations.



SIA Cargo introduced several new freighter services in October and November 2000, adding Jakarta, Osaka and Penang to the freighter network. During the same period, freighter frequency was increased to Bangalore, Chennai, Copenhagen, Dublin, Paris, Los Angeles and San Francisco. Earlier in the year, frequency to Amsterdam was also increased.

To build upon this growth, SIA Cargo will become incorporated as an independent subsidiary in July 2001. The increased independence will allow management to react more quickly to market forces and consolidate SIA Cargo's position as the world's third largest air cargo carrier in terms of international freight-tonne kilometres flown.

SUBSIDIARIES AND ASSOCIATED COMPANIES

SIA Engineering Company (SIAEC)

In January 2001, SIAEC announced plans to invest $80-90 million in another two new maintenance hangars at Changi, subject to it being able to secure the necessary sites from the authorities. These two hangars, due to be completed in 2002 and 2003, will be able to accommodate the 'super jumbo' A380 aircraft and will add a further 30 per cent capacity. Their construction is in line with SIAEC's plan to be a maintenance, repair and overhaul centre for the A380.

A ground breaking ceremony for a $25 million single bay hangar (including land cost) was held in the same month. The 85-metre wide facility is due to be operational in July 2001 and will be able to accommodate B747, B777 and A340-500/600 aircraft.

SIAEC continued to enter into joint ventures with well-established aerospace companies. In July 2000, it paid US$8 million for a 40 per cent stake in Messier Services Asia, a Singapore-based landing gear repair and overhaul facility. This was followed in November by the signing of a joint venture agreement with United Technologies Holdings (Singapore) Pte Ltd and Singapore Technologies Aerospace to form Turbine Coating Services Pte Ltd, an engine-part repair joint venture. SIAEC will take a 24.5 per cent share worth US$3.2 million.

In March 2001, SIAEC paid US$15 million to acquire a 30% stake in BFGoodrich Aerostructures & Aviation Services Group's wholly-owned subsidiary, Rohr Aero Services-Asia (RASA), which repairs and overhauls aircraft nacelles, thrust reversers and composite structures. SIAEC has an option to acquire a further 10% equity share of RASA, subject to certain conditions.

These investments increased the number of SIAEC joint ventures to 15.

Singapore Airport Terminal Services (SATS) Group

The SATS Group, comprising SATS Airport Services, SATS Catering, SATS Security Services and Aero Linen and Laundry Services, built firmly on its public listing on the Singapore Exchange in May 2000, adding joint ventures, customers and capacity.

In July 2000, SATS entered into its 11th overseas joint venture, taking a 20 per cent stake in Evergreen Airline Services Corporation, which provides ground handling services at Taipei's Chiang Kai Shek airport. As at 31 March 2001, its stake was pared down to 19.21% after more shares were issued to employees of Evergreen Airline Services Corporation.

During the year, the group added two new customers, signing agreements to provide ground handling services to Evergreen International Airlines, one of the world's largest cargo airlines, and ground handling and inflight catering to Air Wagon International, an Indonesian carrier.

As the year under review ended, SATS prepared for further growth, announcing a $500 million medium-term note programme, to allow the group to further diversify funding sources as it seeks to expand internationally and in Singapore.

SilkAir

SilkAir expanded its fleet to seven aircraft. Its last Fokker F70 was returned to its lessor in April 2000, and SilkAir now operates an all-Airbus fleet. It took delivery of an A319-100 aircraft in May 2000 and an A320-200 in March 2001, increasing its fleet to three A319s and four A320s.

During the year, SilkAir launched twice-weekly services to Siem Reap in Cambodia and began a daily service to Langkawi in Malaysia. As at 31 March 2001, it operated 93 scheduled revenue flights each week to 18 destinations.

SilkAir was awarded 'Best Regional Airline of the Year' by *Travel Asia* magazine and won the 'Airline of the Year' award from the Cebu Travel and Tours Association, as well as 'The Friends of Thailand 2000' award. Its *Lombok Spectacular* was named the most innovative regional-linked product in Tourism Awards 2000, organised by the Singapore Tourism Board.

SIA Properties (SIAP)

SIAP, the subsidiary responsible for managing property development and upgrading projects for the SIA Group at home and abroad, had an active year.

In Singapore, major projects undertaken included SIAEC's Trent Engine Overhaul Complex and single-bay hangar, SATS' Express Courier Centre 2, and the $5.3 million facelift of the *Silver Kris* Lounge at Singapore Changi Airport.

Overseas projects included the completion of the 88-room Hulhule Island Hotel in the Maldives. The hotel is 100 per cent owned by Maldives Inflight Catering Pte Ltd of which SATS has a 35 per cent stake. In addition, *Silver Kris* Lounges were upgraded or constructed in Manila, San Francisco and Sydney. Similar lounge projects are in progress in London, Melbourne, Osaka and Seoul. SIA offices in Adelaide, Bangkok, Denpasar, Kuala Lumpur, London and Tokyo were renovated or relocated.

As at 31 March 2001, the SIA Group owned 19 commercial and 25 residential properties, and leased 357 properties located in 105 cities and 43 countries.

Singapore Aircraft Leasing Enterprise (SALE)

During the year in review, SALE placed a $1 billion order for 11 A320-family aircraft from Airbus Industrie. The three A319 and eight A320 aircraft are due to be delivered from the end of 2002 and bring to 50 the number of firm aircraft orders SALE has placed with the European manufacturer.

SALE delivered A320-200 aircraft to British Mediterranean Airways, GB Airways, America West Airlines, Qatar Airways, Roots Air and Sabena; an A321-200 to Monarch Airlines; a B737-300 to China Eastern Airlines; an A330-300 to Korean Airlines and one B777-200ER to Malaysia Airlines. The company sold two B777-200ERs to Oasis Leasing, an A320-200 to Babcock and Brown Aircraft Management and another A320-200 to TransAmerica Equipment Financial Services and a B767-300ER to Alitalia. It also issued its first Singapore Dollar denominated bond to finance an A320-200 aircraft.

Auspice Limited

Auspice, a Channel Islands-based subsidiary, is responsible for the offshore portfolio investment activities of the SIA Group. Its funds are managed by six external fund managers, with mandates to invest in fixed income instruments. The portfolios are denominated in US Dollars.

For the year ending 31 March 2001, funds under management increased by 5.35 per cent (in Singapore Dollar terms). The low return is attributable to the poor performance of most of the major bond markets, due to central bank rate hikes at the beginning of the financial year.

Sing-Bi Funds Pte Ltd

Sing-Bi Funds Pte Ltd, a Singapore-based subsidiary, is responsible for the regional portfolio investment activities of the SIA Group. Its funds are managed by three external fund managers, with mandates to invest in quoted bonds and equities listed in regional markets. The portfolios are denominated in Singapore Dollars.

During the year, the funds fell by 21.37 per cent. The decline can be attributed to the poor performance of the Asian equity markets caused by the deflating technology bubble, surging oil prices and the prospect of slowing global economic growth.

COMMUNITY RELATIONS

As one of the world's most successful international airlines, SIA has a special duty to be a responsible corporate citizen and give back to the communities where it operates.

While continuing to support traditional areas of sponsorship such as the arts and education, SIA has recently increased its support of the needy, specifically the intellectually disabled and senior citizens.

In December 2000, it celebrated the fruition of its single largest community relations initiative with the opening of the new headquarters of MINDS, the Movement for the Intellectually Disabled of Singapore. SIA contributed $4 million towards the cost of constructing and equipping the building, with SIA volunteers and MINDS joining forces to generate a further $800,000 through fund-raising efforts. The six-storey building also serves as a workplace and employment development centre for up to 400 intellectually disabled people.

With SIA staff responding to the call for volunteerism in Singapore, SIA's cash donation was just part of its overall partnership with MINDS. SIA volunteers are actively involved in taking MINDS members on outings, as well as helping with the upgrade of workshop facilities, administration, marketing, and accounting.

The year also saw the Airline launch the SIA Club Sunday programme in conjunction with Lions Befrienders. SIA will contribute $500,000 over a period of three years to pay for social gatherings that will enable these senior citizens to enjoy Sunday outings and form friendships. SIA volunteers will again play a part by helping Lions Befrienders organise these gatherings.

SIA contributed $150,000 to the Community Chest of Singapore, in addition to the combined donations of staff under the SHARE programme, which amounted to more than $590,000. The Airline will continue to help the less fortunate and encourage staff to take part in volunteer programmes that directly benefit those in need.

The arts and education continue to be important areas of sponsorship for SIA, and the SIA-NAC (National Arts Council) Travel Grant Scheme remains one of the Airline's core sponsorship programmes. During the year, free and rebated tickets worth $250,000 were provided to local performers who needed to travel overseas to perform. In addition, SIA sponsored the annual Junior College Debates series on Singapore's Premiere 12 TV for the third year in a row, donating $230,000 in cash towards the production costs and providing tickets as prizes for the winning team and the runners-up.

OUR PEOPLE

The SIA Group's staff strength at 31 March 2001 was 29,114, of which 14,744 were employed by the Airline and the remainder by its subsidiaries. This represents an increase of 5.6 per cent over the previous year.

Due to the current worldwide shortage of pilots, we have to actively recruit to fill vacant captain positions. As at 31 March 2001, SIA employed 1,645 technical crew, an increase of 7.4 per cent on the previous year.

SIA recruited cabin crew from Singapore and traditional alternative sources, including Hong Kong, India, Indonesia, Japan, Korea, and Taiwan. The number of cabin crew stands at 6,771, an 11.7 per cent increase on the previous year.

SIA's heavy investment in staff development generated 2.5 training places for every employee during the year, translating to 17.2 training days per employee.

This commitment to staff training was recognised when SIA was awarded the Singapore Productivity and Standards Board's (SPSB) National Training Award for a record third time. SPSB presented SIA with a special 'The Three Time Winner' award and praised it for "exemplary dedication to proactively developing human capital to achieve world class business excellence and breakthrough improvements".

SIA was also among 12 organisations in Singapore recognised by the Singapore Sports Council for its commitment to promoting employee health and fitness. The Sports ACE (Sports Award for Corporate and Employees) was presented to SIA for the second year in a row.

The commitment to staff training was recognised when SIA was awarded the Singapore Productivity and Standards Board's National Training Award for a record third time.

Corporate Governance

1. The SIA Board will continue to uphold the highest standards of corporate governance within the Company and the SIA Group of companies.

2. **Board of Directors**

2.1 The Board supervises the management of the Company. It meets regularly and focuses on strategies and policies, with particular attention paid to major investments and financial performance.

2.2 The Board members are:

Chairman
Michael Y O Fam

Deputy Chairman and
Chief Executive Officer
Cheong Choong Kong

Members
Bey Soo Khiang
(until 15 July 2000)

Edmund Cheng Wai Wing

Fock Siew Wah
(with effect from 15 July 2000)

Charles B Goode

Ho Kwon Ping
(with effect from 15 July 2000)

Koh Boon Hwee
(with effect from 14 March 2001)

Moses Lee Kim Poo

Lim Boon Heng

Lim Chee Onn

Raymund Ng Teck Heng
(with effect from 1 November 2000)

Davinder Singh
(with effect from 15 July 2000)

Tjong Yik Min

3. **Executive Committee**

3.1 The SIA Board Committee has been expanded to five members and reconstituted as the Executive Committee (ExCo).

3.2 The functions of the ExCo are:

a) To evaluate, review and approve (under delegation of the Board) strategic, financial and operational matters that have substantial impact, monetary or otherwise, on the SIA Group.

b) To depute for the Board in routine operational matters, e.g. open bank accounts, grant Powers of Attorney, and affix the Company's seal to all documents requiring the Company's seal, authorising resolutions under seal to approve the sale and/or lease of company premises, aircraft, engines and related equipment.

3.3 The members of the ExCo are:

Chairman
Michael Y O Fam – *ex officio*

Deputy Chairman and
Chief Executive Officer
Cheong Choong Kong – *ex officio*

Members
Fock Siew Wah
Koh Boon Hwee
Lim Chee Onn

4 **Audit Committee**

4.1 The Audit Committee comprises six members, four of whom are independent non-executive directors. The members of the Audit Committee at the date of this report are:

Chairman
Michael Y O Fam

Members
Edmund Cheng Wai Wing
Ho Kwon Ping
Koh Boon Hwee
Moses Lee Kim Poo
Tjong Yik Min

4.2 The Committee holds quarterly meetings with the internal auditors and the external auditors of the Company, and performs the following functions:

a) reviews the audit plans of the internal auditors and the external auditors of the Company, the results of their examination of the Company's system of internal accounting controls and the co-operation given by the Company's officers to the external and internal auditors;

b) reviews the financial statements of the Group and the Company and the auditors' report thereon before their submission to the Board of Directors;

c) nominates the external auditors for reappointment; and

d) reviews interested person transactions.

4.3 The Committee has full access to and co-operation of the Company's management. The Committee has full discretion to invite any director or executive officer to attend the meetings, and has been given reasonable resources to enable it to discharge its functions.

4.4 In the opinion of the directors, the Company complies with the Best Practices Guide of The Singapore Exchange Securities Trading Limited (SGX) on Audit Committees.

5. **Board Finance Committee**

5.1 This Committee was formed on 11 August 2000. The Committee meets quarterly and sets directions, policies and guidelines pertaining to certain financial matters of the Company. The Committee also acts as the approving body for new initiatives or projects under its terms of reference, viz

(i) management of surplus funds;
(ii) liquidity and financing management;
(iii) financial risk management; and
(iv) share buyback.

5.2 The Board Finance Committee comprises:

Chairman
Fock Siew Wah

Members
Cheong Choong Kong
Charles B Goode
Davinder Singh

6. **Board Senior Officers' Committee**

6.1 Terms of Reference
The Committee will:

a) Compensation and Benefits
i) decide on remuneration packages needed to retain and motivate Senior Officers of the quality required;

ii) conduct annual reviews of the remuneration packages of Senior Officers taking into consideration the recommendations of the Chief Executive Officer;

b) Employee Share Option Plan
i) grant options to staff in accordance with the Plan, and issue shares as may be required on the exercise of the options;

ii) make changes to the Plan if necessary, provided such changes are in accordance with the provisions of the Plan;

c) Executive Recruitment and Selection
i) ensure that a sufficient number of suitable candidates are recruited and/or promoted to leadership positions;

d) Leadership Development and Top Management Succession
i) monitor the programme of leadership development for the pool of identified talent through courses, job rotation and assignments to equip and prepare them for critical key appointments in future;

e) Management Relationship with the Subsidiaries and Equity Partners
i) ensure that talent is tapped and equitably distributed throughout the subsidiaries and associated companies in the Group; and

ii) encourage closer working relationship and management exchanges in the subsidiaries and associated companies in the Group.

6.2 The Board Senior Officers' Committee comprises:

Chairman
Michael Y O Fam

Members
Cheong Choong Kong
Fock Siew Wah
Koh Boon Hwee
Lim Chee Onn

7. **Securities Transactions**

7.1 The Company has clear policies on trading of its shares by Board directors and employees which are in conformity with the guidelines of the SGX.

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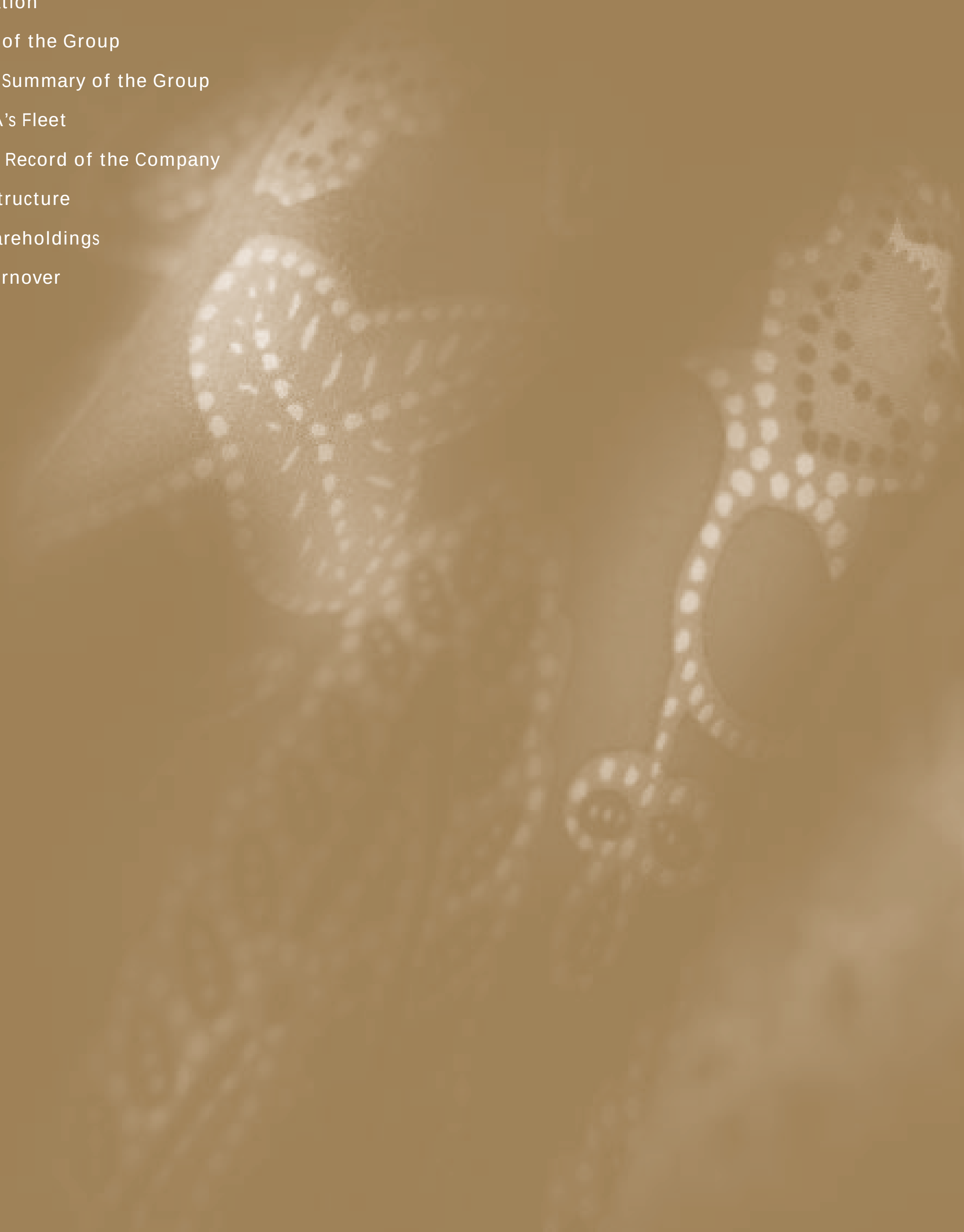


Financial Review

EARNINGS

The Group's operating profit for financial year 2000-01 was $178 million (+15.2%) higher at $1,347 million. The operating profit of the Company increased by $128 million (+15.0%) from 1999-00, to $983 million. Revenue increased by $889 million (+10.7%) to $9,230 million, while expenditure grew $760 million (+10.2%) to $8,246 million, mainly from the escalation in fuel costs (+$630 million or 49.4%). The rising fuel prices were mitigated by higher yields, fuel hedging programme and a young fuel-efficient aircraft fleet. The full year results would have been better if not for the slowdown in the US economy and a downturn in global electronics demand in the second half of the financial year.

The Company's profit before tax was $1,607 million, down $34 million (-2.1%) after the inclusion of:-

(i) higher interest on borrowings amounting to $44 million;

(ii) a surplus of $166 million from the sale and leaseback of two B747-400, the disposal of one B747-400 passenger aircraft, the trade-in of one A310-200 and four B747-300 passenger aircraft, the sale and leaseback of six A340-300 spare engines, and the sale of spares and other spare engines;

(iii) lower gross dividends from subsidiaries and associated companies of $60 million [Singapore Airport Terminal Services Limited (SATS) and SIA Engineering Company (SIAEC) did not pay a final dividend for financial year 1999-00, but a special dividend was paid in March 2000 totalling $371 million as part of a capital restructuring prior to their initial public offerings (IPOs) on 5 May 2000];

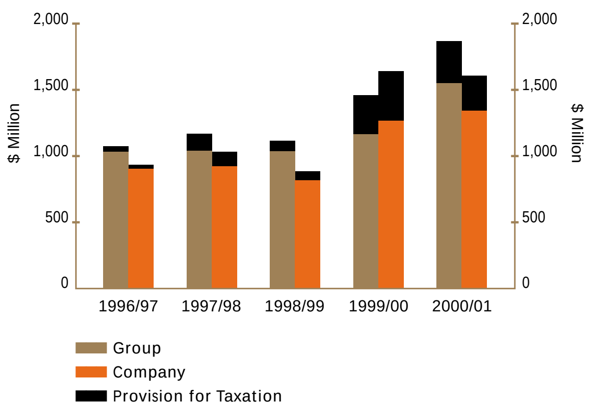
(iv) a profit of $575 million on disposal of vendor shares representing 13.0% equity interests in SATS and SIAEC (At Group level, the profit amounted to $440 million after deducting 13.0% of the net tangible assets of SATS and SIAEC as at 5 May 2000 from the net proceeds of sale); and

(v) a provision of $132 million to pay an ex-gratia bonus to employees in view of the 33.1% improvement in the Group's profit attributable to shareholders.

Profit after taxation rose $73 million (+5.7%) to $1,340 million as provision for taxation dropped $107 million (-28.6%) on account of lower chargeable income, since capital gains on disposal of vendor shares are not taxable in 2000-01. If the profit from the IPOs and the ex-gratia bonus payment in 2000-01, and the profit from the sale of investments in DL, SR and Equant N.V. and the special dividend received in 1999-00 were excluded, profit after tax would have increased by a lower amount of $43 million (+5.2%) to $865 million after tax.

The operating profit of the subsidiaries went up by $38 million (+12.4%) to $343 million. This was mainly attributable to higher profits of SIAEC Group (+$25 million), SATS Group (+$13 million), and profit achieved by Auspice ($17 million) against a loss incurred ($15 million) last year, partially offset by lower profit (-$34 million) from Sing-Bi Funds and higher loss (-$2 million) by SilkAir. Profit after tax of the subsidiaries fell $158 million (-33.5%) to $314 million as last year's profit included SIAEC's recognition of a $203 million profit (deferred from 1998-99) arising from the sale of 51% equity in ESA to Pratt and Whitney Holdings LLC.

Profit Before and After Tax

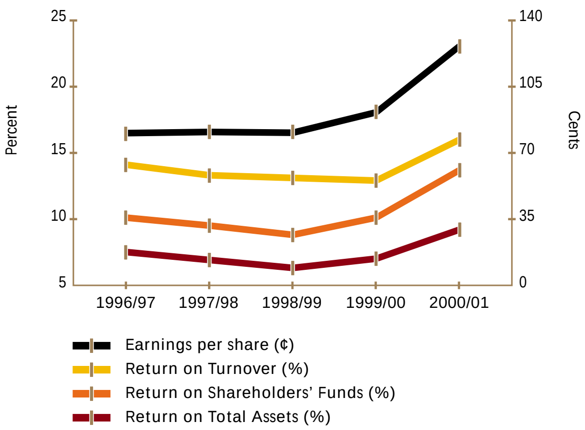


EARNINGS (continued)

The Group's operating profit was $178 million (+15.2%) higher at $1,347 million. Profit before tax rose $441 million (+30.1%) to $1,905 million. Share of profits of associated companies increased by $49 million (+146.1%) to $82 million mainly because of the contribution from Virgin Atlantic Limited (VAL). Profit attributable to shareholders at $1,549 million was $386 million higher (+33.1%). If the profit from the IPOs and the ex-gratia bonus payment in 2000-01, and the profit from the sale of investments in DL, SR and Equant N.V. in 1999-00 were excluded, profit attributable to shareholders would have increased by a lower amount of $218 million (+22.0%) to $1,211 million after tax.

The Group's basic earnings per share (based on 1,224.8 million shares representing the weighted average number of fully paid shares in issue after accounting for the share buyback and cancellation of 30,334,600 shares since 1 April 2000) increased by 35.1 cents (+38.4%) to 126.5 cents. Dilution due to the first and second grants of share options to senior executives and all other employees of the Company on 28 March 2000 and 3 July 2000 was insignificant, and the Group's earnings per share was unchanged at 126.5 cents. Return on turnover was 3.1 percentage points higher at 16.0%. Return on average shareholders' funds improved 3.6 percentage points to 13.7%, while return on total assets was 2.3 percentage points better than last year at 9.2%. If the profit from the IPOs and the ex-gratia bonus payment in 2000-01, and the profit from the sale of investments in DL, SR and Equant N.V. in 1999-00 were excluded, returns on turnover, average shareholders' funds and total assets would be lowered to 12.5%, 11.0%, and 7.3% respectively.

Group Profitability Ratios



CAPACITY, TRAFFIC AND LOAD FACTORS

In 2000-01, the Airline Company's capacity production rose 6.6% over 1999-00 to 18,034 million tonne-kilometres. This was due to frequency increases during 2000-01 and a full year's effect of additional services introduced in 1999-00.

Traffic increased at a higher rate of 7.9% to 12,985 million tonne-kilometres. Consequently, overall load factor went up 0.8 percentage point to 72.0%. Passenger seat factor improved 1.9 percentage points to 76.8%, while cargo load factor was slightly lower than last year by 0.4 percentage point to 68.4%.

SIA carried 15 million passengers in 2000-01, an increase of 8.9%, while 975 million kilograms of cargo were uplifted, up 7.8%.

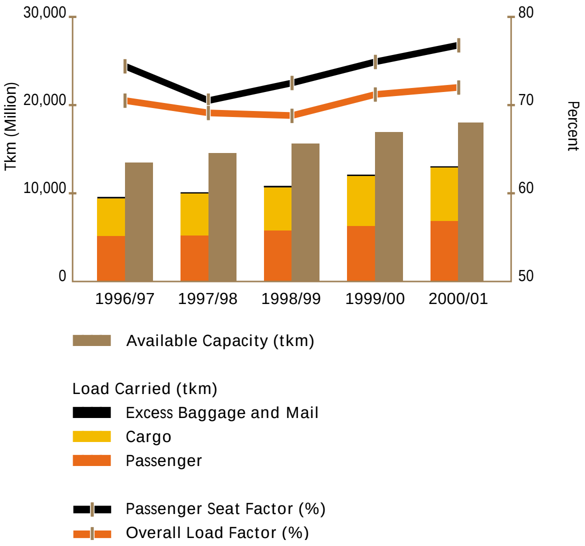
YIELD, UNIT COST AND BREAKEVEN LOAD FACTOR

Overall yield improved 2.9% to 67.9 cents per load tonne-kilometre as passenger yield and cargo yield rose 2.8% and 1.5% respectively. The increase in overall yield was due to the improvement in local currency yields, and the carriage of a higher proportion of passenger in the traffic mix (+0.5 percentage point), partially offset by a 1.9% loss from the strengthening of the Singapore Dollar against the bulk of foreign currencies making up the Company's revenue.

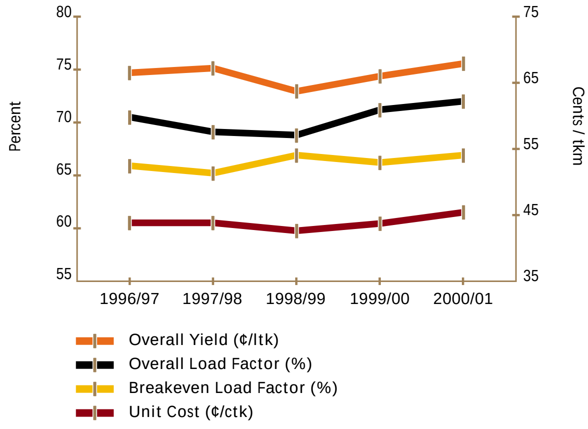
Unit cost went up 3.9% (mainly from fuel costs) to 45.4 cents per capacity tonne-kilometre. With the increase in unit cost higher than that of overall yield, breakeven load factor rose 0.7 percentage point to 66.9%.

The spread between overall and breakeven load factors widened marginally to 5.1 percentage points in 2000-01 from 5.0 in the previous year.

Available Capacity, Load Carried and Load Factors



Yield, Unit Cost and Load Factors



REVENUE

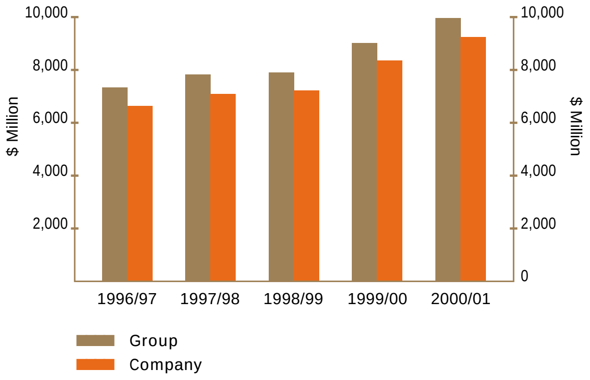
The Airline Company's revenue for 2000-01 was $9,230 million, an increase of $889 million (+10.7%) over 1999-00. The SIA Group's revenue was $933 million (+10.3%) higher at $9,951 million.

The Airline Company's revenue increase was due to:-

		$ million
6.6% growth in capacity	+	532
0.8 percentage point increase in overall load factor	+	95
	+	627
2.9% increase in overall yield	+	247
Increase in scheduled services revenue	+	874
Increase in non-scheduled services and incidental revenue	+	15
	+	889

The strengthening of the Singapore Dollar against the bulk of foreign currencies making up the Airline Company's revenue resulted in a loss of $125 million.

Revenue



Financial Review

REVENUE (continued)

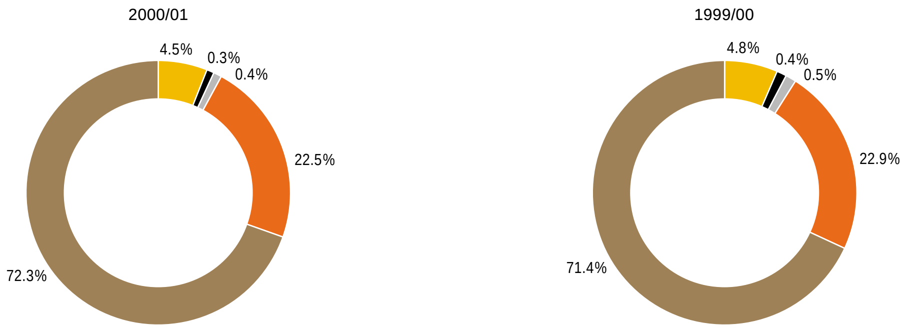
Passenger revenue grew $715 million (+12.0%) to $6,672 million. Cargo revenue was $170 million (+8.9%) higher than the previous year at $2,079 million. 72.3% of total revenue of the Airline Company came from Passenger revenue, a drop of 0.9 percentage point from last year's contribution, while the proportion for cargo revenue was 22.5%, down 0.4 percentage point.

Non-scheduled services and incidental revenue rose $15 million (+3.5%) mainly because of (i) higher income from lease of aircraft ($6 million), (ii) a surplus on sale of other fixed assets ($2 million) against a loss ($2 million) last year, (iii) higher collections from airwaybills ancillary charges (+$4 million), and (iv) higher revenue from charters ($3 million). These were partially offset by a reduction in the amount of revenue from unused tickets (-$7 million).

The sensitivity of the Airline Company's revenue to a change of 1.0 percentage point in overall load factor, and to a change in overall yield of 1.0 cent per load tonne-kilometre is as follows:-

	$ million
1.0 percentage point change in overall load factor, if yield remains constant	123
1.0 cent per load tonne-kilometre change in overall yield, if load carried remains constant	130

Company Revenue Composition



	2000/01 $M	2000/01 %	1999/00 $M	1999/00 %	Change %
Passenger	6,672	72.3	5,957	71.4	+ 12.0
Cargo	2,079	22.5	1,909	22.9	+ 8.9
Mail	36	0.4	41	0.5	– 11.4
Excess baggage	29	0.3	35	0.4	– 18.5
	8,816	95.5	7,942	95.2	+ 11.0
Non-scheduled services and incidental	414	4.5	399	4.8	+ 3.5
Total revenue	9,230	100.0	8,341	100.0	+ 10.7

Financial Review

EXPENDITURE

The Airline Company's expenditure amounted to $8,246 million for 2000-01, $760 million (+10.2%) more than 1999-00. The SIA Group's expenditure grew $755 (+9.6%) to $8,605 million.

The increase in the Airline Company's expenditure was due to:-

	$ million
Fuel costs (+46.0%)	+ 557
Staff costs (+12.1%)	+ 145
Sales costs (+6.9%)	+ 60
Handling charges (+6.3%)	+ 52
Landing, parking and overflying charges (+2.7%)	+ 14
Inflight meals and other passenger costs (+0.1%)	+ 1
Depreciation charges (-5.6%)	– 63
Rentals on lease of aircraft (+26.4%)	+ 60
Aircraft maintenance and overhaul costs (-7.3%)	– 38
Other costs (-5.3%)	– 28
	+ 760

Fuel costs increased by $557 million (+46.0%) due to:-

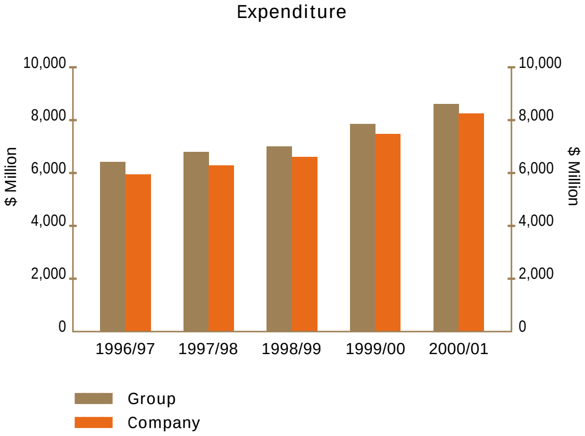
	$ million
A 36.7% increase in weighted average fuel price	+ 499
A 6.6% rise in volume of fuel uplifted	+ 84
A 2.6% weakening of Singapore Dollar against the United States Dollar	+ 47
	+ 630
Higher hedging gain	– 73
	+ 557

The increase in staff costs of $145 million (+12.1%) was mainly because of (i) higher provisions for profit-sharing bonus, (ii) wage adjustments, (iii) service increments, (iv) higher staff strength, and (v) increase in employer's Central Provident Fund contribution rate from 10% to 12% with effect from April 2000 and a further increase to 16% with effect from January 2001.

Sales costs rose $60 million (+6.9%) mainly attributable to (i) higher commission and incentives payable on account of increases in passenger and cargo revenue, (ii) higher provision for frequent flyer programme costs, and (iii) increased computer reservations service fees.

The rise in handling charges of $52 million (+6.3%) was due to higher flight frequencies and rate hikes, partially offset by a stronger Singapore Dollar.

The rise in landing, parking and overflying charges of $14 million (+2.7%) was due to higher frequencies and overflying charges, partially offset by the stronger Singapore Dollar.



EXPENDITURE (continued)

Inflight meals and other passenger costs were $1 million (+0.1%) higher as the increase in inflight meal costs due to increased number of meals uplifted (with passenger load up 8.2%) and higher unit cost of meals, were partially offset by the stronger Singapore Dollar and lower expenditure on aircraft catering equipment.

Depreciation charges dropped $63 million (-5.6%) mainly because of reductions in depreciation charges from (i) the full year's impact of the sale and leaseback of three B747-400s in 1999-00, and the sale and leaseback of two B747-400s in 2000-01, (ii) nine B747-400s and four A310-300s which became fully depreciated to their residual values, (iii) the loss of the B747-400 passenger aircraft involved in the SQ006 accident in Taipei. These were partially offset by (i) the commissioning of two B747-400s, one B777-200, and one B747-400 freighter aircraft during 2000-01, (ii) the full year's impact of three B777-200s, one B777-300, one A340-300 and one B747-400 freighter aircraft commissioned in 1999-00.

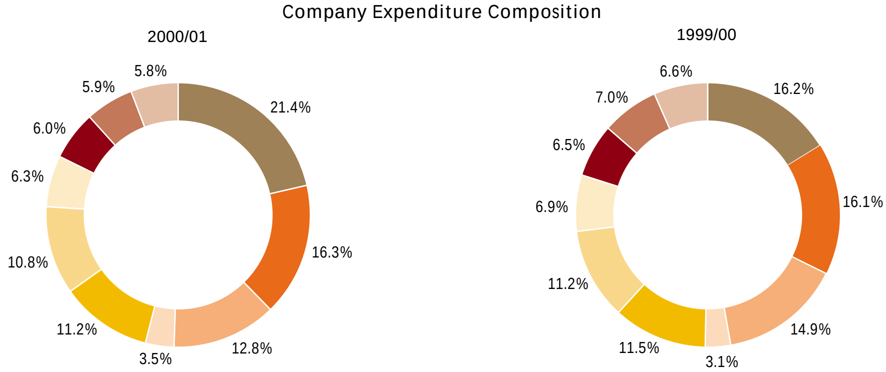
Rentals on lease of aircraft went up $60 million (+26.4%) mainly on account of (i) the sale and leaseback of two B747-400 aircraft during the year, (ii) the full year's impact of sale and leaseback of three B747-400 aircraft in 1999-00, and (iii) the stronger US Dollar. The sum of depreciation charges and rentals on lease of aircraft decreased $3 million (-0.2%).

Aircraft maintenance and overhaul costs dropped $38 million (-7.3%) despite an increase in flying hours of 5.1%. This was mainly attributable to the writeback of overprovision for maintenance costs in prior years.

The decrease in other costs of $28 million (-5.3%) came principally from lower exchange loss of $19 million in 2000-01 against an exchange loss of $75 million in 1999-00, partially offset by (i) provisions for diminution in value of investments ($24 million) in respect of SIA's investments in convertible preference shares of Air Canada, and in the Ritz-Carlton, Millenia, Singapore Properties Private Limited, and (ii) higher communication expenses (+$6 million).

The movement in Singapore Dollar year-on-year against foreign currency expenditure resulted in an increase in expenditure of $1 million in 2000-01.

Company Expenditure Composition



	2000/01 $M	2000/01 %	1999/00 $M	1999/00 %	Change %
Fuel costs	1,767	21.4	1,210	16.2	+ 46.0
Staff costs	1,347	16.3	1,202	16.1	+ 12.1
Depreciation charges	1,055	12.8	1,118	14.9	- 5.6
Rentals on lease of aircraft	289	3.5	229	3.1	+ 26.4
Sales costs (Note 1)	926	11.2	866	11.5	+ 6.9
Handling charges	891	10.8	839	11.2	+ 6.3
Inflight meal and other passenger costs	520	6.3	519	6.9	+ 0.1
Landing, parking and overflying charges	498	6.0	484	6.5	+ 2.7
Aircraft maintenance and overhaul costs	483	5.9	521	7.0	- 7.3
Other costs (Note 2)	470	5.8	498	6.6	- 5.3
	8,246	100.0	7,486	100.0	+ 10.2

Note 1:- Sales costs include commissions and incentives payable, frequent flyer programme costs and advertising expenses.

Note 2:- Other costs comprise departmental expenses ($187M), crew expenses ($103M), company accommodation costs ($89M), communication expenses ($48M), provisions for diminution in value of investments ($24M), and loss on exchange ($19M).

TAXATION

The Company's provision for taxation in 2000-01 was $268 million, a drop of $107 million (-28.6%) from 1999-00. This was due to lower provision for current tax in Singapore as a result of lower chargeable income. Provision for deferred tax amounted to $154 million for 2000-01 as capital allowances were higher than depreciation charges.

The SIA Group's provision for taxation was $317 million, up $21 million (+7.0%) from 1999-00.

DIVIDENDS

The Board of Directors is proposing a total dividend for 2000-01 of 35.0 cents per $1 ordinary share less Singapore income tax. This is 5.0 cents per share higher (+16.7%) than the total dividend paid for 1999-00. An interim dividend of 15.0 cents per $1 ordinary share less income tax at 25.5% amounting to $137 million, was paid on 22 November 2000.

The proposed final dividend is 20.0 cents per $1 ordinary share less Singapore income tax at 24.5%. With the proposed final dividend, the total dividend less Singapore income tax for 2000-01 will amount to $321 million.

ISSUED SHARE CAPITAL

Under the share buyback programme (which was first approved by shareholders on 11 September 1999, with the mandate renewed at the Company's extraordinary meeting on 15 July 2000), the Company made a further purchase of 30,334,600 of its shares between 1 April 2000 and 31 March 2001 at a total cost, including brokerage, of $476 million. The issued share capital of the Company was reduced by 30,334,600 shares or 2.4% to 1,220,197,622 shares at 31 March 2001. The amount spent so far under the programme as at 31 March 2001 for 62,348,600 shares totalled $986 million ($510 million up to 31 March 2000 plus $476 million from 1 April 2000 to 31 March 2001), including brokerage but excluding Section 44 tax prepayments of $338 million.

SHARE OPTIONS

On 3 July 2000, the Company made a second grant of share options and 12,258,890 share options were accepted by eligible employees to subscribe for ordinary shares under the SIA Employee Share Option Plan (the Plan) for the exercise period 3 July 2001 to 2 July 2010. As at 31 March 2001, options to subscribe for 25,668,300 ordinary shares remain outstanding under the Plan.

INVESTMENT AND GOODWILL

During the year under review, the Company acquired a 25% equity interest in Air New Zealand Limited (ANZ) class B shares, in two tranches of 8.3% in April 2000 and 16.7% in August 2000, at an aggregate cost of $352 million. Goodwill arising from the acquisition amounted to $93 million. At Group level, the amount of the goodwill is written off against shareholders' distributable reserves as allowed under Statement of Accounting Standard (SAS) 22 on accounting for business combinations issued by Institute of Certified Public Accountants of Singapore (ICPAS). In November 2000, the Company subscribed additional shares in ANZ for $51 million pursuant to a rights issue, bringing the total investment in ANZ to $403 million. The share of the unaudited results for the period July to December 2000 of ANZ has been included in the Group's results since they have been announced. In future, the Group will incorporate its share of ANZ's profits for the full year April (n) to March (n+1) [where n denotes year] on the basis of its share of ANZ's results for the period January to December (n).

Financial Review

FINANCIAL POSITION

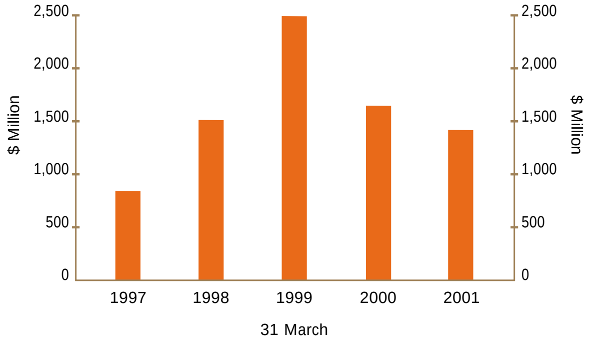
At 31 March 2001, the shareholders' funds of the Group amounted to $11,608 million, an increase of $651 million (+5.9%) from a year ago after accounting for (i) share buyback of 30,334,600 shares during the year at a total cost of $476 million (including brokerage but excluding Section 44 charges of $162 million), and (ii) goodwill of $116 million written off against shareholders' distributable reserves resulting from the investments in associated companies, comprising mainly ANZ with $93 million goodwill written off, and Rohr Aero-Services-Asia Pte Ltd (a 30% equity investment by SIAEC on 29 March 2001 in a company incorporated in Singapore providing repair and overhaul of aircraft nacelles, thrust reversers and pylons) with goodwill of $17 million written off.

The net tangible assets per share of the Group went up $0.75 (+8.6%) to $9.51 at 31 March 2001.

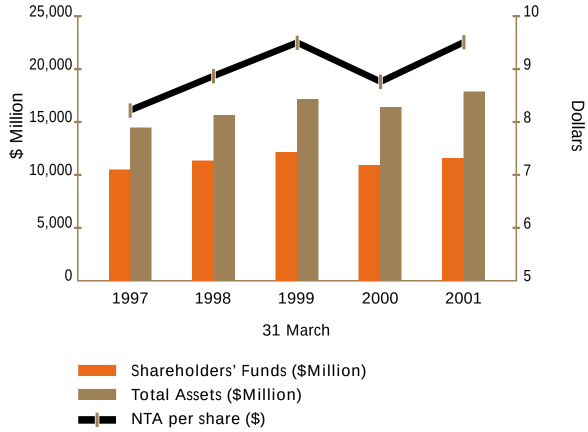
The Group's total assets stood at $17,912 million on 31 March 2001, up $1,494 million (+9.1%).

The net liquid assets of the Group fell $229 million (-13.9%) to $1,418 million at 31 March 2001. This was mainly attributable to aircraft purchases, progress payments for aircraft on order, share buyback of the Company's shares and investment in Air New Zealand, partially offset by operating surpluses, proceeds from the IPOs of SATS and SIAEC and the sale and leaseback of aircraft.

Group Net Liquid Assets



Group Shareholders' Funds, Total Assets and Net Tangible Assets per share

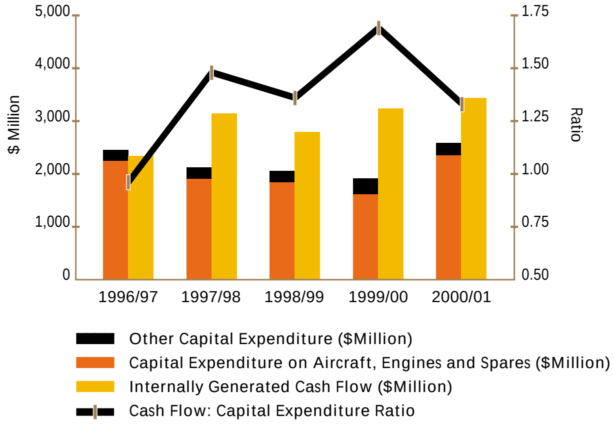


CAPITAL EXPENDITURE AND CASH FLOW

The Group's capital expenditure for 2000-01 amounted to $2,589 million, up $678 million (+35.4%) from the previous year. The bulk of the capital expenditure was for aircraft, spare engines and spare parts delivered during the year – two B747-400 and one B777 passenger aircraft, and one B747-400 freighter aircraft were delivered to SIA; one A319 and one A320 passenger aircraft were delivered to SilkAir. In addition, progress payments were made for additional aircraft scheduled to join the fleet between 2001 and 2005.

Cash flow generated internally was $3,439 million, an increase of $199 million (+6.2%). The self-financing ratio of cash flow to capital expenditure dropped from 1.69:1 to 1.33:1 in 2000-01.

Group Capital Expenditure and Internally Generated Cash Flow



COMPANY ROUTE PERFORMANCE

	Revenue by Area of Original Sale (Note 1) $ million		By Route Region: Revenue (Note 2) $ million		By Route Region: Overall Load Factor %		By Route Region: Passenger Seat Factor %	
	2000 - 01	1999 - 00	2000 - 01	1999 - 00	2000 - 01	1999 - 00	2000 - 01	1999 - 00
East Asia	4,927	4,449	2,784	2,453	65.7	65.2	72.8	71.2
Americas	844	761	2,079	1,903	71.7	72.6	79.4	79.1
Europe	1,503	1,334	1,871	1,674	78.2	75.3	78.8	74.7
South West Pacific	842	766	1,175	1,090	70.7	70.6	77.0	75.6
West Asia and Africa	700	632	907	822	70.0	67.8	74.7	72.4
Systemwide	8,816	7,942	8,816	7,942	72.0	71.2	76.8	74.9
Non-scheduled services and incidental revenue	414	399						
	9,230	8,341						

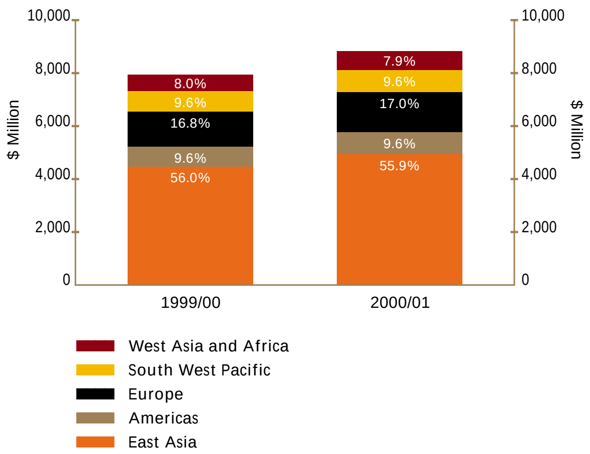
Note 1

Revenue by area of original sale is defined as revenue originating in the area in which the sale is made. East Asia covers mainly Brunei, Hong Kong, Indonesia, Japan, Korea, Macau, Malaysia, People's Republic of China, Philippines, Singapore, Thailand and Taiwan. Americas comprises mainly Canada, Latin America and USA. Europe consists mainly of Baltic States, Continental Europe, Russia, Scandinavia and United Kingdom. South West Pacific includes largely Australia and New Zealand. West Asia and Africa are mainly made up of Bangladesh, India, Mauritius, Middle East, Pakistan, South Africa and Turkey.

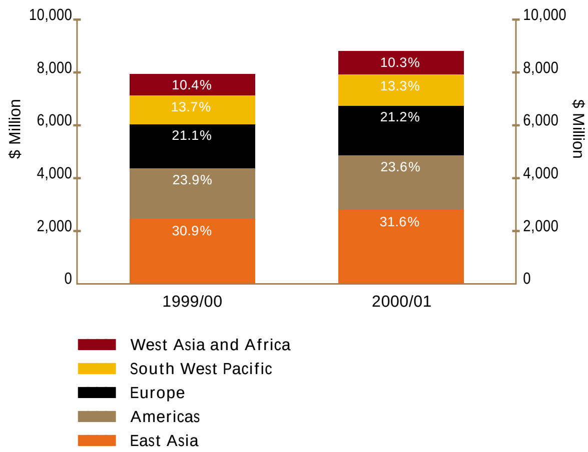
Note 2

Revenue by route region is defined as revenue derived from a route originating from Singapore with its final destination in countries covered by the region and vice versa. For example, revenue from SIN-HKG-SFO-HKG-SIN route is classified under Americas region.

Company Revenue Composition by Area of Original Sale



Company Revenue Composition by Routes



In terms of contribution by area of original sale, East Asian countries emerged the top contributor to systemwide revenue (55.9%) for 2000-01, followed by countries in Europe (17.0%), Americas (9.6%), South West Pacific (9.6%) and West Asia and Africa (7.9%).

In 2000-01, revenue from East Asian routes contributed 31.6%, up 0.7 percentage point from 1999-00. Revenue from American routes made up 23.6%, down 0.3 percentage point, while European routes' share of revenue was slightly higher by 0.1 percentage point at 21.2%. South West Pacific routes had a 13.3% share, down 0.4 percentage point, and the contribution from West Asian and African routes was 10.3%, a marginal drop of 0.1 percentage point.

About three quarters of the Company's revenue collections in 2000-01 were mainly in Singapore Dollars, United States Dollars, Japanese Yen, Australian Dollars, Sterling Pounds, Hong Kong Dollars, and Euro currencies.

COMPANY ROUTE PERFORMANCE (continued)

East Asian Routes

East Asian routes recorded an increase of $331 million (+13.5%) to $2,784 million, as traffic grew 9.6%. Capacity growth was 8.9% mainly from additional services mounted to Hong Kong, Seoul, Osaka, Denpasar, Jakarta, Bangkok and Surabaya. Overall load factor was 0.5 percentage point better at 65.7%. The weakening of Singapore Dollar against Japanese Yen, New Taiwan Dollar and Korean Won, and improvements in local currency yields largely accounted for the rise in overall yield by 3.6%.

American Routes

The American routes' revenue went up $176 million (+9.2%) to $2,079 million. Capacity expanded 4.6% whilst traffic rose at a slower 3.3%. Consequently, overall load factor went down 0.9 percentage point to 71.7%. The increase in capacity came principally from the full year's effect of additional services launched to San Francisco during 1999-00. Overall yield was 5.7% higher mainly attributable to the weakening of Singapore Dollar against United States Dollar, and improvements in local currency yields.

European Routes

European routes posted a revenue increase of $197 million (+11.7%) to $1,871 million following a traffic increase of 11.9%. Capacity grew 7.8% and as a result, overall load factor improved a robust 2.9 percentage points to 78.2%. Capacity expansion came mainly from (i) frequency increases to Athens and Frankfurt, and (ii) the full year's effect of additional services launched to Copenhagen and Manchester in 1999-00. Operations to Vienna were ceased from 29 October 2000. Despite the weakening of the European currencies against Singapore Dollar, overall yield remained unchanged largely because of improvements in local currency yields.

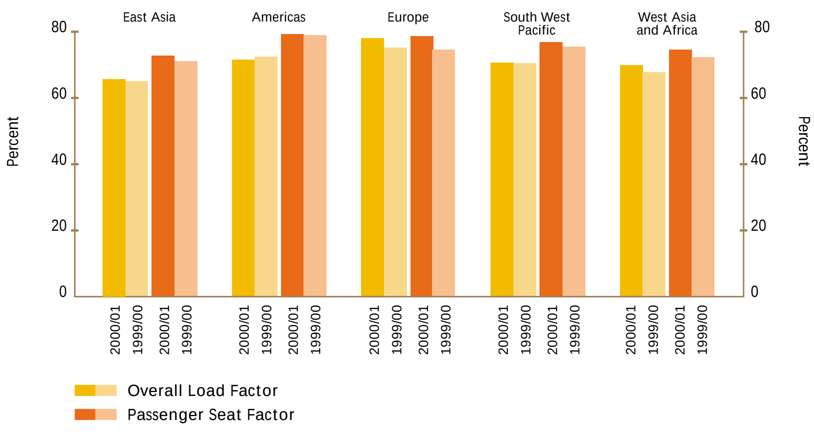
South West Pacific Routes

Revenue from South West Pacific routes registered an increase of $85 million (+7.8%) to $1,175 million. Traffic grew 7.4%, while capacity expansion of 7.3% was due to (i) additional frequencies to Sydney, and (ii) the full year's effect of additional services launched to Perth and Adelaide during 1999-00. Flights to Cairns were terminated from 25 March 2001. Overall load factor rose marginally by 0.1 percentage point to 70.7%. Overall yield was up 0.3% mainly due to improvements in local currency yields.

West Asian and African Routes

Revenue from West Asian and African routes improved $85 million (+10.4%) to $907 million. Traffic growth of 6.4% outpaced capacity increase of 3.0% and overall load factor improved a strong 2.2 percentage points to 70.0%. Capacity growth came mainly from increases in flight frequency to Lahore, Karachi and New Delhi. Overall yield went up 3.7% principally due to improvements in local currency yields.

Overall Load Factor and Passenger Seat Factor by Routes



STATISTICAL BREAKDOWN BY BUSINESS SEGMENTS

Revenue, Profit and Employee Strength

	Revenue ($ million) 2000 - 01	Revenue ($ million) 1999 - 00	Profit Before Tax ($ million) 2000 - 01	Profit Before Tax ($ million) 1999 - 00
Airline operations	9,408	8,518	1,713	1,679
Airport terminal services	892	794	211	200
Engineering services	674	588	129	317
Others	179	200	31	30
	11,153	10,100	2,084	2,226
Less: Inter-segment transactions	(1,202)	(1,081)	(179)	(762)
Group	9,951	9,019	1,905	1,464

	Profit After Tax ($ million) 2000 - 01	Profit After Tax ($ million) 1999 - 00	Average Number of Employees 2000 - 01	Average Number of Employees 1999 - 00
Airline operations	1,434	1,301	14,730	14,196
Airport terminal services	175	160	9,147	8,923
Engineering services	116	306	4,037	3,925
Others	26	18	422	469
	1,751	1,785	28,336	27,513
Less: Inter-segment transactions	(164)	(618)		
Group	1,587	1,167		

Total Assets and Capital Expenditure

	Total Assets ($ million) 31 March 2001	Total Assets ($ million) 31 March 2000	Capital Expenditure ($ million) 2000 - 01	Capital Expenditure ($ million) 1999 - 00
Airline operations				
– Aircraft, spares and spare engines	8,940	9,283	2,354	1,617
– Others	6,886	5,665	84	108
Airport terminal services	1,255	855	126	167
Engineering services	732	594	20	18
Others	355	362	5	2
	18,168	16,759	2,589	1,912
Less: Inter-segment transactions	(256)	(341)	–	–
Group	17,912	16,418	2,589	1,912

PERFORMANCE OF SUBSIDIARIES

As at 31 March 2001, there were 25 subsidiaries in the SIA Group. The major subsidiaries are Singapore Airport Terminal Services Limited (SATS), SIA Engineering Company Limited (SIAEC), SilkAir (Singapore) Private Limited. The figures in the following write-up on these subsidiaries are shown before adjusting for inter-company transactions.

SINGAPORE AIRPORT TERMINAL SERVICES GROUP

The operating profit of the SATS Group for the financial year 2000-01 rose $13.2 million (+7.3%) to $194.6 million. Profit after tax was $175.0 million, an increase of $14.9 million (+9.3%) after accounting for share of profits of associated companies of $14.8 million after tax.

Group operating revenue grew $97.0 million (+12.3%) to $887.2 million mainly from inflight catering and ground handling services which rose 11.0% and 14.3% respectively.

SINGAPORE AIRPORT TERMINAL SERVICES GROUP (continued)

Group expenditure increased by $83.8 million (+13.8%) to $692.6 million. This was attributable to higher (i) staff costs, (ii) company accommodation costs, (iii) costs of services rendered by SIA, (iv) material costs, and (v) CAAS licensing fees.

Group shareholders' funds at 31 March 2001 was $743.5 million, an increase of $132.6 million (+21.7%) from 31 March 2000.

Total assets was $1,329.2 million, up $244.8 million (+22.6%) from a year ago.

Capital expenditure was $126.1 million, mainly on the sixth airfreight terminal, the new inflight catering centre, and the second express courier centre.

SIA ENGINEERING GROUP

For financial year 2000-01, the operating profit of the SIAEC Group was $122.2 million, up $25.4 million (+26.2%) from 1999-00. Profit attributable to shareholders' funds, after accounting for share of profits of associated and joint venture companies of $4.4 million after tax, was $115.9 million, down $190.5 million (-62.2%). The drop was because of the recognition of $202.6 million profit last year arising from the sale of its 51% equity stake in Eagle Services Asia Pte Ltd (ESA) to Pratt & Whitney Holdings LLC (PWHLLC) in 1998-1999.

Group revenue increased by $87.0 million (+15.3%) to $654.4 million mainly due to an increase in workload from SIA.

Group expenditure rose $59.8 million (+12.5%) to $539.9 million mainly because of increases in staff costs, material costs and production overheads.

Group shareholders' funds at 31 March 2001 was $466.2 million, up $68.6 million (+17.3%) from 31 March 2000.

Total assets increased by $137.5 million (+23.1%) to $731.7 million at 31 March 2001.

Capital expenditure amounted to $20.2 million, largely on engineering plant and equipment.

SILKAIR

SilkAir incurred an operating loss of $6.5 million in 2000-01, $1.7 million higher than the previous year. Profit after tax was $15.4 million, after accounting for a surplus of $15.0 million from the sale of three B737-300 spare engines.

Revenue from scheduled services increased by $0.4 million (+0.2%) to $170.5 million as traffic rose 0.2%. Overall load factor was down 2.2 percentage points to 53.1%. Yield improved by 0.1%.

Expenditure was $2.8 million higher (+1.5%) at $184.7 million mainly from increases in staff costs and fuel costs.

Unit cost dropped 7.0% to 81.5¢/ctk and breakeven load factor was lowered by 4.2 percentage points to 54.0%.

Shareholders' funds grew 6.2% to $265.3 million at 31 March 2001.

Total assets amounted to $442.0 million at 31 March 2001, an increase of $66.6 million (+17.7%).

Capital expenditure was $101.6 million, principally on the purchase of one A319 and one A320 passenger aircraft delivered during the year, and on spare engines and spare parts.

SilkAir's route network links 18 cities in 8 Asian countries.

STATEMENT OF VALUE ADDED AND ITS DISTRIBUTION (IN $ MILLION)

	2000 - 01	1999 - 00	1998 - 99	1997 - 98	1996 - 97
Total revenue	9,951.3	9,018.8	7,895.8	7,821.8	7,330.3
Less: Purchase of goods and services	(5,366.1)	(4,791.2)	(4,060.6)	(3,886.5)	(3,696.6)
Value added by the Group	4,585.2	4,227.6	3,835.2	3,935.3	3,633.7
Add: Surplus on disposal of aircraft, spares and spare engines	181.3	98.4	211.3	157.1	173.8
Share of profits of joint venture companies	27.0	21.0	13.9	7.1	1.9
Share of profits of associated companies	81.7	33.2	23.1	8.9	4.3
Profit on disposal of vendor shares (13% equity interests in SATS and SIAEC)	440.1	–	–	–	–
Ex-gratia bonus payment	(134.6)	–	–	–	–
Profit on sale of investments	–	171.3	–	–	–
Surplus on liquidation of Abacus Distribution Systems	–	–	14.1	–	–
Total value added available for distribution	5,180.7	4,551.5	4,097.6	4,108.4	3,813.7
Applied as follows:-					
To employees					
– Salaries and other staff costs	2,093.4	1,853.5	1,778.8	1,848.4	1,732.6
To government					
– Corporation taxes	317.4	296.5	80.3	130.9	43.2
To suppliers of capital					
– Dividends	321.1	295.5	240.6	213.6	284.8
– Interest on borrowings	37.5	28.8	29.5	28.2	24.5
– Minority interests	38.0	3.6	3.3	2.3	1.0
Retained for future capital requirements					
– Depreciation	1,145.1	1,205.3	1,172.5	1,063.9	980.9
– Retained profit	1,228.2	868.3	792.6	821.1	746.7
Total value added	5,180.7	4,551.5	4,097.6	4,108.4	3,813.7
Value added per $ revenue ($)	0.52	0.50	0.52	0.53	0.52
Value added per $ employment cost ($)	2.47	2.46	2.30	2.22	2.20
Value added per $ investment in fixed assets ($)	0.28	0.24	0.23	0.24	0.23

Value added is a measure of wealth created. The statement above shows the Group's value added from 1996-97 to 2000-01 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.

VALUE ADDED

The total value added of the Group increased by $629 million (+13.8%) over 1999-00 to $5,181 million in 2000-01. This came from an increase in revenue (+$933 million or 10.3%), profit on IPOs of SATS and SIAEC ($440 million), higher surplus from disposal of aircraft, spares and spare engines (+$83 million or 84.2%), and a rise in the share of profits of joint venture and associated companies (+$54 million or 100.6%), partially offset by higher costs of goods and services purchased (+$575 million or 12.0%), an absence of profit from sale of investments (-$171 million), and the ex-gratia bonus payment ($135 million).

Salaries and other staff costs accounted for $2,093 million (40.4%) of the value added. $321 million (6.2%) was distributed to shareholders by way of dividends and $38 million (0.7%) paid for interest on borrowings, while minority interests' share rose to $38 million (0.7%) [mainly as a result of the disposal of vendor shares representing 13% equity interests in SATS and SIAEC]. Another $317 million (6.1%) was applied on corporate taxes. The remaining $2,374 million (45.9%) was retained for future capital requirements.

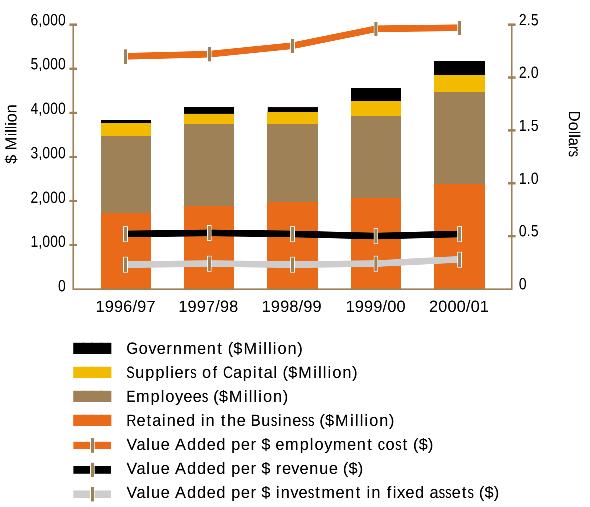
The value added for every dollar of revenue earned in 2000-01 was $0.52, up $0.02 (+4.0%) from 1999-00.

For every dollar of employment costs, $2.47 in value added was created, up $0.01 (+0.4%) over 1999-00.

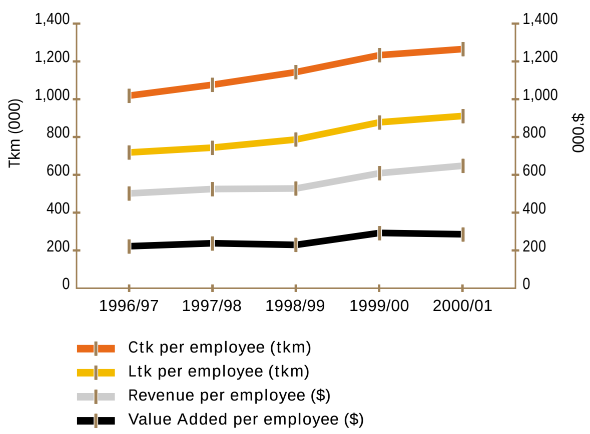
The value added per dollar investment in fixed assets was $0.04 higher (+16.7%) at $0.28 in 2000-01.

The Group's value added for the calendar year 2000 accounted for 3.1% of Singapore's Gross Domestic Product, 0.1 percentage point higher than last year's contribution.

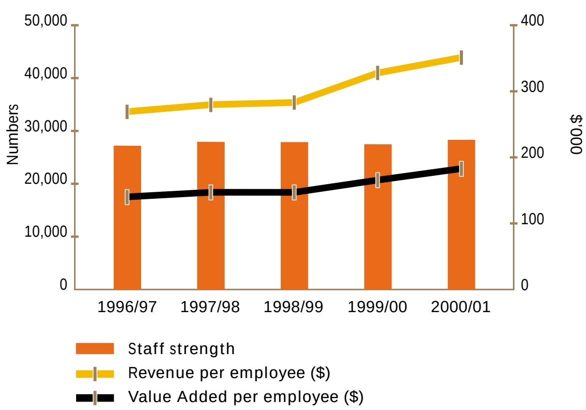
Value Added for the Group



Company Staff Productivity



Group Staff Strength and Productivity



STAFF STRENGTH AND PRODUCTIVITY

During the year under review, the Airline Company had an average staff strength of 14,254, up 534 (+3.9%) from the previous year. The increase was mainly in cabin (+361) and technical (+85) crew to cater to a 6.6% growth in capacity. The distribution of employee strength by category and location is as follows:-

	2000 - 01	1999 - 00	% Change
Category			
Senior staff (administrative and higher ranking officers)	1,304	1,247	+ 4.6
Technical crew	1,589	1,504	+ 5.7
Cabin crew	6,436	6,075	+ 5.9
Other ground staff	4,925	4,894	+ 0.7
	14,254	13,720	+ 3.9
Location			
Singapore	11,282	10,801	+ 4.5
Africa and rest of Asia	1,618	1,594	+ 1.5
Europe	603	585	+ 3.0
South West Pacific	419	408	+ 2.6
Americas	332	332	–
	14,254	13,720	+ 3.9

The Company's staff productivity, measured by the average of changes in capacity produced, load carried, revenue earned, and value added per employee, improved 2.6% over 1999-00 derived as follows:-

	2000 - 01	1999 - 00	% Change
Capacity per employee (tonne-km)	1,265,189	1,233,032	+ 2.6
Load carried per employee (tonne-km)	910,993	877,434	+ 3.8
Revenue per employee ($)	647,516	607,966	+ 6.5
Value added per employee ($)	284,369	290,160	- 2.4
Average productivity increase			+ 2.6

In 2000-01, the subsidiaries had an average staff strength of 14,082 employees, up 289 (+2.1%). The increase was mainly attributable to SATS Group (+224) and SIAEC Group (+112), partially offset by a drop in staff strength from SIA Properties (-19), Aviation Software Development Consultancy (-14) and Tradewinds (-10).

The Group's staff strength grew 823 (+3.0%) to 28,336 employees. A breakdown of the Group staff strength is as follows:-

	2000 - 01	1999 - 00	% Change
SIA	14,254	13,720	+ 3.9
SATS Group	9,147	8,923	+ 2.5
SIA Engineering Group	4,037	3,925	+ 2.9
SilkAir	476	476	–
Others	422	469	- 10.0
	28,336	27,513	+ 3.0

Group revenue per employee increased 7.1% to $351,189, while value added improved 10.5% to $182,831.

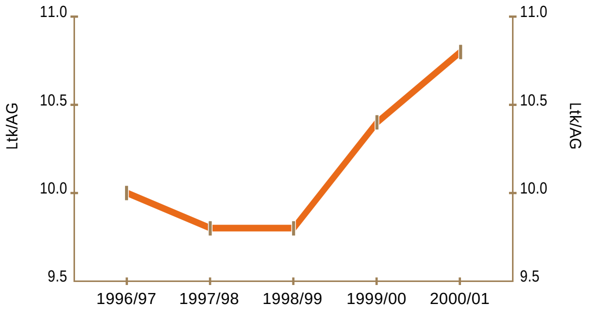
FUEL PRODUCTIVITY AND SENSITIVITY ANALYSIS

In 2000-01, fuel productivity improved 3.8% over the previous year to 10.8 ltk per American gallon (AG) due largely to higher fuel productivity from the newer fleet of B777 passenger aircraft with an average age of 2.5 years.

A change in fuel productivity of 1.0 percent would impact the Company's annual fuel costs by $19 million.

A change in price of one US cent per American gallon affects the Company's annual fuel costs by S$21 million, before accounting for US Dollar exchange rate movements and changes in volume of fuel consumed.

Fuel Productivity



Management of Financial Risks

Overview
The Company operates in 38 countries and generates revenue in various local currencies. The Company'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 Company's overall risk management approach is to minimise the effects of such volatility on its financial performance.

Financial risk management policies are periodically reviewed and approved by the Board Finance Committee ("BFC").

Jet Fuel Price Risk
The Company's earnings are affected by changes in the price of jet fuel. The Company manages this risk by using swap and option contracts up to 24 months forward. A change in price of one US cent per American gallon affects the Company's annual fuel costs by S$21 million, before accounting for US Dollar exchange rate movements and changes in volume of fuel consumed.

As at 31 March 2001, the Company has hedged about 39% of the fuel requirement projected for FY2001-02 and about 10% of that for FY2002-03.

Foreign Currency Risk
The Company is exposed to the effects of foreign exchange rate fluctuations because of its foreign currency denominated operating revenues and expenses. These account for 71.8% of total revenue and 48.0% of total operating expenses. The Company's largest exposures are from the US Dollar ("USD"), British Pound, Japanese Yen, Euro, Australian Dollar, Hong Kong Dollar, Taiwan Dollar, Indian Rupee, Chinese Renminbi, Korean Won, New Zealand Dollar, Swiss Franc and Malaysian Ringgit. The Company generates a surplus in all of these currencies, except for the USD. The Company also has a deficit in Singapore Dollar ("SGD"). The deficits in USD are attributable to capital expenditure, leasing costs and fuel costs – all conventionally denominated and payable in USD. The deficit in SGD is due to home base expenditures which are payable in SGD.

The Company 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 Company also uses forward foreign currency contracts to hedge a portion of its future foreign exchange exposure.

Interest Rate Risk
The Company's earnings are also affected by changes in interest rates due to the impact such changes have on interest income from cash, short-term deposits and interest-bearing financial assets.

The Company's cash, short-term deposits and interest-bearing financial assets are predominantly denominated in Singapore Dollar and US Dollar.

Management of Financial Risks

Market Price Risk

The Company owns $370 million (31 March 2000 : $332 million) in equity and non-equity investments as of 31 March 2001. The estimated market value of these investments was $376 million (31 March 2000 : $345 million) as of 31 March 2001.

The market risk associated with these investments is the potential loss resulting from a decrease in market prices.

Counter-Party Risk

Surplus funds are invested in interest-bearing bank deposits and other high quality short-term liquid investments. Counter-party risks are managed by limiting aggregated exposure on all outstanding financial instruments to any individual counter-party, taking into account its credit rating. Such counter-party exposures are regularly reviewed, and adjusted as necessary. This mitigates the risk of material loss arising in the event of non-performance by counter-parties.

Liquidity Risk

At 31 March 2001, the Company had at its disposal cash and short-term deposits amounting to $867 million (31 March 2000 : $944 million). In addition, the Company has available short-term credit facilities of about $500 million.

The Company's holdings of cash and short-term deposits, together with non-committed funding facilities and net cash flow from operations, are expected to be sufficient to cover substantially the cost of all firm aircraft deliveries due in the next financial year. Shortfall, if any, can be met by aircraft financing via structured leases, bank borrowings or public market funding. Because of the necessity to plan aircraft orders well in advance of delivery, it is not economic for the Company to have committed funding in place at the present for all outstanding orders, many of which relate to aircraft which will not be delivered for several years. The company's policies in this regard are in line with the funding policies of other major airlines.

Derivative Financial Instruments

The Company's policy on the use of derivatives is not to trade in them but to use these instruments as hedges against specific exposures.

As part of its management of treasury risks, the Company has entered into a number of forward foreign exchange contracts to cover a portion of future capital, revenue and operating payments in a variety of currencies. The Company uses forward contracts purely as a hedging tool. It does not take positions in currencies with a view to make speculative gains from currency movements. While it currently uses only forward contracts, other treasury derivative instruments would be considered on their merits as valid and appropriate risk management tools and would require the BFC's approval before adoption.

The Company's strategy, for managing the risk on fuel price, as defined by BFC, aims to provide the Company with protection against sudden and significant increases in prices. In meeting these objectives, the fuel risk management programme allows for the judicious use of instruments such as swaps, options and collars with approved counter-parties and within approval limits.

As derivatives are used for the purpose of risk management, they do not expose the Company to market risk because gains and losses on the derivatives offset losses and gains on the matching asset, liability, revenues or costs being hedged. Moreover, counter-party credit risk is generally restricted to any hedging gain from time to time, and not the principal amount hedged. Therefore, the possibility of material loss arising in the event of non-performance by a counter-party is considered to be unlikely.

Report by the Board of Directors

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2001.

1 Accounts (in $ million)

	The Group		The Company	
	2000 - 2001	1999 - 2000	2000 - 2001	1999 - 2000
Profit after taxation	1,587.3	1,167.4	1,339.7	1,267.1
Minority interests	(38.0)	(3.6)	–	–
Profit attributable to shareholders	1,549.3	1,163.8	1,339.7	1,267.1

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been affected by any item, transaction or event of a material and unusual nature apart from the exceptional items disclosed in note 6 to the financial statements.

2 Transfers to/from Reserves and Provisions

There were no other material transfers to or from reserves or provisions during the financial year except as disclosed in the financial statements.

3 Dividends

The final dividend paid during the financial year in respect of the previous financial year and included in the previous directors' report was $186.3 million.

An interim dividend of 15.0 cents per $1 ordinary share, less tax at 25.5%, amounting to $136.9 million, was paid on 22 November 2000. The directors propose that a final dividend of 20.0 cents per $1 ordinary share, less tax at 24.5%, amounting to $184.2 million, be paid.

4 Principal Activities

The principal activities of the Group and of the Company consist of air transportation, engineering services, airport terminal services, training of pilots, air charters and tour wholesaling and related activities. There have been no significant changes in the nature of these activities during the financial year under review.

5 Directors of the Company

(a) The names of the directors in office at the date of this report are:-

Michael Y O Fam – Chairman
Cheong Choong Kong – Deputy Chairman/Chief Executive Officer
Edmund Cheng Wai Wing
Lim Chee Onn
Tjong Yik Min
Moses Lee Kim Poo
Lim Boon Heng
Charles B Goode
Fock Siew Wah (appointed on 15.7.2000)
Ho Kwon Ping (appointed on 15.7.2000)
Davinder Singh (appointed on 15.7.2000)
Raymund Ng Teck Heng (appointed on 1.11.2000)
Koh Boon Hwee (appointed on 14.3.2001)

5 Directors of the Company (continued)

(b) The following directors who held office at the end of the financial year have, according to the register required to be kept under Section 164 of the Companies Act, Cap. 50, an interest in the ordinary shares and share options of the Company, and in the shares, debentures and rights of the subsidiary companies of the Company's holding company:-

	Direct interest			Deemed interest		
Name of Director	1.4.2000/ Date of appointment	31.3.2001	21.4.2001	1.4.2000/ Date of appointment	31.3.2001	21.4.2001
Interest in Singapore Airlines Limited						
Ordinary shares of $1.00 each						
Michael Y O Fam	240,000	240,000	240,000	8,000	8,000	8,000
Cheong Choong Kong	480,800	480,800	480,800	24,000	24,000	24,000
Charles B Goode	–	–	–	50,000	50,000	50,000
Options to subscribe for ordinary shares of $1.00 each						
Cheong Choong Kong	240,000	480,000	480,000	–	–	–
Interest in SIA Engineering Company Limited						
Ordinary shares of $0.10 each						
Cheong Choong Kong	–	58,000	58,000	–	3,000	3,000
Interest in Singapore Airport Terminal Services Limited						
Ordinary shares of $0.10 each						
Cheong Choong Kong	–	56,000	56,000	–	3,000	3,000
Interest in Singapore Telecommunications Limited						
Ordinary shares of $0.15 each						
Michael Y O Fam	600	650	650	–	–	–
Cheong Choong Kong	1,640	1,690	1,690	1,640	1,690	1,690
Lim Chee Onn	1,560	1,620	1,620	1,440	1,490	1,490
Tjong Yik Min	1,760	1,820	1,820	–	–	–
Moses Lee Kim Poo	1,700	1,760	1,760	1,580	1,630	1,630
Lim Boon Heng	1,560	1,620	1,620	1,440	1,490	1,490
Fock Siew Wah	1,640	1,690	1,690	1,640	1,690	1,690
Ho Kwon Ping	1,680	1,750	1,750	1,440	1,490	1,490
Davinder Singh	1,880	1,950	1,950	1,440	1,440	1,440
Raymund Ng Teck Heng	1,690	1,690	1,690	–	–	–
Koh Boon Hwee	31,820	31,820	31,820	1,690	1,690	1,690
Interest in SMRT Corporation Ltd						
Ordinary shares of $0.10 each						
Michael Y O Fam	–	40,000	40,000	–	–	–
Interest in Raffles Holdings Limited						
Ordinary shares of $0.50 each						
Michael Y O Fam	–	100,000	100,000	–	–	–

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

(c) Since the end of the previous financial year no director has received or has become entitled to receive benefits under contracts required to be disclosed by Section 201(8) of the Companies Act, Cap. 50, except for $0.9 million (2000 : $1.1 million) of loans to directors of the Company and its subsidiary companies in accordance with schemes approved by shareholders of the Company and $0.003 million (1999-2000 : $nil) paid by the Group and the Company to a firm of which one director is a member.

6 Audit Committee

The Audit Committee comprises six members, four of whom are independent non-executive directors. The members of the Audit Committee at the date of this report are:-

Michael Y O Fam (Chairman)
Edmund Cheng Wai Wing
Tjong Yik Min
Moses Lee Kim Poo
Ho Kwon Ping
Koh Boon Hwee

The Committee holds quarterly meetings with the internal auditors and the external auditors of the Company, and performs the following functions:-

(a) reviews the audit plans of the internal auditors and external auditors of the Company, the results of their examination of the Company's system of internal accounting controls and the co-operation given by the Company's officers to the external and internal auditors;

(b) reviews the financial statements of the Group and the Company and the auditors' report thereon before their submission to the Board of Directors;

(c) nominates the external auditors for reappointment; and

(d) reviews interested persons transactions.

7 Report on the Case of the Criminal Breach of Trust (CBT) by Teo Cheng Kiat

A summarised report of the CBT case against Teo Cheng Kiat, the former supervisor of Cabin Crew Division is provided in a separate circular as an addendum to this Report by the Board of Directors. Out of the $35.0 million misappropriated, an estimated amount of $28.5 million is expected to be recovered. The estimated net monetary loss to SIA arising from Teo Cheng Kiat's fraud is $6.5 million.

8 Flight SQ006 Accident in Taipei on 31 October 2000

On 31 October 2000, Flight SQ006 crashed on the runway at the Chiang Kai-Shek International Airport, Taipei en route to Los Angeles. There were 83 fatalities among the 179 passengers and crew members aboard the Boeing 747 aircraft. While SIA is currently a defendant in a number of lawsuits relating to the crash, SIA maintains substantial insurance coverage which is sufficient to cover any claims arising from the crash. Accordingly, SIA believes that the resolution of these claims will have no material impact on the financial position of SIA. SIA is unable to identify or predict the extent of any adverse effect on its revenues, yields or results of operations which has resulted or may result from the public perception of the crash or from any future findings by the investigation team headed by the Taiwan Aviation Safety Council.

9 Share Capital

During the financial year, the Company repurchased 30,334,600 ordinary shares at an average price of $15.70 each pursuant to the share buyback scheme approved by the shareholders on 11 September 1999. The shares repurchased were cum dividends of $3.8 million.

10 Acquisition/Disposal of Subsidiary Companies

On 23 August 2000, the Company incorporated a wholly-owned subsidiary company, Singapore Airlines Cargo Private Limited, with a paid-up capital of $2.

During the financial year, a subsidiary company, SATS Apron Services Pte Ltd, was liquidated.

11 Other Significant Acquisition/Disposal

A Special Board Committee was formed in February 2000 to oversee the Initial Public Offerings of two subsidiary companies, Singapore Airport Terminal Services Limited (SATS) and SIA Engineering Company Limited (SIAEC).

On 5 May 2000, the Company disposed of vendor shares representing 13.0% equity interests in SATS and SIAEC in connection with their respective initial public offerings. At Group level, a profit of $440.1 million was recorded after deducting 13.0% of the net tangible assets of SATS and SIAEC as at the date of disposal.

The Company acquired a 25.0% equity interest in Air New Zealand Limited (ANZ), in two tranches of 8.3% in April 2000 and 16.7% in August 2000, at an aggregate cost of $352.0 million. Goodwill arising from the acquisition amounted to $93.4 million. In November 2000, the Company subscribed additional shares in ANZ for $51.4 million pursuant to a rights issue, bringing the total investment in ANZ to $403.4 million.

12 Options on Shares in the Company

The Singapore Airlines Limited Employee Share Option Plan ("the Plan"), which comprises the Senior Executive Share Option Scheme and the Employee Share Option Scheme for senior executives and all other employees respectively, was approved by shareholders on 8 March 2000.

Under the Plan, all options to be issued will have a term no longer than 10 years from the date of grant. The exercise price of the option will be the average of the closing prices of the Company's ordinary shares on the SGX-ST for the five market days immediately preceding the date of grant.

Under the Employee Share Option Scheme, options will vest two years after the date of grant. Under the Senior Executive Share Option Scheme, options will vest:-

(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.

The Committee administering the Plan comprises the following directors:-

Michael Y O Fam
Cheong Choong Kong
Lim Chee Onn
Fock Siew Wah
Koh Boon Hwee

Cheong Choong Kong did not participate in any deliberation or decision in respect of options granted to him.

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

12 Options on Shares in the Company (continued)

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

During the financial year, in consideration of the payment of $1.00 for each offer accepted, offers of options were granted pursuant to the Scheme in respect of 12,258,890 unissued shares of $1.00 each in the Company at an exercise price of $17.32 per share.

At the end of the financial year, options to take up 25,668,300 unissued shares of $1.00 each in the Company were outstanding:-

	Number of unissued ordinary shares of $1.00 each						
Date of grant	Balance at 1.4.2000/ Date of grant	Cancelled	Exercised	Adjustment	Balance at 31.3.2001	Exercise price	Expiry date
28.3.2000	14,142,250	(371,140)	–	(208,960)	13,562,150	$15.96	27.3.2010
3.7.2000	12,258,890	(152,740)	–	–	12,106,150	$17.32	2.7.2010
	26,401,140	(523,880)	–	(208,960)	25,668,300		

The details of options granted to and exercised by directors of the Company:-

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
Cheong Choong Kong	240,000	480,000	–	–	480,000

13 Options on Shares in Subsidiary Companies

The particulars of options on shares in subsidiary companies are as follows:-

(a) Singapore Airport Terminal Services Limited (SATS)

The Singapore Airport Terminal Services Limited Employee Share Option Plan, which comprises the Senior Executive Share Option Scheme and the Employee Share Option Scheme for senior executives and all other employees respectively, was approved on 20 March 2000.

The basis upon which an option may be exercised is identical to that of the Plan implemented by the Company.

During the financial year, in consideration of the payment of $1.00 for each offer accepted, offers of options were granted pursuant to the share option plan in respect of 14,788,900 unissued shares of $0.10 each in SATS at an exercise price of $2.10 per share.

At the end of the financial year, options to take up 32,452,600 unissued shares of $0.10 each in SATS were outstanding:-

	Number of unissued ordinary shares of $0.10 each						
Date of grant	Balance at 1.4.2000/ Date of grant	Cancelled	Exercised	Adjustment	Balance at 31.3.2001	Exercise price	Expiry date
28.3.2000	19,124,800	(267,700)	–	(421,200)	18,435,900	$2.50	27.3.2010
3.7.2000	14,788,900	(119,900)	–	(652,300)	14,016,700	$2.10	2.7.2010
	33,913,700	(387,600)	–	(1,073,500)	32,452,600		

13 Options on Shares in Subsidiary Companies (continued)

(b) SIA Engineering Company Limited (SIAEC)

The SIA Engineering Company Limited Employee Share Option Plan, which comprises the Senior Executive Share Option Scheme and the Employee Share Option Scheme for senior executives and all other employees respectively, was approved on 9 February 2000.

The basis upon which an option may be exercised is identical to that of the Plan implemented by the Company.

During the financial year, in consideration of the payment of $1.00 for each offer accepted, offers of options were granted pursuant to the share option plan in respect of 14,246,950 unissued shares of $0.10 each in SIAEC at an exercise price of $1.95 per share.

At the end of the financial year, options to take up 29,339,600 unissued shares of $0.10 each in SIAEC were outstanding:-

	Number of unissued ordinary shares of $0.10 each						
Date of grant	Balance at 1.4.2000/ Date of grant	Cancelled	Exercised	Adjustment	Balance at 31.3.2001	Exercise price	Expiry date
28.3.2000	15,337,950	(60,000)	–	(73,900)	15,204,050	$2.05	27.3.2010
3.7.2000	14,246,950	(27,200)	–	(84,200)	14,135,550	$1.95	2.7.2010
	29,584,900	(87,200)	–	(158,100)	29,339,600		

14 Other Statutory Information

(a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:-

(i) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written-off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their book value in the ordinary course of business were written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:-

(i) the amount written-off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and

(ii) the values attributed to current assets misleading.

(c) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

(d) As at the date of this report:-

(i) there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person; and

(ii) there are no material contingent liabilities which have arisen since the end of the financial year.

(e) No contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Company or its subsidiary companies to meet their obligations as and when they fall due.

(f) In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

15 Subsequent Event

The Company made a further purchase of 2,054,000 shares from 1 April to 17 April 2001 at a total cost, including brokerage, of $25.3 million pursuant to the share buyback scheme. This brings the total amount spent since the inception of the share buyback scheme up to the date of this report to $1,011.0 million for 64,402,600 shares.

16 Auditors

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

On behalf of the Board,

MICHAEL Y O FAM
Chairman

CHEONG CHOONG KONG
Deputy Chairman/Chief Executive Officer

Dated this 18th day of May 2001

Addendum

Summarised Report on the Case of the Criminal Breach of Trust By Teo Cheng Kiat

1. Teo Cheng Kiat (Teo) was a Supervisor in the Cabin Crew Division (CCD) until his dismissal on 21 January 2000. His responsibilities included administrative duties in the payment of Cabin Crew Allowances (CCA), in particular the Cabin Crew Meal & Overnight Allowances (M&OA). CCA are computed by SIA's Crew Rostering and Flight Tracking system (the CRAFT system). CCA payments were made by electronic means from SIA's Bank Account with Overseas Union Bank (OUB) into the respective bank accounts of the individual cabin crew, also with OUB.

2. The computerised CRAFT system draws data from flight records and computes the amount of CCA (including M&OA) due to the individual cabin crew. The system also hosts a Cabin Crew database, which includes the individual bank account numbers and other personal particulars of the cabin crew.

3. By manipulating the CRAFT system, Teo misappropriated a total sum of S$34.96 million from SIA's Bank Account.

4. Upon the discovery of Teo's fraud, the SIA Board directed the Audit Committee to oversee the investigations. SIA promptly reported the case to the Commercial Affairs Department (CAD) and with their assistance undertook immediate measures to investigate the fraud, as well as to effect recovery of the misappropriated monies.

5. SIA also took immediate steps to change the procedures for paying crew allowances. Responsibility for maintaining Cabin Crew bank accounts was segregated from Cabin Crew Division and now resides with an independent unit in Finance Division.

6. In January 2000, SIA commenced legal action against Teo, his wife and his two children. In February 2000, Teo's sister-in-law was joined as a defendant.

7. SIA obtained default judgement against Teo and consent judgement against his wife for the sum of S$34.96 million in March and October 2000 respectively.

8. The Court made a consent order in October 2000 against his two children that the action be discontinued against them, upon payment by his eldest son of the sums of US$20,000 and S$16,000 to SIA. The Court ordered his sister-in-law to deliver the #08-01 Birmingham Mansions property held in her joint names with his wife to SIA.

9. SIA appointed Arthur Andersen (AA) to investigate the circumstances surrounding the commission of the fraud, and to conduct a full and independent review of SIA's crew and staff payment procedures. AA has found no evidence that Teo carried out his fraudulent activities with the assistance of any other SIA employee.

10. Arising from the review, SIA has taken a number of measures to tighten its internal controls. Independent consultants have been engaged to review all systems designed to pay staff or vendors, as well as information technology security. A risk management analysis has also been conducted independently.

Addendum

11. Staff duties in SIA, locally and overseas, have been reviewed to identify individuals performing incompatible duties. Such duties have either been re-assigned or additional controls have been imposed. Sensitive positions have been identified and a staff rotation policy formulated.

12. PricewaterhouseCoopers was engaged to review SIA's current internal audit set-up with a view to enhancing its effectiveness.

13. Procedures to effect changes to computer programmes with financial impact have been revised. Such changes will now require the 'sign-off' of the Internal Audit Department.

14. Numerous briefings were held, locally and overseas, to inculcate in SIA managers a greater awareness of effective internal controls and to demarcate clear lines of accountability.

15. SIA also convened a Board of Inquiry (BOI), comprising four Board directors, to determine if disciplinary action should be taken against any SIA employee for any failure on his part. The BOI found four employees in breach of their duties and appropriate actions have been taken by the Board.

16. On the advice of SIA's lawyers, SIA has agreed to share the loss arising from Teo's conduct with OUB. The terms of the agreement must be kept confidential to the extent permissible by law. OUB's share of the loss amounts to S$7.5 million and has been paid to SIA on an ex-gratia basis without any admission of liability.

17. Of the S$34.96 million misappropriated by Teo, SIA can expect to recover about S$28.46 million comprising cash and bank deposits seized (S$15 million), net value of properties, jewellery, cars/other assets (S$5.96 million) and the amount received from OUB (S$7.5 million). The estimated net monetary loss to SIA arising from Teo's fraud is therefore S$6.5 million.

18. Monies recovered and received in financial year ending 31 March 2001 (S$23.13 million) were reported as a reduction of CCA in the company's profit and loss statement. Five properties remain to be sold. Subsequent recoveries will be recorded in a similar manner in the relevant financial year during which such monies are received.

19. SIA regrets the incident and has taken all practicable measures possible to ensure that proper internal controls are put in place and the company's assets are safeguarded. The company will continue to improve its internal controls in keeping with its changing operating environment.

Statement by the Directors Pursuant to Section 201 (15)

We, Michael Y O Fam and Cheong Choong Kong, being two of the directors of Singapore Airlines Limited, do hereby state that in the opinion of the directors:-

(i) the accompanying financial statements set out on pages 62 to 91 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 2001, the results, the changes in equity and the cash flows of the Group and of the Company for the financial year ended on that date;

(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,

MICHAEL Y O FAM
Chairman

CHEONG CHOONG KONG
Deputy Chairman/Chief Executive Officer

Dated this 18th day of May 2001

Auditors' Report

to the members of Singapore Airlines Limited

We have audited the financial statements of Singapore Airlines Limited and its subsidiary companies set out on pages 62 to 91. These financial statements comprise the balance sheets of the Company and the Group as at 31 March 2001, and the profit and loss accounts, the statements of changes in equity and the cash flow statements of the Company and the Group for the financial year then ended. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:-

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:-

  (i) the state of affairs of the Company and of the Group as at 31 March 2001, the results, the changes in equity and the cash flows of the Company and of the Group for the financial year then ended; and

  (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements and consolidated financial statements;

(b) the accounting and other records, and the registers required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of all subsidiary companies of which we have not acted as auditors, being financial statements included in the consolidated financial statements. The names of those subsidiary companies audited by our associated firms and that audited by another firm are stated in note 16.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and in respect of subsidiary companies incorporated in Singapore did not include any comment made under Section 207(3) of the Act.

ERNST & YOUNG
Certified Public Accountants

Dated this 18th day of May 2001
Singapore

Profit and Loss Accounts

for the financial year ended 31 March 2001 (in $ million)

	Notes	The Group 2000 - 2001	The Group 1999 - 2000	The Company 2000 - 2001	The Company 1999 - 2000
REVENUE		9,823.0	8,834.1	9,116.7	8,200.7
Other income	3	128.3	184.7	113.0	140.6
TOTAL REVENUE	4	9,951.3	9,018.8	9,229.7	8,341.3
EXPENDITURE					
Staff costs		2,093.4	1,853.5	1,347.0	1,201.9
Fuel costs		1,790.9	1,229.4	1,766.5	1,210.0
Depreciation	15	1,145.1	1,205.3	1,054.8	1,117.9
Rentals on lease of aircraft		289.1	242.1	289.0	228.6
Commission and incentives		698.6	649.6	694.4	645.3
Crew expenses		102.1	99.8	102.6	99.8
Handling charges		455.0	465.0	891.0	838.5
Aircraft maintenance and overhaul costs		304.9	409.9	483.0	521.3
Inflight meals		235.1	224.0	404.9	384.8
Landing, parking and overflying charges		507.7	494.6	497.5	484.2
Material costs		231.4	198.2	–	–
Advertising and sales costs		174.1	175.3	231.1	220.1
Other passenger costs		116.1	135.6	114.6	134.3
Company accommodation and utilities		132.3	121.9	88.8	84.3
Other operating expenses		328.8	345.8	281.1	314.9
		8,604.6	7,850.0	8,246.3	7,485.9
OPERATING PROFIT	5	1,346.7	1,168.8	983.4	855.4
Interest on borrowings		(37.5)	(28.8)	(44.4)	(38.0)
Surplus on disposal of aircraft, spares and spare engines		181.3	98.4	165.6	85.8
Dividends from subsidiary and associated companies, gross		–	–	59.8	198.4
Share of profits of joint venture companies		27.0	21.0	–	–
Share of profits of associated companies		81.7	33.2	–	–
PROFIT BEFORE EXCEPTIONAL ITEMS		1,599.2	1,292.6	1,164.4	1,101.6
Exceptional items	6	305.5	171.3	442.8	539.9
PROFIT BEFORE TAXATION		1,904.7	1,463.9	1,607.2	1,641.5
Provision for taxation	7	(317.4)	(296.5)	(267.5)	(374.4)
PROFIT AFTER TAXATION		1,587.3	1,167.4	1,339.7	1,267.1
Minority interests		(38.0)	(3.6)	–	–
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		1,549.3	1,163.8	1,339.7	1,267.1
BASIC EARNINGS PER SHARE (CENTS)	9	126.5	91.4	109.4	99.5
DILUTED EARNINGS PER SHARE (CENTS)	9	126.5	91.4	109.3	99.5

The notes on pages 67 to 91 form an integral part of these financial statements.

Balance Sheets

at 31 March 2001 (in $ million)

	Notes	The Group 2001	The Group 2000	The Company 2001	The Company 2000
SHARE CAPITAL					
Authorised	10	6,000.0	6,000.0	6,000.0	6,000.0
Issued and fully paid	10	1,220.2	1,250.5	1,220.2	1,250.5
RESERVES	11				
Distributable					
General reserve		8,031.0	7,390.6	8,477.4	7,931.0
Foreign currency translation reserve		40.8	30.3	–	–
Non-distributable					
Share premium		447.2	447.2	447.2	447.2
Capital redemption reserve		62.3	32.0	62.3	32.0
Capital reserve		6.9	6.9	–	–
Special non-distributable reserve		1,800.0	1,800.0	1,800.0	1,800.0
		10,388.2	9,707.0	10,786.9	10,210.2
SHARE CAPITAL AND RESERVES		11,608.4	10,957.5	12,007.1	11,460.7
MINORITY INTERESTS		186.1	19.6	–	–
DEFERRED ACCOUNTS	12 & 13	1,357.4	1,167.0	1,050.6	872.5
LONG-TERM LIABILITIES	14	795.5	566.5	592.1	561.8
		13,947.4	12,710.6	13,649.8	12,895.0
Represented by:-					
FIXED ASSETS	15				
Aircraft, spares and spare engines		8,938.8	9,279.5	8,582.8	8,995.6
Land and buildings		942.6	854.0	401.1	423.0
Others		2,981.6	1,748.5	2,477.8	1,204.3
		12,863.0	11,882.0	11,461.7	10,622.9
SUBSIDIARY COMPANIES	16				
Investment in subsidiary companies		–	–	307.2	307.2
Amount owing by subsidiary companies		–	–	159.9	551.9
		–	–	467.1	859.1
ASSOCIATED COMPANIES	17	715.4	305.7	2,099.4	1,668.1
JOINT VENTURE COMPANIES	18	239.0	188.2	107.9	107.9
LONG-TERM INVESTMENTS	19	556.0	537.8	467.3	463.1
CURRENT ASSETS					
Trade debtors	20	1,244.8	1,178.1	1,082.4	1,054.2
Stocks	21	54.4	56.7	26.5	28.4
Investments	22	511.4	711.6	–	–
Section 44 tax prepayments		455.6	415.7	455.6	415.7
Cash and bank balances	23	1,272.3	1,142.1	867.0	944.2
		3,538.5	3,504.2	2,431.5	2,442.5
Less:					
CURRENT LIABILITIES					
Loans – repayable within one year	14	0.6	15.6	–	–
Bank overdrafts – unsecured		27.4	49.2	25.9	43.7
Trade creditors	24	2,622.6	2,293.5	2,093.4	1,937.3
Sales in advance of carriage		853.7	786.1	840.5	775.0
Provision for taxation		276.0	376.6	241.1	326.3
Proposed final dividend, less tax	8	184.2	186.3	184.2	186.3
		3,964.5	3,707.3	3,385.1	3,268.6
NET CURRENT LIABILITIES		(426.0)	(203.1)	(953.6)	(826.1)
		13,947.4	12,710.6	13,649.8	12,895.0

The notes on pages 67 to 91 form an integral part of these financial statements.

Statements of Changes in Equity

for the financial year ended 31 March 2001 (in $ million)

The Group

	Note	Share capital	Share premium	Capital redemption reserve	Capital reserve	Special non-distributable reserve	Foreign currency translation reserve	General reserve	Total
Balance at 31 March 1999		1,282.5	447.2	–	6.3	1,800.0	31.2	8,621.2	12,188.4
Share of joint venture company's capital reserves		–	–	–	0.6	–	–	–	0.6
Currency translation differences		–	–	–	–	–	(0.9)	–	(0.9)
Goodwill written-off to reserves		–	–	–	–	–	–	(1,589.2)	(1,589.2)
Share buyback		(32.0)	–	32.0	–	–	–	(509.7)	(509.7)
Net gains and losses not recognised in the profit and loss account		(32.0)	–	32.0	0.6	–	(0.9)	(2,098.9)	(2,099.2)
Profit attributable to shareholders for the financial year		–	–	–	–	–	–	1,163.8	1,163.8
Dividends	8	–	–	–	–	–	–	(295.5)	(295.5)
Balance at 31 March 2000		1,250.5	447.2	32.0	6.9	1,800.0	30.3	7,390.6	10,957.5
Currency translation differences		–	–	–	–	–	10.5	–	10.5
Goodwill written-off to reserves		–	–	–	–	–	–	(115.6)	(115.6)
Share buyback		(30.3)	–	30.3	–	–	–	(476.0)	(476.0)
Dividends received from share buyback		–	–	–	–	–	–	3.8	3.8
Net gains and losses not recognised in the profit and loss account		(30.3)	–	30.3	–	–	10.5	(587.8)	(577.3)
Profit attributable to shareholders for the financial year		–	–	–	–	–	–	1,549.3	1,549.3
Dividends	8	–	–	–	–	–	–	(321.1)	(321.1)
Balance at 31 March 2001		1,220.2	447.2	62.3	6.9	1,800.0	40.8	8,031.0	11,608.4

The notes on pages 67 to 91 form an integral part of these financial statements.

Statements of Changes in Equity

for the financial year ended 31 March 2001 (in $ million)

The Company

	Note	Share capital	Share premium	Capital redemption reserve	Special non-distributable reserve	General reserve	Total
Balance at 31 March 1999		1,282.5	447.2	–	1,800.0	7,469.1	10,998.8
Share buyback		(32.0)	–	32.0	–	(509.7)	(509.7)
Net gains and losses not recognised in the profit and loss account		(32.0)	–	32.0	–	(509.7)	(509.7)
Profit attributable to shareholders for the financial year		–	–	–	–	1,267.1	1,267.1
Dividends	8	–	–	–	–	(295.5)	(295.5)
Balance at 31 March 2000		1,250.5	447.2	32.0	1,800.0	7,931.0	11,460.7
Share buyback		(30.3)	–	30.3	–	(476.0)	(476.0)
Dividends received from share buyback		–	–	–	–	3.8	3.8
Net gains and losses not recognised in the profit and loss account		(30.3)	–	30.3	–	(472.2)	(472.2)
Profit attributable to shareholders for the financial year		–	–	–	–	1,339.7	1,339.7
Dividends	8	–	–	–	–	(321.1)	(321.1)
Balance at 31 March 2001		1,220.2	447.2	62.3	1,800.0	8,477.4	12,007.1

The notes on pages 67 to 91 form an integral part of these financial statements.

Cash Flow Statements

for the financial year ended 31 March 2001 (in $ million)

	Notes	The Group 2000 - 2001	The Group 1999 - 2000	The Company 2000 - 2001	The Company 1999 - 2000
NET CASH PROVIDED BY OPERATING ACTIVITIES	25	2,451.1	2,301.3	1,991.2	1,482.1
CASH FLOW FROM INVESTING ACTIVITIES					
Capital expenditure	26	(2,555.5)	(1,907.6)	(2,336.1)	(1,634.6)
Proceeds from disposal of aircraft and other fixed assets		772.1	803.9	752.3	770.2
Investments in associated companies		(448.8)	(1,657.1)	(403.2)	(1,657.0)
Investments in joint venture companies		(19.3)	(16.1)	–	(10.5)
Additional long-term investments		(41.9)	(13.8)	(38.4)	–
Additional long-term loans		(0.8)	(8.9)	–	–
Advances to associated companies		(2.6)	(9.9)	–	–
Loans to subsidiary companies		–	–	(83.3)	(188.4)
Repayment of loans by subsidiary companies		–	–	216.7	171.6
Repayment of loans by associated companies		1.4	–	–	–
Proceeds from disposal/liquidation of long-term investments		–	589.1	–	586.7
Proceeds from sale of long-term investments		2.3	–	2.3	–
Proceeds from disposal of 13% equity interests in SATS/SIAEC		574.6	–	574.6	–
Dividends from subsidiary and associated companies		21.9	6.4	46.4	424.8
Repayment of loans		1.7	–	–	–
Proceeds from return of capital by subsidiary companies		–	–	–	151.8
NET CASH USED IN INVESTING ACTIVITIES		(1,694.9)	(2,214.0)	(1,268.7)	(1,385.4)
CASH FLOW FROM FINANCING ACTIVITIES					
Share buyback		(476.0)	(509.7)	(476.0)	(509.7)
Dividends paid		(323.2)	(278.6)	(323.2)	(278.6)
Dividends paid by subsidiary companies to minority interests		(6.0)	–	–	–
Dividends received from share buyback		3.8	–	3.8	–
Proceeds from/(repayment of) borrowings		(16.3)	13.5	–	–
Issuance of financial instruments – notes payable		200.0	–	–	–
Increase in long-term lease liabilities		2.5	5.3	2.5	5.3
NET CASH USED IN FINANCING ACTIVITIES		(615.2)	(769.5)	(792.9)	(783.0)
NET CASH INFLOW/(OUTFLOW)		141.0	(682.2)	(70.4)	(686.3)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		1,092.9	1,803.7	900.5	1,615.4
Effect of exchange rate changes		11.0	(28.6)	11.0	(28.6)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		1,244.9	1,092.9	841.1	900.5
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Fixed deposits		1,136.1	961.3	760.4	805.1
Cash and bank		136.2	180.8	106.6	139.1
Bank overdrafts – unsecured		(27.4)	(49.2)	(25.9)	(43.7)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		1,244.9	1,092.9	841.1	900.5

The notes on pages 67 to 91 form an integral part of these financial statements.

1 General

The Company is a limited liability company incorporated in the Republic of Singapore which is also the place of domicile. The Company 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.

During the financial year, the principal activities of the Group and of the Company consist of air transportation, engineering services, airport terminal services, training of pilots, air charters and tour wholesaling and related activities.

The Group and the Company had 29,114 and 14,744 employees respectively as of 31 March 2001 (2000: 27,558 and 13,764 employees respectively).

2 Accounting Policies

The main accounting policies of the Group, which have been consistently applied except where indicated otherwise, are described in the following paragraphs.

(a) Basis of accounting

The financial statements of the Group and of the Company, which are expressed in Singapore dollars, are prepared under the historical cost convention and in accordance with Singapore Statements of Accounting Standard and applicable requirements of the Companies Act, Cap.50.

(b) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies for the financial year ended 31 March. A list of the Group's subsidiary companies is shown in note 16 to the financial statements.

(c) Subsidiary, joint venture and associated companies

Shares in subsidiary, joint venture and associated companies are stated at cost. Provision is made for any permanent diminution in value.

An associated company is defined as a company, not being a subsidiary company or joint venture company, in which the Group has a long-term interest of not less than 20% in the equity and in whose financial and operating policy decisions the Group exercises significant influence.

The Group's share of the results of associated companies is included in the consolidated profit and loss account and the Group's share of the post-acquisition reserves is added to the value of investments in associated companies shown in the consolidated balance sheet. These amounts are taken from the latest audited financial statements of the companies concerned, made up as appropriate, to the end of the financial year, except for Air New Zealand Limited (ANZ) which is listed on the New Zealand Stock Exchange. Being the first year of acquisition, the consolidated financial statements incorporate ANZ's unaudited results from acquisition date to December 2000. Thereafter, the consolidated financial statements will incorporate the Group's share of ANZ's results for the period January to December. A list of the Group's associated companies is shown in note 17 to the financial statements.

A joint venture company is defined as a company, not being a subsidiary company, in which the Group has a long-term interest of not more than 50% in the equity and has joint control of the company's commercial and financial affairs.

The Group's share of the consolidated results of the joint venture companies and their subsidiary companies are included in the consolidated financial statements under the equity method on the same basis as associated companies. A list of the Group's joint venture companies is shown in note 18 to the financial statements.

2 Accounting Policies (continued)

(d) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. The cost of an asset 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, with subsequent expenditure stated at cost. 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 additions, improvements and renewal is capitalised and expenditure for maintenance and repairs is charged to the profit and loss account. When assets are sold or retired, their costs and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit and loss account.

(e) Depreciation of fixed assets

Fixed assets 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 and residual values are reviewed annually in the light of experience and changing circumstances.

Aircraft fleet

The Group depreciates its new passenger aircraft, spares and spare engines over 10 years to 20% residual values. For leased aircraft where ownership is not transferred to the Group at the end of the lease period, nil residual values are used.

For used passenger aircraft less than 5 years old, the Group depreciates them over the remaining life (10 years less age of aircraft) to 20% residual values. In the case of used aircraft more than 5 years old, they are depreciated over 5 years to 20% residual values.

The Company depreciates its new freighter aircraft over 15 years to 20% residual values. For used freighter aircraft, they are depreciated over 6 years to 20% residual values.

Land and buildings

Buildings on freehold land and leasehold land and buildings are amortised 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.
Leased premises	– according to lease period or 5 years whichever is the shorter.

Flight training equipment

Flight simulators and training aircraft are depreciated over 10 years to nil residual values, and 5 years to 20% residual values respectively.

Other fixed assets

These are depreciated over 1 to 7 years to nil residual values.

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.

2 Accounting Policies (continued)

(f) Leased assets

Where assets are financed by lease agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright at the values equivalent to the principal values of total rental payable during the periods of the leases and the corresponding lease commitments are included under liabilities. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account. Depreciation on the relevant assets is charged to the profit and loss account.

Annual rentals on operating leases are charged to the profit and loss account.

Gains arising from sale and operating leaseback of aircraft are determined based on fair values. Sale proceeds in excess of fair values are deferred and amortised over the minimum lease terms.

Major improvements and modifications to leased aircraft due to operational requirements are capitalised and depreciated over the lease-term period.

(g) Foreign currencies

Foreign currency transactions are converted into Singapore dollars at exchange rates which approximate bank rates prevailing at dates of transactions, after taking into account the effect of forward currency contracts which expired during the financial year.

All foreign currency monetary assets and liabilities are stated on the balance sheet at year-end exchange rates. Gains and losses arising from conversion of current assets and liabilities are dealt with in the profit and loss account.

For the purposes of the group financial statements, the net assets of the foreign subsidiary companies, associated companies and joint venture companies are translated into Singapore dollars at the exchange rates ruling at the balance sheet date. The resulting gains or losses on exchange are taken to foreign currency translation reserve.

(h) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on either a first-in-first-out basis or weighted average depending on the nature of the stocks.

Work-in-progress is stated at cost plus estimated attributable profit.

(i) Aircraft maintenance and overhaul costs

Provision for costs of engine overhaul and heavy maintenance visits is made on the basis that engine overhaul and heavy maintenance visits for aircraft are required every four years, and these are charged evenly throughout the period.

In August 2000, the Institute of Certified Public Accountants of Singapore (ICPAS) issued Statement of Accounting Standard (SAS) 31, Provisions, Contingent Liabilities and Contingent Assets, which sets out criteria for the recognition of provisions and other matters. The Company will implement SAS 31 effective 1 April 2001. As a result, the Company will modify its accounting policy to recognise aircraft maintenance and overhaul costs on an incurred basis.

The Company will recognise the retrospective effect of adopting SAS 31 as a change in accounting policy as of 1 April 2001. The cumulative adjustments for prior years will be made to the opening general reserves of the Group and the Company respectively in the next financial year.

2 Accounting Policies (continued)

(j) Deferred taxation

The Group has adopted deferred tax accounting using the liability method. The amount of taxation deferred on account of all material timing differences is reflected in the deferred taxation account to the extent that it is probable that the liability will materialise.

In March 2001, the ICPAS issued SAS 12, Income Taxes, which is effective for financial periods beginning on or after 1 April 2001. Hence, in the next financial year, the Company will modify its accounting policy to provide deferred taxes for all material timing differences, instead of providing for deferred taxes to the extent that it is probable that the liability will materialise.

When this change in accounting policy is applied in the following financial year, the Group's and the Company's 31 March 2001 unprovided deferred tax liabilities as stated in note 13 will be recorded as a liability on the 31 March 2002 balance sheet. The amount of $1,800 million, previously set aside in a special non-distributable reserve, is adequate to meet deferred tax liabilities that have not been fully-provided for in the financial statements.

(k) Unquoted investments

Unquoted investments are stated at cost and provisions are made for any diminution in value which is considered to be permanent.

(l) Quoted investments

Quoted investments held on a long-term basis are stated at cost and provisions are made for any diminution in value which is considered to be permanent.

Other quoted investments are stated at the lower of cost and net realisable value.

(m) Forward contracts

Gains and losses arising from forward contracts on foreign currencies and jet fuel swaps are recognised at dates of maturity.

(n) Income from investments

Dividend income is accrued on the basis of the date dividends are declared payable by the investee company.

Interest income from investments and fixed deposits is accrued on a day-to-day basis.

(o) Training and development costs

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

(p) Loan interest

Interest on loans obtained for purchases of aircraft and related equipment and building projects is capitalised until the aircraft are commissioned for operation or the projects are completed. Interest costs incurred after commissioning of the aircraft and completion of building projects are charged to the profit and loss account. No interest was capitalised during the financial year (1999-2000 : $ nil).

(q) Revenue

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 and recognised as revenue if unused after two years. Revenue from the provision of airport terminal services is recognised upon services rendered. Revenue from engine overhaul, repair and maintenance of aircraft is recognised based on the percentage of completion of the projects.

2 Accounting Policies (continued)

(r) Frequent flyer programme

The Company operates a frequent flyer programme called “KrisFlyer” that provides travel awards to programme members based on accumulated mileage. In accounting for the mileage credits earned under this programme, the estimated cost of providing free travel is recognised as an expense and accrued as a liability as mileage credits are accumulated. As members redeem awards or their entitlements expire, the accrual is reduced accordingly to reflect the acquittal of the outstanding obligation.

(s) Goodwill

When subsidiary companies or interests in joint venture and associated companies are acquired, any excess of the consideration over the fair value of the net assets as at the date of acquisition is included in goodwill and, depending on circumstances in which the goodwill has arisen, is written-off against Group reserves in the financial year in which it arises. Where the consideration is lower than fair value of the net assets acquired, the difference is credited to Group reserves. When determining goodwill, assets and liabilities of the acquired interest are translated using the exchange rate at the date of acquisition if the financial statements of the acquired interest are not denominated in Singapore dollars.

In August 2000, the ICPAS issued a revised SAS 22, Business Combinations, which provides guidance concerning the accounting treatment of business combinations. The Company will implement SAS 22 effective 1 April 2001 on a prospective basis. As a result, the Company will modify its accounting policy to capitalise goodwill arising from future business combinations and amortise the amount over its estimated useful life.

3 Other Income (in $ million)

Other income is derived from:-

	The Group		The Company	
	2000 - 2001	1999 - 2000	2000 - 2001	1999 - 2000
Fixed deposits	55.9	96.8	51.3	92.1
Quoted non-equity investments	55.8	53.3	21.8	17.7
Quoted equity investments	4.7	3.2	1.4	1.9
Unquoted trade investments	6.2	3.6	5.4	1.7
Unquoted non-equity investments	2.0	4.6	4.8	4.5
Interest receivable from subsidiary companies	–	–	25.1	23.8
Interest receivable from other loans	2.0	1.7	0.9	1.0
Interest receivable from associated companies	0.9	0.7	–	–
Income from investments and deposits	127.5	163.9	110.7	142.7
Surplus/(loss) on sale of fixed assets other than aircraft and spares	2.4	(0.8)	2.2	(2.1)
(Loss)/surplus on sale of investments	(1.6)	21.6	0.1	–
	128.3	184.7	113.0	140.6

4 Segment Information (in $ million)

Revenue earned is generated principally from the carriage of passengers, cargo and mail, the rendering of airport terminal services, engineering services, air charters and tour wholesaling and related activities. It excludes dividends from subsidiary companies, and in respect of the Group, inter-company transactions.

	The Group		The Company	
	2000 - 2001	1999 - 2000	2000 - 2001	1999 - 2000
External customers	9,951.3	9,018.8	9,149.6	8,253.6
Subsidiary companies	–	–	80.1	87.7
	9,951.3	9,018.8	9,229.7	8,341.3

The Group’s business is organised and managed separately accordingly to the nature of the services provided. Revenues are attributable to geographical areas based on the airline operations by area of original sale.

The following tables present revenue and profit information regarding business segments for the financial years ended 31 March 2001 and 2000 and certain assets and liabilities information of the business segments as at those dates.

4 Segment Information (in $ million) (continued)

Business segments

	Airline operations		Airport terminal services		Engineering services	
	2000 - 2001	1999 - 2000	2000 - 2001	1999 - 2000	2000 - 2001	1999 - 2000
TOTAL REVENUE						
External revenue	9,326.4	8,429.9	372.5	328.5	131.6	110.5
Inter-segment revenue	81.6	88.5	519.5	465.2	542.2	477.3
	9,408.0	8,518.4	892.0	793.7	673.8	587.8
RESULT						
Segment result	934.9	812.4	193.2	182.1	125.2	97.9
Surplus on disposal of aircraft, spares and spare engines	180.6	104.2	–	–	–	–
Dividends from subsidiary and associated companies	67.8	199.9	–	–	–	–
Share of profits of joint venture companies	26.3	20.8	–	–	0.7	0.2
Share of profits of associated companies	60.7	(0.9)	17.7	17.5	3.3	16.6
Exceptional items	442.8	542.3	–	–	–	202.6
Provision for taxation	(279.1)	(377.9)	(35.9)	(39.5)	(13.4)	(10.9)
Profit after tax	1,434.0	1,300.8	175.0	160.1	115.8	306.4

	2001	2000	2001	2000	2001	2000
OTHER INFORMATION						
Segment assets	14,700.9	14,270.7	1,174.5	784.1	523.7	436.7
Investment in equity method joint venture and associated companies	668.7	261.0	80.4	71.2	208.1	157.5
Tax prepayments	455.6	415.7	–	–	–	–
Total assets	15,825.2	14,947.4	1,254.9	855.3	731.8	594.2
Segment liabilities	4,322.8	4,060.2	403.2	143.1	240.2	176.3
Tax liabilities	768.7	700.0	100.6	101.2	23.0	17.9
Total liabilities	5,091.5	4,760.2	503.8	244.3	263.2	194.2

	2000 - 2001	1999 - 2000	2000 - 2001	1999 - 2000	2000 - 2001	1999 - 2000
Depreciation	1,082.0	1,141.0	40.0	38.5	20.8	23.5
Non-cash expenses other than depreciation	(175.8)	(96.1)	(2.0)	1.2	(0.9)	–
Capital expenditure	2,437.6	1,724.2	126.1	166.8	20.2	18.5

Others		Total of segments		Elimination*		Consolidated	
2000 - 2001	1999 - 2000	2000 - 2001	1999 - 2000	2000 - 2001	1999 - 2000	2000 - 2001	1999 - 2000
120.8	149.9	9,951.3	9,018.8	–	–	9,951.3	9,018.8
58.9	50.2	1,202.2	1,081.2	(1,202.2)	(1,081.2)	–	–
179.7	200.1	11,153.5	10,100.0	(1,202.2)	(1,081.2)	9,951.3	9,018.8
30.8	30.0	1,284.1	1,122.4	25.1	17.6	1,309.2	1,140.0
0.2	–	180.8	104.2	0.5	(5.8)	181.3	98.4
–	–	67.8	199.9	(67.8)	(199.9)	–	–
–	–	27.0	21.0	–	–	27.0	21.0
–	–	81.7	33.2	–	–	81.7	33.2
–	–	442.8	744.9	(137.3)	(573.6)	305.5	171.3
(4.5)	(11.8)	(332.9)	(440.1)	15.5	143.6	(317.4)	(296.5)
26.5	18.2	1,751.3	1,785.5	(164.0)	(618.1)	1,587.3	1,167.4
2001	2000	2001	2000	2001	2000	2001	2000
355.7	356.6	16,754.8	15,848.1	(252.9)	(339.8)	16,501.9	15,508.3
–	5.6	957.2	495.3	(2.8)	(1.4)	954.4	493.9
–	–	455.6	415.7	–	–	455.6	415.7
355.7	362.2	18,167.6	16,759.1	(255.7)	(341.2)	17,911.9	16,417.9
57.3	59.2	5,023.5	4,438.8	193.9	167.7	5,217.4	4,606.5
7.7	15.2	900.0	834.3	–	–	900.0	834.3
65.0	74.4	5,923.5	5,273.1	193.9	167.7	6,117.4	5,440.8
2000 - 2001	1999 - 2000	2000 - 2001	1999 - 2000	2000 - 2001	1999 - 2000	2000 - 2001	1999 - 2000
3.5	4.1	1,146.3	1,207.1	(1.2)	(1.8)	1,145.1	1,205.3
5.6	5.7	(173.1)	(89.2)	(9.4)	–	(182.5)	(89.2)
5.1	2.0	2,589.0	1,911.5	–	–	2,589.0	1,911.5

* Relates to inter-segment transactions eliminated on consolidation.

4 Segment Information (in $ million) (continued)

Geographical segments

The following table presents revenue information regarding geographical segments for the financial years ended 31 March 2001 and 2000.

	By area of original sale	
	2000 - 2001	1999 - 2000
East Asia	5,049.9	4,478.5
Europe	1,524.2	1,460.7
South West Pacific	852.4	761.0
Americas	851.6	784.8
West Asia and Africa	708.6	626.8
Systemwide	8,986.7	8,111.8
Non-scheduled services and incidental revenue	421.3	406.6
	9,408.0	8,518.4

Assets, which consist principally of flight and ground equipment, support the entire worldwide transportation system. Expenses such as depreciation of fixed assets, fuel and salaries are incurred principally in Singapore. An analysis of assets and profits of the Group by geographical distribution has therefore not been included.

5 Operating Profit (in $ million)

Operating profit for the financial year is arrived at after charging/(crediting):-

	The Group		The Company	
	2000 - 2001	1999 - 2000	2000 - 2001	1999 - 2000
Income from investments and deposits (note 3)	(127.5)	(163.9)	(110.7)	(142.7)
Provision for diminution in value of investments	3.4	12.4	14.4	–
Provision for diminution in value of associated companies	3.5	4.7	9.4	–
Provision for loans to associated companies	2.6	2.0	–	–
Income from lease of aircraft	(33.8)	(28.2)	(33.8)	(28.2)
Writeback of provision for aircraft maintenance and overhaul, net	(104.8)	(48.6)	(109.4)	(49.5)
Amortisation of deferred gain on sale and leaseback of aircraft	(100.8)	(75.5)	(100.8)	(75.5)
Emoluments for directors of the Company	2.2	1.6	2.2	1.6
Auditors' remuneration				
Auditor of the Company				
Audit fees	0.7	0.7	0.4	0.4
Non-audit fees	1.0	1.1	0.6	0.6
Exchange losses, net	13.5	79.9	19.1	75.3
Provision for writedown in value of fixed assets	9.0	–	–	–

6 Exceptional Items (in $ million)

	The Group		The Company	
	2000 - 2001	1999 - 2000	2000 - 2001	1999 - 2000
Special dividends from subsidiary companies, gross	–	–	–	371.0
Disposal of investments in Delta Air Lines, Inc. and Swissair Swiss Air Transport Company Ltd	–	110.6	–	110.6
Disposal of shares in Equant N.V.	–	60.7	–	58.3
Profit on disposal of 13.0% equity interests in SATS and SIAEC	440.1	–	574.6	–
Ex-gratia bonus payment	(134.6)	–	(131.8)	–
	305.5	171.3	442.8	539.9

7 Provision for Taxation (in $ million)

Taxation has been provided/(written-back) in respect of:-

	The Group		The Company	
	2000 - 2001	1999 - 2000	2000 - 2001	1999 - 2000
Current taxation	140.0	294.9	113.5	384.4
Overprovision in prior years	(1.9)	(16.3)	–	(10.0)
Deferred taxation	166.3	10.5	154.0	–
Share of joint venture companies' taxation	2.9	2.6	–	–
Share of associated companies' taxation	10.1	4.8	–	–
	317.4	296.5	267.5	374.4

The current financial year's taxation charge for the Group and the Company is computed after taking into account income not assessable to tax and therefore differs from the amount determined by applying the statutory tax rate to the financial year's profit.

8 Dividends (in $ million)

	The Group		The Company	
	2000 - 2001	1999 - 2000	2000 - 2001	1999 - 2000
Interim dividend of 15.0 cents per $1 ordinary share less 25.5% tax (1999-2000 : 5.25 cents per $1 ordinary share less 26.0% tax plus 4.75 cents per $1 ordinary share tax-exempt)	136.9	109.2	136.9	109.2
Proposed final dividend of 20.0 cents per $1 ordinary share less 24.5% tax (1999-2000 : 20.0 cents per $1 ordinary share less 25.5% tax)	184.2	186.3	184.2	186.3
	321.1	295.5	321.1	295.5

9 Earnings per Share

	The Group 2000 - 2001	The Group 1999 - 2000	The Company 2000 - 2001	The Company 1999 - 2000
Profit attributable to shareholders (in $ million)	1,549.3	1,163.8	1,339.7	1,267.1
Weighted average number of ordinary shares in issue used for computing basic earnings per share (in million)	1,224.8	1,272.9	1,224.8	1,272.9
Adjustment for share options	0.4	0.4	0.4	0.4
Weighted average number of ordinary shares in issue used for computing diluted earnings per share (in million)	1,225.2	1,273.3	1,225.2	1,273.3
Basic earnings per share (cents)	126.5	91.4	109.4	99.5
Diluted earnings per share (cents)	126.5	91.4	109.3	99.5

Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

For purposes of calculating diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect on the exercise of all outstanding share options granted to employees. This dilutive effect is computed based on the difference between the number of shares under option and the number of shares that could have been issued at fair values.

10 Share Capital (in $ million)

	The Company 31 March 2001	The Company 31 March 2000
Authorised share capital		
Ordinary shares		
3,000,000,000 ordinary shares of $1 each	3,000.0	3,000.0
Special share		
1 special share of $1 each	*	*
Preference shares		
3,000,000,000 redeemable cumulative preference shares of $1 each	3,000.0	3,000.0
	6,000.0	6,000.0
Issued share capital		
Ordinary shares		
Balance at 1 April		
1,250,532,222 (1999 : 1,282,546,222) of $1 each fully paid	1,250.5	1,282.5
Shares repurchased for cancellation during the financial year		
30,334,600 (1999-2000 : 32,014,000)	(30.3)	(32.0)
Balance at 31 March		
1,220,197,622 (2000 : 1,250,532,222) of $1 each fully paid	1,220.2	1,250.5
Special share		
Balance at 1 April		
1 (1999 : nil) of $1 each fully paid	*	–
Nil (1999-2000 : 1) issued during the financial year	–	*
Balance at 31 March		
1 (2000 : 1) of $1 each fully paid	*	*
	1,220.2	1,250.5

* The value is $1.

10 Share Capital (in $ million) (continued)

As at 31 March 2001, the unissued ordinary shares under The Singapore Airlines Limited Employee Share Option Plan were as follows:

(i) 13,562,150 ordinary shares at $15.96 per share exercisable between 28 March 2000 to 27 March 2010.

(ii) 12,106,150 ordinary shares at $17.32 per share exercisable between 3 July 2000 to 2 July 2010.

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, the Company has, in financial year 1999-00, issued one non-tradeable Special Share of par value $1.00 to the Minister 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 has also increased the authorised share capital in financial year 1999-00, by the creation of 3,000,000,000 non-tradeable redeemable cumulative preference shares of par value $1.00 each which carry full voting rights ("ASA shares "). The ASA shares will be partially paid to $0.01 each at the time of issue. When issued, the ASA shares (partially paid or otherwise) will carry equal voting rights as those of ordinary shares. The ASA shares will be issued by the Company only when the directors determine that its operating rights under any of the ASAs are threatened by reason of the nationality of the majority shareholders.

Consequent to the share buyback scheme approved by the shareholders, the Company purchased 30,334,600 (1999-2000 : 32,014,000) ordinary shares during the financial year at an average price of $15.70 (1999-2000 : $15.90) per share, amounting to a total cost, including brokerage, of $476.0 million (1999-2000 : $509.7 million).

11 Reserves

The distributable reserves of the Company will be available for distribution as dividends subject to the payment of income tax of approximately $2,518.0 million (2000 : $2,481.4 million). These potential tax payments are substantially covered by $760.9 million which has been provided in the current and deferred tax account in the balance sheet and an additional $1,800.0 million set aside in the special non-distributable reserve, as explained in the following paragraph.

Special non-distributable reserve

An amount of $1,800.0 million has been transferred from the general reserve to a special non-distributable reserve to meet deferred tax liabilities that have not been fully provided for in these financial statements (refer note 13 to the financial statements).

The special non-distributable reserve will be applied when the Group is required to change from its existing policy to providing such deferred tax.

12 Deferred Accounts (in $ million)

	The Group 31 March		The Company 31 March	
	2001	2000	2001	2000
Deferred income on sale and leaseback transactions	530.8	506.7	530.8	506.7
Deferred income on divestments	202.6	202.6	–	–
Deferred taxation (note 13)	624.0	457.7	519.8	365.8
	1,357.4	1,167.0	1,050.6	872.5

In June 1998, SIA Engineering Company Limited (SIAEC) divested its 51% interest in Eagle Services Asia Private Limited (ESA) to Pratt & Whitney Holdings LLC (PWHLLC). The profit arising on disposal was $202.6 million.

12 Deferred Accounts (in $ million) (continued)

Under the various agreements effecting the transaction, PWHLLC has the option up to 2005 to require SIAEC to buy back all the shares in ESA in the event that certain specified engine base loads are not achieved under the SIA Maintenance Service Agreement. SIAEC also holds the option to 2003 to require PWHLLC to sell back all its shares in ESA in the event that specified fleet readiness targets under the SIA Maintenance Service Agreement are not met.

In March 2000, the Company agreed to assume the obligations to PWHLLC requiring SIAEC to repurchase all the shares in ESA if the Company's engine base loads to ESA falls below certain agreed trigger levels. Since SIAEC is no longer bound by the contingent obligation to repurchase PWHLLC's ESA shares, it has recognised an exceptional profit from the sale of these shares of $202.6 million in the financial year ended 31 March 2000.

In view of the possibility that the options could be exercised by either party, the directors are of the view that it would be prudent not to recognise the profits arising from the disposal of ESA in the Group's financial statements until such time as either the specified engine base loads or fleet readiness targets can be met and the likelihood of the options being exercised is removed or assessed to be remote. Accordingly, the profits continue to be reflected in these financial statements as deferred income on the Group balance sheet.

13 Deferred Taxation (in $ million)

	The Group 31 March		The Company 31 March	
	2001	2000	2001	2000
Balance at 1 April	457.7	447.2	365.8	365.8
Provided during the financial year	166.3	10.5	154.0	–
Balance at 31 March	624.0	457.7	519.8	365.8
Full deferred tax potential liability	2,413.1	2,318.5	2,298.1	2,226.6
Liability provided for	(624.0)	(457.7)	(519.8)	(365.8)
Liability not provided for	1,789.1	1,860.8	1,778.3	1,860.8

The liability not provided for is not expected to materialise in the foreseeable future as capital allowances available from the acquisition of new aircraft are available for set-off against future profits.

14 Long-Term Liabilities (in $ million)

	The Group 31 March		The Company 31 March	
	2001	2000	2001	2000
Notes payable	200.0	–	–	–
Repayable within one year	–	–	–	–
Repayable after one year	200.0	–	–	–
Loans – unsecured	4.0	20.3	–	–
Repayable within one year	(0.6)	(15.6)	–	–
Repayable after one year	3.4	4.7	–	–
Lease commitments	592.1	561.8	592.1	561.8
Repayable within one year	–	–	–	–
Repayable after one year	592.1	561.8	592.1	561.8
	795.5	566.5	592.1	561.8

The notes payable refers to unsecured medium term notes issued by a subsidiary company, Singapore Airport Terminal Services Limited, which bear interest at 2.94% per annum and are repayable on 29 March 2004.

14 Long-Term Liabilities (in $ million) (continued)

The amounts payable by and debts payable to in respect of the subsidiary company at the balance sheet date were as follow:-

	Amounts payable by the subsidiary company 31 March		Debts payable to the subsidiary company 31 March	
	2001	2000	2001	2000
Not later than two years	38.4	200.9	15.5	4.8
Later than two years but not later than five years	200.0	–	6.9	6.8
	238.4	200.9	22.4	11.6

Interest rates on the finance lease commitments are charged at a margin above the London Interbank Offer Rate (LIBOR). These ranged from 5.77% to 5.96% (1999-2000 : 6.55% to 6.68%) per annum. These lease commitments are repayable within 10 years.

Finance leases

The Company holds 2 B747-400s under finance leases that are due to mature in 2007, without any options for renewal. Both leases have options for the Company to purchase the aircraft at the end of the lease period of 12.5 years. One of the B747-400 leases has an additional purchase option exercisable in the 10.5th year. The Company intends to hold the aircraft until the end of the lease periods. Sub-leasing is allowed under the lease agreements. The lease rentals are determined based on a floating rate linked to LIBOR.

Assuming a rate of 5.77% to 5.96% (1999-2000 : 6.55% to 6.68%) per annum, representing the 31 March 2001 lease rate, the future lease payments for these finance leases are as follows:-

	The Group 31 March				The Company 31 March			
	2001		2000		2001		2000	
	Minimum Payments	Repayment of Principal	Minimum Payments	Repayment of Principal	Minimum payments	Repayment of Principal	Minimum Payments	Repayment of Principal
Within one year	28.4	(2.3)	30.1	(2.6)	28.4	(2.3)	30.1	(2.6)
After one year but not more than five years	113.2	(9.2)	123.2	(8.0)	113.2	(9.2)	123.2	(8.0)
More than five years	636.2	603.6	638.6	572.4	636.2	603.6	638.6	572.4
Total future lease payments	777.8	592.1	791.9	561.8	777.8	592.1	791.9	561.8
Amounts representing interest	(185.7)	–	(230.1)	–	(185.7)	–	(230.1)	–
Principal value of long-term commitments under finance leases	592.1	592.1	561.8	561.8	592.1	592.1	561.8	561.8

As at 31 March 2001, there are lease obligations amounting to $1,040.0 million (2000 : $1,475.5 million) which are covered by funds amounting to $1,042.3 million (2000 : $1,512.4 million) placed with financial institutions under defeasance and other arrangements which have not been included in these financial statements.

The Company continues to remain the primary obligor under the lease agreements and as such, there are contingent liabilities (secured) of $1,040.0 million (2000 : $1,475.5 million) in respect of unpaid lease commitments.

Operating leases

In addition, the Company holds 13 B747-400s and 6 CFM-56 engines under operating leases with fixed rental rates. The lease terms range from 4 to 10 years for the B747-400s and 2 to 3.5 years for the CFM-56 engines. In 8 of the B747-400 lease agreements, the Company holds options to extend the leases for a further maximum period of 2 years. None of the operating agreements confer to the Company any options to purchase the related aircraft or engines. Sub-leasing is allowed under all the lease arrangements.

14 Long-Term Liabilities (in $ million) (continued)

Future lease payments under non-cancellable operating leases are as follows:-

	The Group 31 March 2001	The Group 31 March 2000	The Company 31 March 2001	The Company 31 March 2000
Within one year	357.0	288.6	357.0	288.6
After one year but not more than five years	1,285.8	1,094.7	1,285.8	1,094.7
More than five years	290.1	482.9	290.1	482.9
Total future lease payments	1,932.9	1,866.2	1,932.9	1,866.2

15 Fixed Assets (in $ million)

The Group

	1 April 2000	Additions	Disposals/ Transfers	Provision for writedown in value	31 March 2001
Cost					
Aircraft	14,341.1	977.2	(1,663.6)	–	13,654.7
Aircraft spares	1,241.9	112.6	(69.3)	(9.0)	1,276.2
Aircraft spare engines	620.6	30.7	(96.6)	–	554.7
Freehold land and buildings	234.2	–	–	–	234.2
Leasehold land and buildings	1,171.6	135.4	(67.3)	–	1,239.7
Plant and equipment	838.4	99.0	(35.2)	–	902.2
Office and computer equipment	422.4	42.2	(18.1)	–	446.5
	18,870.2	1,397.1	(1,950.1)	(9.0)	18,308.2
Advances and progress payments	1,402.4	2,342.6	(1,150.7)	–	2,594.3
	20,272.6	3,739.7	(3,100.8)	(9.0)	20,902.5
Accumulated depreciation					
Aircraft	6,136.9	890.9	(1,282.2)	–	5,745.6
Aircraft spares	597.9	67.7	(47.0)	–	618.6
Aircraft spare engines	189.3	40.2	(46.9)	–	182.6
Freehold land and buildings	104.4	6.3	–	–	110.7
Leasehold land and buildings	447.4	40.4	(67.2)	–	420.6
Plant and equipment	564.3	65.1	(35.0)	–	594.4
Office and computer equipment	350.4	34.5	(17.9)	–	367.0
	8,390.6	1,145.1	(1,496.2)	–	8,039.5
Net book value	11,882.0				12,863.0

	Depreciation 2000 - 2001	Depreciation 1999 - 2000	Net Book Value 31 March 2001	Net Book Value 31 March 2000
Aircraft	890.9	946.3	7,909.1	8,204.2
Aircraft spares	67.7	75.9	657.6	644.0
Aircraft spare engines	40.2	38.5	372.1	431.3
Freehold land and buildings	6.3	6.2	123.5	129.8
Leasehold land and buildings	40.4	37.8	819.1	724.2
Plant and equipment	65.1	65.0	307.8	274.1
Office and computer equipment	34.5	35.6	79.5	72.0
	1,145.1	1,205.3	10,268.7	10,479.6
Advances and progress payments			2,594.3	1,402.4
			12,863.0	11,882.0

15 Fixed Assets (in $ million) (continued)

The Company

	1 April 2000	Additions	Disposals/ Transfers	31 March 2001
Cost				
Aircraft	14,103.6	862.3	(1,656.2)	13,309.7
Aircraft spares	1,176.5	109.2	(62.9)	1,222.8
Aircraft spare engines	586.7	30.7	(85.7)	531.7
Freehold land and buildings	238.0	–	–	238.0
Leasehold land and buildings	535.3	–	–	535.3
Plant and equipment	317.8	11.9	(17.8)	311.9
Office and computer equipment	343.7	34.6	(15.5)	362.8
	17,301.6	1,048.7	(1,838.1)	16,512.2
Advances and progress payments	1,009.3	2,216.3	(928.9)	2,296.7
	18,310.9	3,265.0	(2,767.0)	18,808.9
Accumulated depreciation				
Aircraft	6,116.9	869.2	(1,281.2)	5,704.9
Aircraft spares	574.2	66.3	(42.7)	597.8
Aircraft spare engines	180.1	37.3	(38.7)	178.7
Freehold land and buildings	103.7	6.3	–	110.0
Leasehold land and buildings	246.6	15.6	–	262.2
Plant and equipment	175.8	33.4	(17.5)	191.7
Office and computer equipment	290.7	26.7	(15.5)	301.9
	7,688.0	1,054.8	(1,395.6)	7,347.2
Net book value	10,622.9			11,461.7

	Depreciation		Net Book Value	
	2000 - 2001	1999 - 2000	31 March 2001	31 March 2000
Aircraft	869.2	932.1	7,604.8	7,986.7
Aircraft spares	66.3	70.5	625.0	602.3
Aircraft spare engines	37.3	36.9	353.0	406.6
Freehold land and buildings	6.3	6.2	128.0	134.3
Leasehold land and buildings	15.6	15.6	273.1	288.7
Plant and equipment	33.4	28.8	120.2	142.0
Office and computer equipment	26.7	27.8	60.9	53.0
	1,054.8	1,117.9	9,165.0	9,613.6
Advances and progress payments			2,296.7	1,009.3
			11,461.7	10,622.9

	The Group 31 March		The Company 31 March	
	2001	2000	2001	2000
Net book value of fixed assets acquired under finance leases – aircraft	517.0	612.7	517.0	612.7

Advances and progress payments comprise mainly purchases of aircraft, related equipment and building projects.

16 Subsidiary companies (in $ million)

	The Company 31 March 2001	2000
Investment in subsidiary companies (at cost)		
Quoted equity investments	*	*
Unquoted equity investments	317.0	317.0
	317.0	317.0
Writedown for diminution in value	(9.8)	(9.8)
	307.2	307.2
Loans to subsidiary companies	722.3	829.3
Amounts owing by subsidiary companies	18.9	22.7
	1,048.4	1,159.2
Funds from subsidiary companies	(349.4)	(179.7)
Amounts owing to subsidiary companies	(231.9)	(120.4)
	467.1	859.1
Market value of quoted equity investments	2,227.2	–

* The value is $2.

Loans to subsidiary companies are unsecured and the majority of these have repayment terms of up to 10 years. Funds from subsidiary companies are unsecured and have varying terms of repayment. Interest on funds from subsidiary companies is computed using prevailing market rates which range from 1.06% to 3.88% (1999-2000 : 0.06% to 2.54%) per annum for SGD deposits, and from 4.92% to 6.80% (1999-2000 : 4.56% to 5.25%) per annum for USD deposits. Interest on loans to subsidiary companies is computed using variously LIBOR, SIBOR and SGD Swap-Offer Rates, and applying agreed margins.

Amounts owing to/by subsidiary companies are trade-related and are interest free.

16 Subsidiary companies (in $ million) (continued)

The subsidiary companies at 31 March 2001 were:-

	Principal activities	Country of incorporation & place of business	Cost (in $ million) 2001	Cost (in $ million) 2000	Percentage of equity held by the Group 2001	Percentage of equity held by the Group 2000
Singapore Airport Terminal Services Limited	Investment holding company	Singapore	#	–	87	100
SATS Apron Services Pte Ltd	Liquidated	- do -	–	6.00	–	100
SATS Airport Services Pte Ltd	Airport cargo, apron and passenger services	- do -	16.50	16.50	87	100
SATS Catering Pte Ltd	Catering services	- do -	14.00	14.00	87	100
SATS Security Services Private Limited	Security services	- do -	3.00	3.00	87	100
SilkAir (Singapore) Private Limited	Air transportation	- do -	240.00	240.00	100	100
Tradewinds Tours & Travel Private Limited	Tour wholesaling	- do -	4.00	4.00	100	100
Singapore Aviation and General Insurance Company (Pte) Limited	Aviation insurance	- do -	20.00	20.00	100	100
SIA Engineering Company Limited	Engineering services	- do -	#	–	87	100
SIA Properties (Pte) Ltd	Provision of building management	- do -	24.00	24.00	100	100
Singapore Airport Duty-Free Emporium (Private) Limited	Dormant company	- do -	11.73	11.73	97	100
Singapore Flying College Pte Ltd	Training of pilots	- do -	8.00	8.00	100	100
Aero Laundry & Linen Services Private Limited	Laundry services	- do -	2.52	2.52	87	100
Asia-Pacific Star Pte Ltd	Dormant company	- do -	–	–	87	100
SIAEC Services Pte Ltd	Investment holding company	- do -	1.46	1.46	87	100
Abacus Travel Systems Pte Ltd	Marketing of Abacus reservations systems	- do -	2.44	2.44	61	61
Singapore Jamco Private Limited	Manufacture of aircraft cabin equipment	- do -	2.86	2.86	44	51
Cargo Community Network Pte Ltd	Provision and marketing of Cargo Community Systems	- do -	3.06	3.06	51	51
Sing-Bi Funds Private Limited	Investment company	- do -	0.01	0.01	100	100
Singapore Airlines Cargo Private Limited	Dormant	- do -	##	–	100	–
Star Kingdom Investment Limited*	Real estate	Hong Kong	8.61	8.61	100	100
SH Tours Ltd**	Dormant company	United Kingdom	0.87	0.87	100	100
Auspice Limited	Investment company	Channel Islands	0.03	0.03	100	100
Singapore Airlines (Mauritius) Ltd*	Aircraft Leasing	Mauritius	–	–	100	100
SIA Mauritius Ltd**	Pilot recruitment	- do -	–	–	100	100
Aviation Software Development Consultancy India Ltd @	Airline software development	India	0.82	0.82	51	51

* Audited by associated firms of Ernst & Young, Singapore.
** Not required to be audited in country of incorporation.
@ Audited by another firm.
# The value is $1
The value is $2

17 Associated Companies (in $ million)

	The Group 31 March 2001	The Group 31 March 2000	The Company 31 March 2001	The Company 31 March 2000
Investment in associated companies (at cost)				
Quoted equity investment	403.4	–	403.4	–
Unquoted equity investments	1,909.7	1,833.9	1,698.2	1,668.1
	2,313.1	1,833.9	2,101.6	1,668.1
Writedown for diminution in value/losses	(25.6)	(12.7)	(9.4)	–
	2,287.5	1,821.2	2,092.2	1,668.1
Goodwill written-off	(1,706.3)	(1,590.7)	–	–
Share of post acquisition profits less losses of associated companies	113.0	60.5	–	–
	694.2	291.0	2,092.2	1,668.1
Loans to associated companies	20.7	13.8	7.2	–
Amounts owing by associated companies	0.5	0.9	–	–
	715.4	305.7	2,099.4	1,668.1
Market value of quoted equity investment	192.5	–	192.5	–

The Company acquired a 25.0% equity interest in Air New Zealand Limited (ANZ), in two tranches of 8.3% in April 2000 and 16.7% in August 2000, at an aggregate cost of $352.0 million. Goodwill arising from the acquisition amounted to $93.4 million. In November 2000, the Company subscribed for additional shares in ANZ for $51.4 million pursuant to a rights issue, bringing the total investment in ANZ to $403.4 million.

The Company previously extended a $37.5 million convertible loan to a third party in connection with the development of a hotel. During the financial year, $30.3 million of the loan was converted into a 20.0% equity interest in Ritz-Carlton, Millenia Singapore Properties Private Limited. A $9.4 million provision previously made on this investment has also been reclassified to associated companies.

SIA Engineering Company Limited acquired a 30.0% equity interest in Rohr Aero-Services-Asia Pte Ltd on 29 March 2001 and 40% equity interest in Messier Services Asia Pte Ltd on 7 July 2000, at a cost of $26.1 million and $14.0 million respectively. Goodwill arising from these acquisitions amounted to $22.2 million.

At Group level, the total goodwill of $115.6 million was written-off against the general reserve.

Loans to associated companies are unsecured and bear interest at prevailing market rates.

Amounts owing by associated companies are trade-related and are interest free.

17 Associated Companies (in $ million) (continued)

The associated companies at 31 March 2001 were:-

	Principal activities	Country of incorporation & place of business	Cost (in $ million) 2001	2000	Percentage of equity held by the Group 2001	2000
Service Quality (SQ) Centre Pte Ltd	Quality service training	Singapore	–	–	50	50
Asian Frequent Flyer Pte Ltd	Voluntary liquidation	- do -	0.05	0.05	33.3	33.3
Combustor Airmotive Services Pte Ltd	Repair of engine combustion chambers	- do -	8.41	8.41	43	49
Asian Surface Technologies Pte Ltd	Fan blade repair and coating services	- do -	6.38	6.38	25	29
Servair-SATS Holding Company Pte Ltd	Investment holding company	- do -	0.51	0.51	43	49
Eagle Services Asia Private Limited	Repair and overhaul of aircraft engines	- do -	71.59	71.59	43	49
Fuel Accessory Service Technologies Pte Ltd	Repair and overhaul engine fuel components and accessories	- do -	5.07	5.07	43	49
Messier Services Asia Pte Ltd	Repair and overhaul of landing gear	- do -	13.97	–	35	–
Ritz-Carlton, Millenia Singapore Properties Private Limited	Hotel ownership and management	- do -	30.28	–	20	–
Rohr Aero-Services-Asia Pte Ltd	Repair and overhaul of aircraft nacelles, thrust reversers and pylons	- do -	26.13	–	26	–
Turbine Coating Services Pte Ltd	Perform PW400 turbine airfoil repair	- do -	5.67	–	21	–
Maldives Inflight Catering Private Limited	Catering services	Maldives	0.29	0.29	30	40
Beijing Airport Inflight Kitchen Limited	Catering services	People's Republic of China	13.88	13.88	35	40
Beijing Aviation Ground Services Company Ltd	Ground handling	- do -	5.71	5.71	35	40
Asia Leasing Limited	Aircraft leasing	Bermuda	10.88	10.88	21	21
PT Purosani Sri Persada	Hotel ownership and management	Indonesia	5.80	5.80	20	20
PT Pantai Indah Tateli	Hotel ownership and management	- do -	7.10	7.10	20	20
Aviserv Ltd	Catering services	Pakistan	3.31	3.31	43	49
Pan Asia Pacific Aviation Services Limited	Engineering services	Hong Kong	5.37	5.37	41	47.1
Asia Airfreight Terminal Company Ltd	Cargo handling services	- do -	16.16	16.16	21	24.5
Tan Son Nhat Cargo Services Ltd	Cargo handling services	Vietnam	1.96	1.96	26	30
Taj Madras Flight Kitchen Private Limited	Catering services	India	1.90	1.90	26	30
DSS World Sourcing Ltd	In voluntary liquidation	Switzerland	–	0.12	–	33.3
Asian Compressor Technology Services Company Ltd	Repair of aircraft engines and compressors	Taiwan	4.10	4.10	21	24.5
Evergreen Air Cargo Services Corporation	Cargo handling services	- do -	8.54	8.54	20	20
MacroAsia-Eurest Catering Services	Catering services	Philippines	2.03	2.03	17	20
PWA International Limited	Re-manufacture of aircraft turbine engine cases, component thereof and related parts	Ireland	6.22	6.22	43	49
Virgin Atlantic Limited	Air transportation	UK	1,648.39	1,648.54	49	49
Air New Zealand Limited	Air transportation	New Zealand	403.42	–	25	–

18 Joint Venture Companies (in $ million)

	The Group 31 March 2001	2000	The Company 31 March 2001	2000
Investment in joint venture companies (unquoted, at cost)	144.8	125.5	107.9	107.9
Share of post acquisition reserves				
– general reserve	59.6	35.5	–	–
– foreign currency translation reserve	27.7	20.3	–	–
– capital reserve	6.9	6.9	–	–
	239.0	188.2	107.9	107.9

The Group's share of the consolidated results of joint venture companies is as follows:-

	The Group 31 March 2001	2000
Profit before taxation	27.0	21.0
Taxation	(2.9)	(2.6)
	24.1	18.4

The Group's share of the consolidated assets and liabilities of the joint venture companies comprises:-

	The Group 31 March 2001	2000
Fixed and other assets	893.6	819.2
Current assets	57.9	70.5
Current liabilities	(77.0)	(153.1)
Long-term liabilities	(635.5)	(548.4)
	239.0	188.2

The joint venture companies at 31 March 2001 were:-

	Principal activities	Country of incorporation & place of business	Cost (in $ million) 2001	2000	Percentage of equity held by the Group 2001	2000
Singapore Aircraft Leasing Enterprise Pte Ltd	Aircraft leasing	Singapore	107.92	107.92	35.5	35.5
International Engine Component Overhaul Pte Ltd	Repair of aircraft components	- do -	11.97	11.97	44	50
Singapore Aero Engine Services Pte Ltd#	Repair and maintain Trent aero engines	- do -	24.88	5.56	44	50

The company was incorporated on 4 March 1999 and has not commenced operations.

19 Long-Term Investments (in $ million)

	The Group 31 March 2001	The Group 31 March 2000	The Company 31 March 2001	The Company 31 March 2000
Quoted at cost				
Equity investments	28.7	28.6	28.7	28.6
Non-equity investments	340.9	303.3	340.9	303.3
	369.6	331.9	369.6	331.9
Unquoted investments at cost				
Trade investments	77.7	88.9	42.8	54.9
Non-equity investments	70.3	77.3	70.3	77.3
	148.0	166.2	113.1	132.2
Writedown for diminution in value/losses	(20.3)	(15.3)	(15.4)	(1.0)
	127.7	150.9	97.7	131.2
Long-term loan	58.7	55.0	–	–
	556.0	537.8	467.3	463.1
Market value of quoted investments				
Equity investments	38.7	45.3	38.7	45.3
Non-equity investments	337.7	299.2	337.7	299.2
	376.4	344.5	376.4	344.5

During the financial year, a convertible loan of $37.5 million previously included under trade investments was substantially converted into equity in an associated company, Ritz-Carlton, Millenia Singapore Properties Private Limited (refer note 17 to the financial statements).

20 Trade Debtors (in $ million)

Trade debtors are stated after deducting provision for doubtful debts. An analysis of the provision for doubtful debts is as follows:-

	The Group 31 March 2001	The Group 31 March 2000	The Company 31 March 2001	The Company 31 March 2000
Balance at 1 April	111.9	131.1	56.4	56.5
(Writeback)/charged to profit and loss account	(20.2)	(10.7)	3.4	(0.1)
Writeback against deferred income	–	(8.5)	–	–
Balance at 31 March	91.7	111.9	59.8	56.4
Bad debts (recovered)/written-off directly to profit and loss account	(5.8)	3.7	1.1	1.9

Loans to directors of the Company and its subsidiary companies in accordance with schemes approved by shareholders of the Company amounted to $0.9 million (2000 : $1.1 million).

21 Stocks (in $ million)

	The Group 31 March 2001	The Group 31 March 2000	The Company 31 March 2001	The Company 31 March 2000
Technical stocks and stores	16.2	17.5	6.3	5.7
Catering and general stocks	30.1	29.2	20.2	22.7
Work-in-progress	8.1	10.0	–	–
	54.4	56.7	26.5	28.4

22 Investments (in $ million)

	The Group 31 March 2001	The Group 31 March 2000	The Company 31 March 2001	The Company 31 March 2000
Quoted at cost				
Government securities	247.2	301.6	–	–
Equity investments	18.0	188.9	–	–
Non-equity investments	248.0	233.9	–	–
	513.2	724.4	–	–
(Writedown)/writeback of diminution in value				
Government securities	(2.7)	(11.0)	–	–
Equity investments	(0.7)	–	–	–
Non-equity investments	1.6	(1.8)	–	–
	(1.8)	(12.8)	–	–
	511.4	711.6	–	–
Market value of quoted investments				
Government securities	244.5	290.7	–	–
Equity investments	17.4	272.3	–	–
Non-equity investments	249.9	232.9	–	–
	511.8	795.9	–	–

23 Cash and Bank Balances (in $ million)

	The Group 31 March 2001	The Group 31 March 2000	The Company 31 March 2001	The Company 31 March 2000
Fixed deposits	1,136.1	961.3	760.4	805.1
Cash and bank	136.2	180.8	106.6	139.1
	1,272.3	1,142.1	867.0	944.2

24 Trade Creditors (in $ million)

	The Group 31 March 2001	The Group 31 March 2000	The Company 31 March 2001	The Company 31 March 2000
Trade creditors	2,511.8	2,077.9	1,995.7	1,730.2
Provision for aircraft maintenance and overhaul	110.8	215.6	97.7	207.1
	2,622.6	2,293.5	2,093.4	1,937.3

25 Cash Flow from Operating Activities (in $ million)

	The Group		The Company	
	2000 - 2001	1999 - 2000	2000 - 2001	1999 - 2000
Operating profit	1,346.7	1,168.8	983.4	855.4
Adjustments for:-				
Depreciation of fixed assets	1,145.1	1,205.3	1,054.8	1,117.9
Income from investments and deposits	(127.5)	(163.9)	(110.7)	(142.7)
Writeback of provision for aircraft maintenance & overhaul, net	(104.8)	(48.6)	(109.4)	(49.5)
Provision for diminution in value of long-term investments	14.4	–	14.4	–
Provision for diminution in value of associated companies	3.5	4.7	9.4	–
Provision for loans to associated companies	2.6	2.0	–	–
Surplus on sale of long-term investments	(3.1)	–	(0.1)	–
(Surplus)/loss on sale of fixed assets	(2.4)	0.8	(2.2)	2.1
Exchange differences	(6.4)	28.2	(5.6)	28.0
Provision for writedown in value of fixed assets	9.0	–	–	–
Amortisation of deferred gain on sale and leaseback of aircraft	(100.8)	(75.5)	(100.8)	(75.5)
Operating profit before working capital changes	2,176.3	2,121.8	1,733.2	1,735.7
Increase in trade creditors and deferred accounts	255.8	141.3	116.2	136.1
Decrease in investments	200.2	117.0	–	–
Increase in sales in advance of carriage	67.6	76.7	65.5	78.5
Increase in debtors	(57.9)	(34.1)	(28.0)	(42.3)
Decrease/(increase) in stocks	2.3	(2.6)	1.9	2.7
Increase/(decrease) in amounts owing to subsidiary and associated companies	–	–	280.7	(289.2)
Decrease in amounts owing by subsidiary and associated companies	0.4	8.9	–	–
Cash generated from operations	2,644.7	2,429.0	2,169.5	1,621.5
Interest paid	(37.2)	(28.5)	(44.1)	(39.8)
Income taxes paid	(280.5)	(266.4)	(224.7)	(221.6)
Interest/dividends received from investments and deposits	124.1	167.2	90.5	122.0
Net cash provided by operating activities	2,451.1	2,301.3	1,991.2	1,482.1

26 Analysis of Capital Expenditure Cash Flow (in $ million)

	The Group		The Company	
	2000 - 2001	1999 - 2000	2000 - 2001	1999 - 2000
Purchase of fixed assets	2,589.0	1,911.5	2,336.1	1,636.2
Less: Assets acquired under credit terms	(33.5)	(3.9)	–	(1.6)
Cash invested in capital expenditure	2,555.5	1,907.6	2,336.1	1,634.6

27 Capital and Other Commitments (in $ million)

(a) The following commitments for capital expenditure have not been provided for in the financial statements:-

	The Group 31 March 2001	The Group 31 March 2000	The Company 31 March 2001	The Company 31 March 2000
Authorised and contracted for	17,638.5	8,929.2	17,333.5	8,675.6
Authorised but not contracted for	946.1	303.0	13.7	11.8
	18,584.6	9,232.2	17,347.2	8,687.4

The Group's share of capital expenditure commitments of a joint venture company:-

	Joint venture company 31 March 2001	Joint venture company 31 March 2000
Authorised and contracted for	1,169.2	1,060.9
Authorised but not contracted for	–	–
	1,169.2	1,060.9

The commitments relate principally to the acquisition of aircraft fleet and related equipment. Included in the Group's share of capital commitments of the joint venture company are certain commitments assigned by the Company to the joint venture company. The Company remains contingently liable for those commitments of $654.4 million (2000 : $883.3 million).

(b) Forward contracts outstanding as at 31 March 2001 are as follows:

	The Group 31 March 2001	The Group 31 March 2000	The Company 31 March 2001	The Company 31 March 2000
Foreign currency contracts	433.9	571.5	321.2	546.3
Jet fuel swap contracts	628.0	276.8	618.7	276.8
	1,061.9	848.3	939.9	823.1
Unrealised (loss)/gain not accounted for	(42.9)	69.8	(42.4)	69.3

(c) Commitments of subsidiary companies in respect of non-cancellable operating leases for premises are as follows:-

	The Group 31 March 2001	The Group 31 March 2000
Within one year	2.5	2.5
After one year but not more than five years	10.1	10.0
More than five years	44.0	46.0
	56.6	58.5

28 Contingent Liabilities

On 31 October 2000, Flight SQ006 crashed on the runway at the Chiang Kai-Shek International Airport, Taipei en route to Los Angeles. There were 83 fatalities among the 179 passengers and crew members aboard the Boeing 747 aircraft. While SIA is currently a defendant in a number of lawsuits relating to the crash, SIA maintains substantial insurance coverage which is sufficient to cover any claims arising from the crash. Accordingly, SIA believes that the resolution of these claims will have no material impact on the financial position of SIA. SIA is unable to identify or predict the extent of any adverse effect on its revenues, yields or results of operations which has resulted or may result from the public perception of the crash or from any future findings by the investigation team headed by the Taiwan Aviation Safety Council.

Following the crash of flight MI 185 en route from Jakarta to Singapore on 19 December 1997, which resulted in the tragic loss of the aircraft and all its 104 passengers and crew, the directors have considered its likely impact on the financial position of the Company and the Group. Taking into account the actual and potential claims which may arise on the one hand and the insurance cover carried on the other, the directors do not consider that the final settlement of all such claims, including the loss of the aircraft, will result in a material adverse financial effect on the Company and the Group.

There are contingent liabilities (unsecured) in respect of guarantees given by the Group and the Company at 31 March 2001 amounting to $47.3 million (2000 : $38.7 million) and $25.0 million (2000 : $nil) respectively.

29 Related Party Transactions (in $ million)

The followings are transactions entered into by the Group with related parties:

	The Group	
	2000 - 2001	1999 - 2000
Purchases of services from associated companies	440.9	357.2
Purchases of services from joint venture companies	12.6	14.8
Sale of aircraft to a joint venture company	–	(34.9)
Commission received from a joint venture company	(5.9)	(5.7)

30 Subsequent Event

The Company made a further purchase of 2,054,000 shares from 1 April to 17 April 2001 at a total cost, including brokerage, of $25.3 million pursuant to the share buyback scheme. This brings the total amount spent since the inception of the share buyback scheme up to the date of this report to $1,011.0 million for 64,402,600 shares.

31 Comparative Figures

The presentation and classification of items in the financial statements have been changed to conform to the requirements of SAS 1 – "Presentation of Financial Statements", SAS 15 – "Leases" and SAS 23 – "Segmental Reporting". As a result, additional line items and disclosures have been included in the profit and loss accounts and notes to the financial statements and a new statement of changes in equity has been presented as required by these standards. Comparative figures have been adjusted to provide proper comparison with current year's presentation.

1 Directors' Emoluments

The number of directors of the Company whose emoluments fall within the following bands:-

	The Company 2000 - 2001	The Company 1999 - 2000
$500,000 and above	1	1
$250,000 to $499,999	–	–
Below $250,000	13	8
	14	9

The directors' emoluments for the financial year ended 31 March 2001 include directors' fees of $630,000 which is derived using the following rates:-

	The Company 2000 - 2001 $
Type of appointment	
(i) Board of Directors	
– Basic Fee	40,000
– Chairman's Allowance	40,000
– Deputy Chairman's Allowance	20,000
(ii) Board Committees	
– Chairman's Allowance	20,000
– Member's Allowance	10,000

Two directors have waived their entitlements which amounted to $116,000. The directors' fees payable will therefore amount to $514,000.

2 Interested Persons Transactions (in $ million)

Interested persons transactions under the shareholders' mandate for the financial year are as follows:-

	Aggregated transactions	Total
Property-based transactions:		
Bex.com Pte Ltd	3.0	
Pidemco Centre Pte Ltd	1.5	
Wan Tien Realty (Pte) Ltd	1.0	5.5
Other services and products transactions:		
Singapore Petroleum Company Ltd	38.4	
Singapore Technologies Pte Ltd	34.0	
Singapore Telecommunications Ltd	16.6	
National Computer Systems Pte Ltd	9.7	
DBS Bank Ltd	9.5	
Neptune Orient Lines Ltd	7.7	
Print & Mail Intercontinental (Asia) Pte Ltd	7.5	
Keppel Corporation Ltd	4.0	
Media Corporation of Singapore Pte Ltd	3.2	
Singapore Power Ltd	3.1	
Indeco Engineers Pte Ltd	2.8	
PSA Corporation Ltd	2.5	
Temasek Holdings Pte Ltd	1.4	
Taj Madras Flight Kitchen Ltd	1.2	
Sembawang Kimtrans Ltd	1.2	
PWD Consultants Pte Ltd	1.1	
Starhub Pte Ltd	1.1	
Keppel Engineering Pte Ltd	1.0	
SNP Printing Pte Ltd	0.8	
Bex.com Pte Ltd	0.7	
Raffles Holdings Ltd	0.7	
Sesami.com Pte Ltd	0.7	
Safe2 Travel.com Pte Ltd	0.7	
SNP Corporation Ltd	0.4	
Singapore MRT Ltd	0.4	
ECICS Credit Insurance Ltd	0.3	
Intraco Ltd	0.3	
Fujitec Singapore Corporation Ltd	0.3	
Radio Corporation of Singapore Pte Ltd	0.3	
Singapore Television Twelve Pte Ltd	0.2	
Singapore Post Pte Ltd	0.2	
Power Automation Pte Ltd	0.1	
Sembcorp Engineering International Pte Ltd	0.1	
SingTel Yellow Pages Pte Ltd	0.1	
Singapore Aerospace Manufacturing Pte Ltd	0.1	
Asia Pacific Training & Simulation Pte Ltd	0.1	152.5
Total interested person transactions		158.0

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

Half-Yearly Results of the Group

		First half	Second half	Total
Total Revenue*				
2000-01	($ million)	5,006.7	4,944.6	9,951.3
	(%)	50.3	49.7	100.0
1999-00	($ million)	4,355.3	4,663.5	9,018.8
	(%)	48.3	51.7	100.0
Total Expenditure*				
2000-01	($ million)	4,250.3	4,354.3	8,604.6
	(%)	49.4	50.6	100.0
1999-00	($ million)	3,808.0	4,042.0	7,850.0
	(%)	48.5	51.5	100.0
Operating Profit				
2000-01	($ million)	756.4	590.3	1,346.7
	(%)	56.2	43.8	100.0
1999-00	($ million)	547.3	621.5	1,168.8
	(%)	46.8	53.2	100.0
Profit before tax				
2000-01	($ million)	1,383.3	521.4	1,904.7
	(%)	72.6	27.4	100.0
1999-00	($ million)	730.7	733.2	1,463.9
	(%)	49.9	50.1	100.0
Profit Attributable to Shareholders				
2000-01	($ million)	1,141.4	407.9	1,549.3
	(%)	73.7	26.3	100.0
1999-00	($ million)	590.5	573.3	1,163.8
	(%)	50.7	49.3	100.0
Earnings (after tax) per share				
2000-01	(cents)	93.1	33.4	126.5
	(%)	73.6	26.4	100.0
1999-00	(cents)	46.1	45.3	91.4
	(%)	50.4	49.6	100.0

* Total revenue and expenditure were restated for 1999-00 to comply with Statement of Accounting Standard (SAS) 1 [Presentation of Financial Statements] which became effective for financial year commencing on or after 1 January 2000. Accordingly, total revenue now includes interest income (which was previously shown in expenditure as an offset against interest expense), and total expenditure has been adjusted to exclude interest income, and interest on borrowings which is disclosed separately after operating profit.

Five-Year Financial Summary of the Group

(In Singapore Dollars)

	2000 - 01	1999 - 00	1998 - 99	1997 - 98	1996 - 97
Profit and Loss Account ($ million)					
Total revenue [Note 1]	9,951.3	9,018.8	7,895.8	7,821.8	7,330.3
Total expenditure [Note 1]	(8,604.6)	(7,850.0)	(7,011.9)	(6,794.9)	(6,410.1)
Operating profit	1,346.7	1,168.8	883.9	1,026.9	920.2
Interest on borrowings	(37.5)	(28.8)	(29.5)	(28.2)	(24.5)
Surplus on disposal of aircraft, spares and spare engines	181.3	98.4	211.3	157.1	173.8
Share of profits of joint venture companies	27.0	21.0	13.9	7.1	1.9
Share of profits of associated companies	81.7	33.2	23.1	8.9	4.3
Profit on sale of investments	–	171.3	–	–	–
Profit on disposal of vendor shares (13% equity interests in SATS and SIAEC)	440.1	–	–	–	–
Ex-gratia bonus payment	(134.6)	–	–	–	–
Surplus on liquidation of Abacus Distribution Systems	–	–	14.1	–	–
Profit before tax	1,904.7	1,463.9	1,116.8	1,171.8	1,075.7
Profit after tax and minority interests	1,549.3	1,163.8	1,033.2	1,038.6	1,031.5
Profit attributable to shareholders	1,549.3	1,163.8	1,033.2	1,034.7	1,031.5
Balance Sheet ($ million)					
Share capital	1,220.2	1,250.5	1,282.5	1,282.5	1,282.5
Distributable reserves	8,071.8	7,420.9	8,652.4	7,844.0	7,312.4
Non-distributable reserves					
Share premium	447.2	447.2	447.2	447.2	447.2
Capital redemption	62.3	32.0	–	–	–
Capital reserve	6.9	6.9	6.3	6.3	–
Special non-distributable reserve	1,800.0	1,800.0	1,800.0	1,800.0	1,500.0
Shareholders' funds	11,608.4	10,957.5	12,188.4	11,380.0	10,542.1
Minority interests	186.1	19.6	18.3	14.1	11.9
Deferred income	733.4	709.3	578.2	177.1	–
Deferred taxation	624.0	457.7	447.2	441.5	430.4
Fixed assets	12,863.0	11,882.0	11,666.8	11,398.0	11,054.3
Associated companies	715.4	305.7	223.0	102.8	94.9
Joint venture companies	239.0	188.2	152.8	125.5	72.8
Long-term investments	556.0	537.8	943.7	936.5	840.2
Current assets	3,538.5	3,504.2	4,181.4	3,110.6	2,426.5
Total assets	17,911.9	16,417.9	17,167.7	15,673.4	14,488.7
Long-term liabilities	795.5	566.5	565.6	523.3	463.6
Current liabilities	3,964.5	3,707.3	3,370.0	3,137.4	3,040.7
Total liabilities	4,760.0	4,273.8	3,935.6	3,660.7	3,504.3
Net liquid assets	1,417.8	1,647.1	2,493.0	1,511.8	843.5
Cash Flow Statement ($ million) [Note 2]					
Cash flow from operations	2,644.7	2,429.0	1,772.9	2,070.4	1,974.8
Internally generated cash flow	3,438.7	3,239.3	2,798.1	3,144.3	2,345.0
Capital expenditure	2,589.0	1,911.5	2,053.1	2,120.5	2,449.5

Five-Year Financial Summary of the Group

(In Singapore Dollars)

		2000 - 01	1999 - 00	1998 - 99	1997 - 98	1996 - 97
Per Share Data						
Earnings before tax (cents)		155.5	115.0	87.1	91.4	83.9
Earnings after tax (cents)	– basic	126.5	91.4	80.6	81.0	80.4
	– diluted	126.5	91.4	80.6	81.0	80.4
Cash earnings ($) [Note 3]		2.20	1.86	1.72	1.64	1.57
Net tangible assets ($)		9.51	8.76	9.50	8.87	8.22
Share Price [Note 4]						
High		19.20	20.80	13.60	13.90	15.00
Low		12.90	12.40	6.40	9.20	11.40
Closing		13.60	16.00	12.50	11.50	11.60
Dividends						
Gross dividends (cents per share) [Note 5]		35.0	[r1] 30.0	[r2] 25.00	22.5	[r3] 30.0
Dividend cover (times)		4.8	3.9	4.3	4.8	4.8
Profitability Ratios (%)						
Return on shareholders' funds		13.7	10.1	8.8	9.5	10.1
Return on total assets		9.2	7.0	6.3	6.9	7.5
Return on turnover		16.0	12.9	13.1	13.3	14.1
Productivity and Employee Data						
Value added ($ million)		5,180.7	4,551.5	4,097.6	4,108.4	3,813.7
Value added per employee ($)		182,831	165,431	146,836	146,917	139,999
Revenue per employee ($)		351,189	327,801	282,943	279,710	269,091
Average employee strength		28,336	27,513	27,906	27,964	27,241
US$/S$ exchange rate as at 31 March		1.8029	1.7185	1.7295	1.6155	1.4449

Notes:

[1] Total revenue and expenditure were restated for 1999-00 and prior years to comply with Statement of Accounting Standard (SAS) 1 [Presentation of Financial Statements] which became effective for financial year commencing on or after 1 January 2000. Accordingly, total revenue now includes interest income (which was previously shown in expenditure as an offset against interest expense), and total expenditure has been adjusted to exclude interest income, and interest on borrowings which is disclosed separately after operating profit.

[2] Internally generated cash flow comprises cash generated from operations, dividends from associated companies, and proceeds from sale of aircraft and other fixed assets.

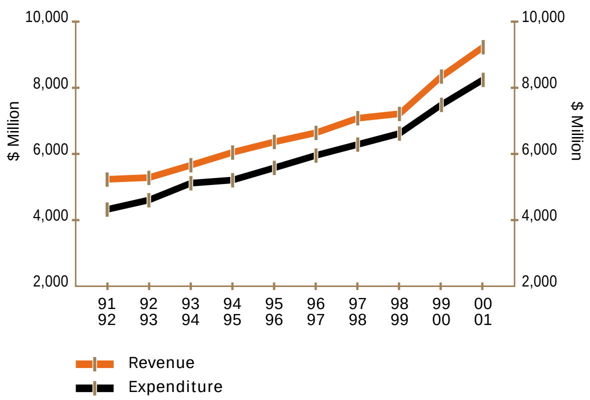
[3] Cash earnings is defined as profit after tax and minority interests plus depreciation.

[4] SIA local share and SIA Foreign share were merged following approval of the merger by shareholders at the Company's extraordinary general meeting on 11 September 1999. For comparison, the share prices for 1996-97 to 1998-99 were that of SIA foreign share.

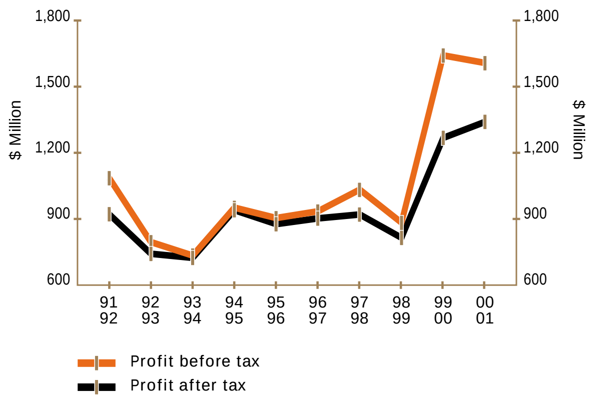
[5] r1 Including a 4.75 cents per share tax-exempt dividend.
r2 Including a 1.0 cent tax-exempt dividend per share.
r3 Including a 7.5 cents per share bonus dividend.

Ten-Year Charts/SIA's Fleet

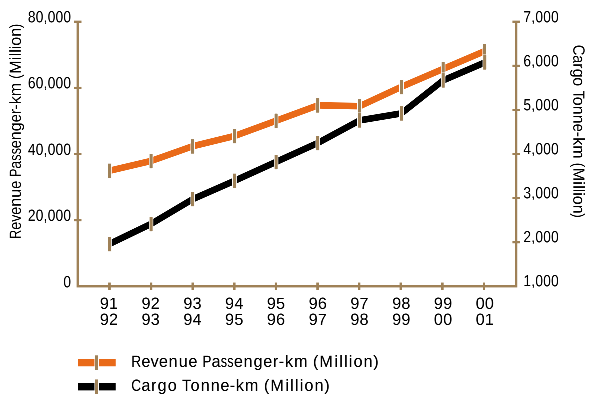
Company Revenue and Expenditure



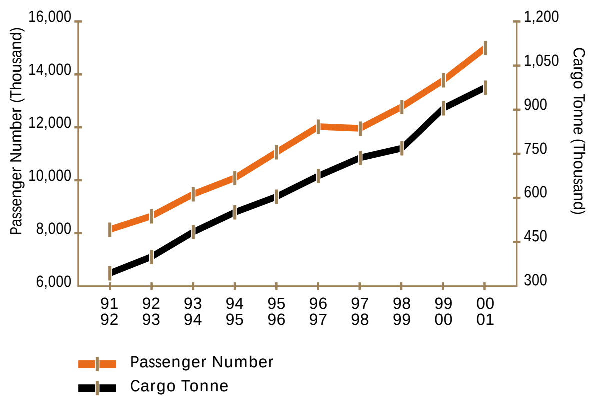
Company Profit Before and After Tax



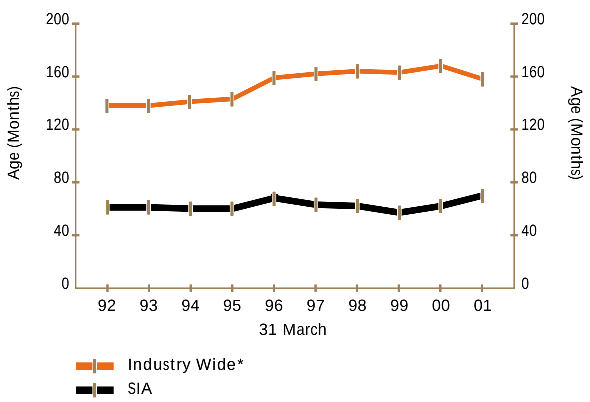
Passenger and Cargo Carried



Passenger and Cargo Carried



Average Fleet Age : SIA and Industry Wide



* Source: Avsoft Information Systems, Rugby, England.

SIA's Fleet as at 31 March 2001

Aircraft	Engine	In operation	On firm order	On option
B747 - 400	PW 4056	37	2	9
B747 - 400 Freighter	PW 4056	9	8	–
B777	Rolls Royce Trent 800 Series	19	*36	**26
A310 - 300	PW 4152	13	–	–
A340 - 300	CFM56 - 5C4	15	2	–
A340 - 500	Rolls Royce Trent 553 Series	–	5	5
A380 - 800	Rolls Royce Trent 900 Series	–	10	15
Total		93	63	55

Average age of SIA passenger fleet : 5 years 10 months (as at 31 March 2001).

* Excludes 3 aircraft assigned to Singapore Aircraft Leasing Enterprise.

** Excludes 10 aircraft assigned to Singapore Aircraft Leasing Enterprise.

Ten-Year Statistical Record of the Company

		2000 - 01	1999 - 00	1998 - 99	1997 - 98
Financial					
Total revenue*	($ million)	9,229.7	8,341.3	7,212.7	7,077.3
Total expenditure*	($ million)	8,246.3	7,485.9	6,616.5	6,284.0
Operating profit	($ million)	983.4	855.4	596.2	793.3
Profit before tax	($ million)	1,607.2	1,641.5	882.3	1,032.3
Profit after tax	($ million)	1,339.7	1,267.1	813.7	919.5
Internally generated cash flow+	($ million)	2,968.2	2,816.5	2,859.1	2,846.8
Capital disbursements	($ million)	2,777.7	3,303.7	1,850.4	1,934.0
Yield	(cts/ltk)	67.9	66.0	63.7	67.2
Unit cost	(cts/ctk)	45.4	43.7	42.6	43.8
Breakeven load factor	(%)	66.9	66.2	66.9	65.2
Fleet					
Aircraft	(no.)	93	92	89	86
Average age	(months)	70	62	57	62
Production					
Destination cities	(no.)	119	118	110	77
Distance flown	(million km)	334.8	317.7	298.4	274.2
Time flown	(hours)	414,232	394,224	371,181	345,715
Overall capacity	(million tonne-km)	18,034.0	16,917.2	15,651.8	14,533.9
Passenger capacity	(million seat-km)	92,648.0	87,728.3	83,191.7	77,219.3
Cargo capacity	(million tonne-km)	8,876.1	8,244.4	7,403.6	6,908.6
Traffic					
Passengers carried	('000)	15,002	13,782	12,777	11,957
Passengers carried	(million pax-km)	71,118.4	65,718.4	60,299.9	54,441.2
Passenger seat factor	(%)	76.8	74.9	72.5	70.5
Cargo carried	(million kg)	975.4	905.1	768.5	735.9
Cargo carried	(million tonne-km)	6,075.2	5,668.2	4,919.1	4,760.9
Cargo load factor	(%)	68.4	68.8	66.4	68.9
Mail carried	(million tonne-km)	92.4	107.2	106.6	98.2
Overall load carried	(million tonne-km)	12,985.3	12,038.4	10,765.5	10,037.6
Overall load factor	(%)	72.0	71.2	68.8	69.1
Staff					
Average strength		14,254	13,720	13,690	13,506
Capacity per employee	(tonne-km)	1,265,189	1,233,032	1,143,302	1,076,107
Load carried per employee	(tonne-km)	910,993	877,434	786,377	743,196
Revenue per employee	($)	647,516	607,966	526,859	524,012
Value added per employee	($)	284,369	291,494	228,254	236,828

* Total revenue and expenditure were restated for 1999-00 and prior years to comply with Statement of Accounting Standard (SAS) 1 [Presentation of Financial Statements] which became effective for financial year commencing on or after 1 January 2000. Accordingly, total revenue now includes interest income (which was previously shown in expenditure as an offset against interest expense), and total expenditure has been adjusted to exclude interest income, and interest on borrowings which is disclosed separately after operating profit.

\+ Internally generated cash flow comprises cash generated from operations, dividends from subsidiaries and associated companies, and proceeds from sale of aircraft and other fixed assets.

Ten-Year Statistical Record of the Company

1996 - 97	1995 - 96	1994 - 95	1993 - 94	1992 - 93	1991 - 92
6,637.6	6,361.0	6,044.5	5,655.6	5,279.4	5,228.9
5,953.8	5,575.6	5,205.5	5,111.3	4,602.3	4,318.0
683.8	785.4	839.0	544.3	677.1	910.9
933.8	903.3	950.5	733.0	794.2	1,085.2
901.8	875.9	939.0	722.6	741.1	920.7
2,163.8	1,779.2	1,942.3	1,695.5	1,366.4	1,604.7
2,365.9	1,395.1	1,790.7	1,835.4	1,619.0	1,620.2
66.5	69.7	73.6	76.0	81.3	90.8
43.8	43.6	46.0	49.8	50.6	54.9
65.9	62.6	62.5	65.5	62.2	60.5
80	71	66	64	57	48
63	68	60	60	61	61
77	77	75	73	70	67
251.8	228.5	205.9	188.8	165.0	142.3
325,085	294,880	264,096	241,346	211,435	180,744
13,501.1	12,481.3	11,167.3	10,155.6	8,982.3	7,624.4
73,507.3	68,529.4	64,074.0	59,290.4	53,077.6	47,454.3
6,203.9	5,585.1	4,773.6	4,231.3	3,630.0	2,898.3
12,022	11,057	10,082	9,468	8,640	8,131
54,692.5	50,045.4	45,414.2	42,328.3	37,860.6	34,893.5
74.4	73.0	70.9	71.4	71.3	73.5
674.2	603.8	550.5	483.4	399.1	342.8
4,249.4	3,820.1	3,389.4	2,973.4	2,411.5	1,954.8
68.5	68.4	71.0	70.3	66.4	67.4
99.2	89.4	72.7	64.3	55.2	55.0
9,512.0	8,662.0	7,789.3	7,058.8	6,086.3	5,331.2
70.5	69.4	69.8	69.5	67.8	69.9
13,258	12,966	12,557	12,363	11,990	11,418
1,018,336	962,618	889,329	821,451	749,149	667,753
717,454	668,055	620,315	570,962	507,615	466,912
500,649	490,591	481,365	457,462	440,317	457,952
221,044	210,319	215,091	195,276	187,690	218,199

Group Corporate Structure

at 31 March 2001

Singapore Airlines Limited

- 87% Singapore Airport Terminal Services Limited
- 100% SilkAir (Singapore) Private Limited
  - 100% Tradewinds Tours & Travel Private Limited
  - 100% SH Tours Ltd
  - 5% Abacus Travel Systems Pte Ltd
- 56% Abacus Travel Systems Pte Ltd
- 87% SIA Engineering Company Limited
- 100% Singapore Airlines Cargo Private Limited
- 100% SIA Properties (Pte) Ltd
  - 20% PT Purosani Sri Persada
  - 20% PT Pantai Indah Tateli
- 100% Singapore Flying College Pte Ltd
- 100% Star Kingdom Investment Limited
- 100% Sing-Bi Funds Private Limited
- 100% Auspice Limited
- 100% Singapore Airlines (Mauritius) Ltd
- 100% SIA Mauritius Ltd
- 100% Singapore Aviation and General Insurance Company (Pte) Limited
- 76% Singapore Airport Duty-Free Emporium (Private) Limited
- 51% Cargo Community Network Pte Ltd
- 51% Aviation Software Development Consultancy India Ltd
- 50% Service Quality (SQ) Centre Pte Ltd
- 49% Virgin Atlantic Limited
- 35.5% Singapore Aircraft Leasing Enterprise Pte Ltd
- 25% Air New Zealand Limited
- 21% Asia Leasing Limited
- 20% Evergreen Air Cargo Services Corporation
- 20% Ritz-Carlton, Millenia Singapore Properties Private Limited

100% SIAEC Services Pte Ltd

1% Eagle Services Asia Private Limited

48% Eagle Services Asia Private Limited

51% Singapore Jamco Private Limited

50% International Engine Component Overhaul Pte Ltd

50% Singapore Aero Engine Services Pte Ltd

49% Combustor Airmotive Services Pte Ltd

49% PWA International Ltd

49% Fuel Accessory Service Technologies Pte Ltd

47.1% Pan Asia Pacific Aviation Services Limited

40% Messier Services Asia Pte Ltd

30% Rohr Aero-Services - Asia Pte Ltd

29% Asian Surface Technologies Pte Ltd

24.5% Asian Compressor Technology Services Company Ltd

24.5% Turbine Coating Services Pte Ltd

100% SATS Catering Pte Ltd

100% SATS Airport Services Pte Ltd

100% SATS Security Services Private Limited

100% Aero Laundry & Linen Services Private Limited

100% Asia - Pacific Star Pte Ltd

49% Servair - SATS Holding Company Pte Ltd

49% Aviserv Ltd

40% Beijing Airport Inflight Kitchen Limited

40% Beijing Aviation Ground Services Company Ltd

35% Maldives Inflight Catering Private Limited

30% Tan Son Nhat Cargo Services Ltd

30% Taj-Madras Flight Kitchen Private Limited

24.5% Asia Airfreight Terminal Company Ltd

24% Singapore Airport Duty-Free Emporium (Private) Limited

20% MacroAsia-Eurest Catering Services

Note 1
Asian Frequent Flyer Pte Ltd and DSS World Sourcing Ltd are under voluntary liquidation and not included in this chart.

Information on Shareholdings

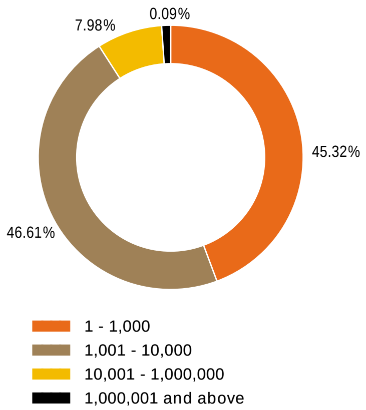
as at 10 May 2001

Authorised share capital	$6,000,000,001	
Issued and fully paid capital	$1,218,143,623	
Class of shares	a)	3,000,000,000 ordinary shares of $1.00 each
	b)	One special share of par value $1.00 each
	c)	3,000,000,000 Air Services Agreements (ASA) shares of par value $1.00 each

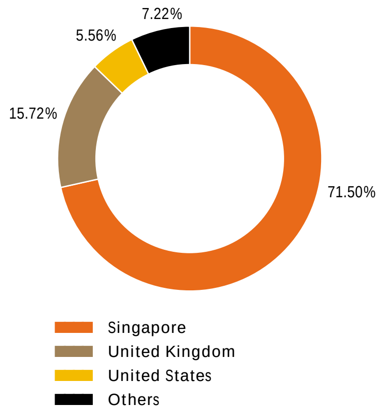
Range of shareholdings	Number of shareholders	%	Number of shares	%
1 - 1,000	8,960	45.32	6,844,595	0.56
1,001 - 10,000	9,216	46.61	33,331,068	2.74
10,001 - 1,000,000	1,577	7.98	68,440,446	5.62
1,000,001 and above	18	0.09	1,109,527,514	91.08
Total	19,771	100.00	1,218,143,623	100.00

Location of accounts	Number of shares	%	Number of accounts	%
Singapore	871,000,529	71.50	20,317	91.15
United Kingdom	191,470,333	15.72	161	0.72
United States	67,670,491	5.56	286	1.29
Others	88,002,270	7.22	1,525	6.84
Total	1,218,143,623	100.00	22,289	100.00

Range of Shareholdings



Location of Accounts



Information on Shareholdings

as at 10 May 2001

Major shareholders		Number of shares	%
1	Temasek Holdings (Private) Limited	691,451,172	56.76
2	Raffles Nominees Pte Ltd	143,404,171	11.77
3	DBS Nominees Pte Ltd	99,792,618	8.19
4	HSBC (Singapore) Nominees Pte Ltd	53,323,990	4.38
5	Citibank Nominees Singapore Pte Ltd	37,235,119	3.06
6	DB Nominees (S) Pte Ltd	26,989,779	2.21
7	United Overseas Bank Nominees Pte Ltd	20,064,033	1.65
8	Oversea-Chinese Bank Nominees Pte Ltd	9,478,709	0.78
9	NTUC Income Insurance Co-Operative Limited	8,717,000	0.71
10	Chang Shyh Jin	4,159,000	0.34
11	Overseas Union Bank Nominees Pte Ltd	3,294,125	0.27
12	J M Sassoon & Co (Pte) Ltd	3,139,400	0.26
13	SEAPAC Investment Pte Ltd	1,817,000	0.15
14	ABN Amro Nominees Singapore Pte Ltd	1,709,700	0.14
15	BIL (Asia) Nominees Pte Ltd	1,539,700	0.13
16	National University of Singapore	1,329,000	0.11
17	Ko Teck Siang	1,075,000	0.09
18	HSBC Investment Bank PLC	1,007,998	0.08
19	Phillip Securities Pte Ltd	874,700	0.07
20	BNP Nominees Singapore Pte Ltd	804,672	0.07
	Total	1,111,206,886	91.22

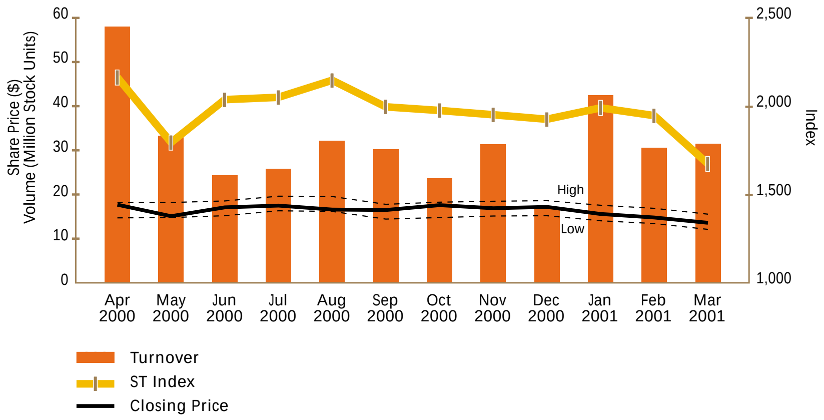
Substantial shareholder (as shown in the Register of Substantial Shareholders)

	Number of shares	%
Temasek Holdings (Private) Limited	694,407,572*	57.01

* Includes shares in which the substantial shareholder is deemed to have an interest.

Share Prices and Turnover

SIA Share Prices and Turnover



	2000-01	1999-00
Share Price ($)		
Highest closing price	19.20	20.80
Lowest closing price	12.90	12.40
31 March closing price	13.60	16.00
Market Value Ratios*		
Price/Earnings	10.75	17.51
Price/Book value	1.43	1.83
Price/Cash earnings #	6.18	8.60

* Based on closing price on 31 March 2001.

\# Cash earnings is defined as profit after tax and minority interests plus depreciation.

Notice of Annual General Meeting

Singapore Airlines Limited (Incorporated in the Republic of Singapore)

Notice is hereby given that the Twenty-Ninth Annual General Meeting of the Company will be held at the Mandarin Court, 4th Floor, Main Tower, Mandarin Singapore, 333 Orchard Road, Singapore 238867 on Saturday, 14 July 2001 at 10.00 a.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 2001 and the Auditors' Report thereon.

2. To declare a Final Dividend of 20.0 cents per $1 ordinary share less income tax at 24.5% for the year ended 31 March 2001.

3. To approve Directors' Fees of $630,000 (1999 – 2000:$250,000).

4. To re-elect Mr Edmund Cheng Wai Wing who retires by rotation in accordance with Article 84 of the Company's Articles of Association.
   (Note: Mr Edmund Cheng Wai Wing is considered an independent director and if re-elected will be appointed to the Company's Audit Committee.)

5. To re-elect the following Directors who retire in accordance with Article 89 of the Company's Articles of Association:
   a) Mr Fock Siew Wah
   b) Mr Ho Kwon Ping
   c) Mr Davinder Singh
   d) Mr Koh Boon Hwee
      (Note: (i) Mr Ho Kwon Ping is considered an independent director and if re-elected will be appointed to the Company's Audit Committee.
      (ii) Mr Koh Boon Hwee is not considered an independent director and if re-elected will be appointed to the Company's Audit Committee.)

6. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.

Special Business

Ordinary Resolution

7. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
   "That pursuant to Section 161 of the Companies Act, Cap 50, approval be and is hereby given to the Directors to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit PROVIDED ALWAYS THAT the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50 per cent of the total issued share capital of the Company for the time being, of which the aggregate number of shares that may be issued other than on a pro rata basis to existing shareholders shall not exceed 20 per cent of the total issued share capital of the Company for the time being."

8. To transact any other business.

Closure of Books

NOTICE IS HEREBY GIVEN that the Transfer Books and the Register of Members of the Company will be closed from 20 July 2001 to 21 July 2001 (both dates inclusive) for the preparation of dividend warrants. The final dividend, if approved at the Twenty-Ninth Annual General Meeting, will be paid on 30 July 2001 to members on the Register as at 19 July 2001.

Duly completed transfers received by the Share Registrars, KPMG, 138 Robinson Road, #17-00 Hong Leong Centre, Singapore 068906 up to 5 p.m. on 19 July 2001 will be registered to determine shareholders' entitlements to the final dividend.

By order of the Board

Mathew Samuel
Foo Kim Boon
Company Secretaries

7 June 2001
Singapore

Explanatory notes

1. On Ordinary Business
   a. Ordinary Resolution No.3 is to bring the proposed Directors' fees more in line with the market.

   b. Directors will be paid a basic fee and will get additional allowances based on their service in other Board Committees. The proposed fees are shown below:

Board Directors	**Fees per annum ($)**
Basic Fee	40,000
Chairman's Allowance	40,000
Deputy Chairman's Allowance	20,000
Board Committees	
Chairman's Allowance	20,000
Member's Allowance	10,000

2. On Special Business
   Ordinary Resolution No. 7 is to allow the Directors to issue shares up to 50 per cent of the Company's issued share capital, with an aggregate sub-limit of 20 per cent of the Company's share capital for any issue of shares not made on a pro rata basis to shareholders.

Notes

1. 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 in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy must be deposited at the Company's registered office at Airline House, 25 Airline Road, Singapore 819829 not less than 48 hours before the time appointed for the Meeting.

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